
Global Green Growth Institute

Sixth session of the Council

Songdo, 18 November 2014

Discussion Paper: Review of the governance structure

1. At its 5th Session on 19-20 June in Seoul, Republic of Korea, the Council mandated the Director-General to review GGGI's current governance structure and explore potential options and recommendations for reform and improvement, taking into account the development of GGGI's Strategic Plan 2015-2020.

2. With regard to experts and non-state actors, there has been broad support from Assembly members to include representatives of the finance, cities/regions, business, environment, and science communities on the Council. The Director-General has proposed that the next Chair of the Council be nominated as an expert or non-state actor, and that the Council consider at its November 2014 session representatives of the cities/regions, the business sector, and the science community as experts and non-state actor members of the Council.

3. The Director-General also received strong support from Assembly members for combining the role of the President of the Assembly and Chair of the Council, and for consideration of candidates from developing and emerging countries with significant political profiles to fill this role. On this basis, the Director-General asked the former President of Indonesia, H.E. Susilo Bambang Yudhoyono, to be a candidate for the next Chair of the Council, and recommended that the Assembly elect Indonesia to serve as its next President at the November session.

4. In addition, in order to enhance GGGI's transparency, efficiency, and effectiveness, the Director-General recommends the following five governance reform measures:

- (i) Encouragement of contributions from all members, interpreting "participating member" to include members who also contribute in any form to GGGI;
- (ii) Deferment indefinitely of appointment of Advisory Committee members;
- (iii) Consolidation of the Assembly and Council bureaus such that the Council bureau of Vice-Chairs shall be the same countries as the Assembly bureau of Vice-Presidents, with one position to be held by a contributing member and one position to be held by a participating member;
- (iv) Consolidation of the Council Sub-Committees for greater efficiency and transparency; and,
- (v) Affirmation of non-member countries and organizations that support GGGI's objectives as "key strategic partners."

Encouragement of voluntary contributions from all members

5. Under Article 3(a) of the Agreement on the Establishment of the Global Green Growth Institute (“Establishment Agreement”), “contributing members” are defined to be those that provide “...core funding of no less than 15 million USD over three years or 10 million USD over the first two years”, while “participating members” are those that have not contributed the amount of core funding required to be a contributing member.

6. In view of the Establishment Agreements’ categorization of members as either “contributing” or “participating,” participating members may have understood that they do not need to contribute to GGGI. However, the above categorization of members was not intended to mean that participating members have no need to financially contribute to GGGI. The only difference is that in order to be categorized as a “contributing member,” under Article 3(a), a member must contribute “...no less than 15 million USD over three years or 10 million USD over the first two years.”

7. Voluntary contributions from participating members are anticipated under Article 12(2), which provides that “[all] Members are encouraged to support the GGGI and ensure its financial stability through voluntary annual contributions of core funding, active engagement in its activities or other appropriate means”.

8. Therefore, it is proposed that GGGI would now actively encourage all members to contribute to GGGI’s core funding. GGGI members can contribute in any form, including in-kind contributions. The Secretariat will recognize each member’s contribution, including any in-kind contributions, in its annual report, and announce these contributions to all members twice a year.

Deferment of appointments to the Advisory Committee

9. Under Article 9(1) of the Establishment Agreement, an Advisory Committee would serve as “...a consultative and advisory organ of the GGGI...” with a “key role in serving as a forum for public-private cooperation on green growth; and advising the Council on the strategy and activities of the GGGI, including with regard to any synergies and linkages between the GGGI and other actors that may be pursued through Article 16 on Cooperative Partnership.” Under Article 2 of the Establishment Agreement such a Committee would be “...composed of leading, relevant experts and non-state actors.”

10. The experts and non-state actor members of the Council for the next term will include five different representative and organizations covering a broad range of interests including finance and investors; cities and regions; the business sector; the environmental community; and the science community. These experts and non-state actors will be able to provide advice to the Council on synergies and linkages between the GGGI and other actors, advice that would otherwise have been provided by the Advisory Committee members.

11. In view of strengthening the public-private cooperation function of the GGGI, the members expressed broad support for nominating a representative from the World Business Council for Sustainable Development (WBCSD) as a non-state actor member of the Council. The representative of WBCSD will fulfill the functions as envisaged in Article 9, 1(a) of the Establishment Agreement, as a member of the Council.

12. In view of the above, it is proposed that a decision on appointment of Advisory Council members be deferred indefinitely.

Consolidation of Assembly and Council bureaus

13. From the present session of the Council and Assembly, the position of the Chair of the Council and President of the Assembly will be merged in order to enhance efficiency and effectiveness of the leadership of GGGI.

14. For the same reasons, it is proposed that the Vice-Chairs of the Council also serve as the Vice-Presidents of the Assembly.

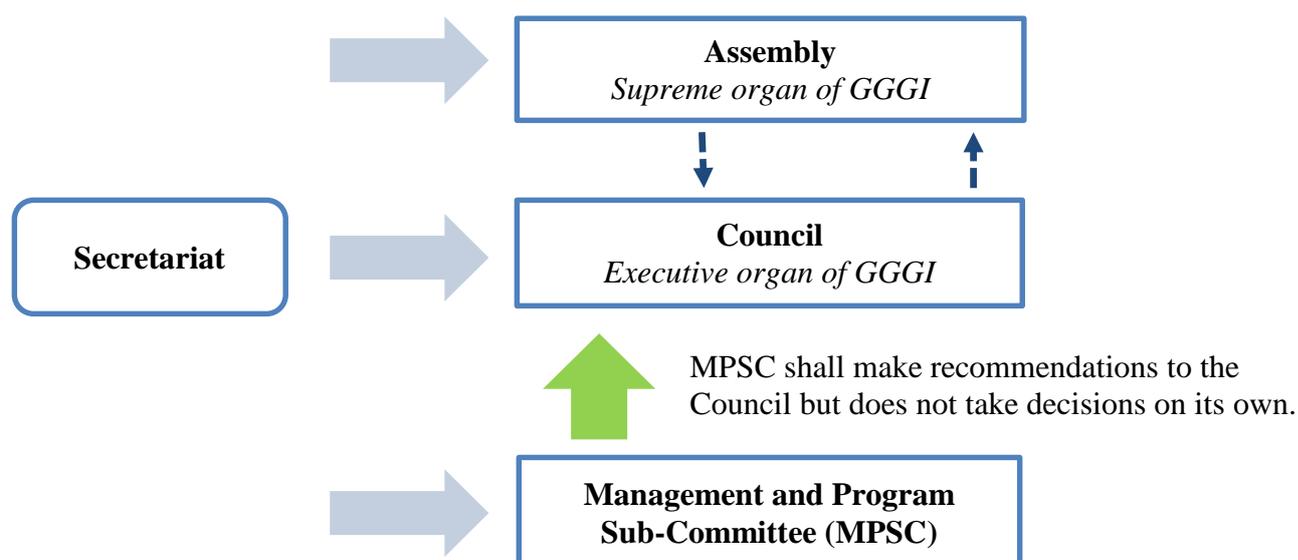
Consolidation of Council Sub-committees

15. Under Article 8(12) of the Establishment Agreement, the Council has established three sub-committees: Facilitative (FSC), Program (PSC), and Audit and Finance (AFSC). Under Rule 19 of the Rules of Procedure of the Council, the Council should review sub-committees annually to determine whether they should be continued or their terms of reference modified.

16. The above sub-committees have required a substantial amount of financial and administrative resources. There were also views by members that discussions of some sub-committees were not properly communicated to the rest of the Council members. Reflecting abovementioned views, the Director-General proposes to consolidate functions of these sub-committees to the extent possible.

17. In view of enhancing transparency, efficiency, and effectiveness of the work of GGGI, it would be beneficial to merge the AFSC, PSC, and FSC into one Sub-committee, tentatively named the Management and Program Sub-Committee (MPSC) that would assume all the responsibilities of existing sub-committees under their Terms of Reference. In particular, the Council would focus on governance and strategic discussions in the future while the above single sub-committee would be responsible for discussing financial, managerial, and programmatic issues at the working level. The MPSC would meet once or twice a year, as necessary.

18. The MPSC would have expanded membership to include any Council member expressing interest in becoming a member by 31 December, and any member of the Assembly will be able to participate as an observer. Taking into account Rule 17 of the Rules of Procedure of the Council, the Management and Program Sub-Committee, which includes the functions of the AFSC, will be chaired by a contributing member.

Figure 1. Decision-making flowchart of the proposed governance reform

Affirmation of non-member countries and organizations that support GGGI's objectives as key strategic partners

19. Article 2 of the Establishment Agreement states that GGGI “shall promote sustainable development of developing and emerging countries, including the least developed countries, by: a. supporting and diffusing a new paradigm of economic growth: green growth, which is a balanced advance of economic growth and environmental sustainability; b. targeting key aspects of economic performance and resilience, poverty reduction, job creation and social inclusion, and those of environmental sustainability such as climate change mitigation and adaptation, biodiversity protection and securing access to affordable, clean energy, clean water and land; and c. creating and improving the economic, environmental and social conditions of developing and emerging countries through partnerships between developed and developing countries and the public and private sectors.”

20. There are a number of countries which are currently not members, but whose engagement on a pathway toward membership necessitates a paced engagement process. These include: countries which have or had GGGI programs but have not started membership discussions; countries which provide financial support to GGGI but are not yet members; and, countries which can help GGGI achieve its objectives as an institution, as described in Article 2 of the Establishment Agreement.

21. In addition, it is proposed that the designation of key strategic partners could also include regional organizations, development banks, and other international organizations, whose engagement as key strategic partners could enhance GGGI's ability to achieve its objectives and increase its effectiveness.

22. It would therefore be beneficial if the Council authorizes the Director-General to designate “Key Strategic Partners” with a view towards creating a pathway for their membership or support. Under this proposed reform, the Director-General would have the

authority to determine the modality of engagement with these “Key Strategic Partners” with the goal of broadening membership and strengthening GGGI’s ability to achieve its objectives.

Annex 1: Objectives, Scope and Composition of the Management and Program Sub-Committee

Current Sub-Committees				Proposed New Sub-Committee
	AFSC	PSC	FSC	MPSC
Objective	To assist the Council in overseeing financial reporting and audit procedures and outcomes	To assist the Council in overseeing the programmatic activities	To assist the Council in facilitating matters that require coordination in between Council sessions	To assist the Council in facilitating matters that require coordination
Scope	<p>a. Periodically review the budget, financial statements and audit policies and findings</p> <p>b. Make recommendations to the Council on decisions regarding budget and the audited financial statements.</p> <p>c. Inform Council of matters that may significantly impact the financial affairs.</p>	<p>a. Periodically review the progress of and planning for its green growth planning and implementation, research and public-private cooperation</p> <p>b. Make recommendations to the Council on decisions pertaining to the results, monitoring and evaluation framework</p> <p>c. Ensure that the Council is aware of matters that may significantly impact on the results and effectiveness of GGGI's programs.</p>	<p>a. Oversee the operations and management issues</p> <p>b. Make recommendations to the Council on decisions pertaining to GGGI's strategy</p> <p>c. Take decisions on behalf of the Council by written consent in between Council sessions.</p> <p>d. Inform Council of matters that may significantly affect the operations and management of GGGI.</p>	<p>a. Make recommendations to the Council regarding budget, audited financial statements, the strategy plan, monitoring and evaluation framework, and the criteria for country program selection.</p> <p>b. Inform Council of matters that may significantly affect the financial, operational, programmatic, and managerial issues of GGGI.</p>
Composition	Maximum 5 members of the Council. Chaired by a contributing member.	Maximum 6 members of the Council.	Maximum 6 members of the Council.	Members of the Council who express interest as of 31 December each year. Chaired by a contributing member.

Note: Any member of the Assembly can attend in the Sub-Committee as an observer.



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Terms of Reference for the Sub-committee for Management and Programs

Pursuant to Rules 17 of the Rules of Procedure¹ of the Council, the Council decides to merge the existing Audit and Finance Sub-Committee, the Program Sub-Committee and the Facilitative Sub-Committee into one Sub-Committee, namely the Sub-committee for Management and Program. This Sub-Committee will assist the Council in carrying out its responsibilities in overseeing the Global Green Growth Institute's (i) financial reporting and audit procedures and outcomes; and (ii) programmatic activities in the areas of green growth planning and implementation, knowledge development and management, and public-private co-operation. It will also oversee activities of the Global Green Growth Institute and facilitate matters that require coordination of the Council with the Director-General in between Council sessions.

1. Scope

1.1 In assisting the Council in carrying out its responsibilities in overseeing GGG's finance, audit and management activities, the Sub-committee for Management and Program (the "Sub-Committee") is authorized to:

- a. Advise the Council on decisions pertaining thereto under Article 8, Section 5 (c) and (d)² of the Establishment Agreement;
- b. Ensure that the Council is aware of matters that may significantly impact on the financial affairs of the GGGI. The Sub-Committee shall satisfy itself that GGGI's financial reporting and external and internal auditing plans and procures are adequate and efficient; and,
- c. Ensure that the Council is aware of matters that may significantly impact on the operations and management of the GGGI.

1.2 In assisting the Council in carrying out its responsibilities for overseeing the programmatic activities of Global Green Growth Institute, the Sub-Committee is authorized to:

¹ Rules of Procedure of the Council, Rule 17: "The Council may establish sub-committees, panels or working groups as it deems necessary for the performance of its functions, including, as appropriate, a Facilitative Sub-Committee, a Human Resources Sub-Committee, a Program Sub-Committee and an Audit & Finance Sub-Committee. The Audit & Finance Sub-Committee shall be chaired by a Contributing Member."

² Establishment Agreement, Article 8, Section 5: "[The functions of the Council shall be to] (c) approve the annual work program and budget; (d) approve audited financial statements"

- a. Advise the Council in decisions pertaining to the results, monitoring and evaluation framework as presented under Article 8, Section 5 (b) of the Establishment Agreement, as well as decisions pertaining to Article 8, Sections 5 (c) and (f)³ of the Establishment Agreement; and,
- b. Ensure that the Council is aware of matters that may significantly impact on the results and effectiveness of GGGI's programs.

2. Composition and Tenure

2.1 The Sub-Committee shall consist of those members of the Council who express interest as of 31 December each year in participating in the Sub-Committee during the following year. The Sub-Committee shall be chaired by a contributing member, taking into account Rule 17 of the Rule of Procedure of the Council, and shall elect two vice chairs, one from contributing members and the other from participating members.

2.2 Sub-Committee members shall serve for a term of one year.

2.3 Any member of the Assembly may attend the Sub-Committee as an observer.

3. Meetings

3.1 The Sub-Committee shall meet as deemed necessary, but not less than once a year. If the Sub-Committee is unable to meet in person, it may hold meetings via videoconference. The quorum of the Sub-committee meeting is simple majority. Other Council and Assembly members as well as GGGI senior management may attend meetings as observers with the permission of the Sub-Committee.

3.2 The Sub-Committee shall seek consensus in deciding on its conclusions and recommendations. If consensus cannot be reached, decisions may be taken by a majority vote if a simple majority of the members is present at the meeting concerned.

3.3 The Sub-Committee Chair shall preside over meetings of the Sub-Committee. If the Sub-Committee Chair is unable to be present at a meeting, a Vice-Chair of the Sub-Committee shall preside. If both the Chair and a Vice-Chair are unable to be present at a meeting, the Chair shall designate a present member of the Sub-Committee to preside.

4. Administrative Arrangements

4.1 Information requests to the Secretariat shall be transmitted through the Sub-Committee Chair.

4.2 The GGGI Secretariat shall be responsible for providing the necessary administrative services for the functioning of the Sub-Committee, including maintenance of its records.

³ Establishment Agreement, Article 8 states: “(b) approve the GGGI's strategy, and review the results, monitoring and evaluation framework; and (f) approve the criteria for country program selection, which shall be consistent with the objectives of the GGGI and based, inter alia, on objective criteria”

4.3 Any written reports of the Sub-Committee on its activities, conclusions or recommendations shall be transmitted to the Council through the Chair of the Sub-Committee. The Sub-Committee shall submit such report(s) to the Secretariat for distribution to the Council at least 15 days in advance of the relevant Council session.