Recommendation to Review Contributing Member Definition

PURPOSE/ACTION REQUIRED

Members of the MPSC will be invited to (please tick the relevant boxes and type in the details):

☐ Take note of ☒ Consider whether to review “Contributing Member” definition
☐ Endorse and recommend to Council ☒ Other (please specify) Provide comments or suggestions to the Secretariat, if any

CONTEXT/BACKGROUND

The Secretariat recommends Members review the current definition of “Contributing Member” as provided in the Agreement of the Establishment of the Global Green Growth Institute (hereafter, the Establishment Agreement) considering GGGI’s growth in both membership and activities during its first ten years, as well as the existing issues as a result of the ambiguities in the current definition provide by the Establishment Agreement.

SUMMARY

This Note aims to help Members start discussions by providing a brief background, existing issues that exist, developments since the drafting of the Establishment Agreement ten years ago, and a possible next step, should there be strong demand to review.
Note on Recommendation to Review Contributing Member Definition

Background

1. Article 3 (Definitions) of the Establishment Agreement—the treaty that all GGGI Members must ratify, accept, or otherwise approve in accordance with their respective laws and processes to afford it the force of law of a treaty—provides:
   a. “(a) Contributing Member means a Member of the GGGI that has provided a multi-year financial contribution of core funding of no less than 15 million USD over three years or 10 million USD over the first two years.”; and
   b. “(b) Participating Member means a Member of the GGGI that is not a Contributing Member under paragraph (a).”

2. Article 8 (The Council) paragraph 2 of the Establishment Agreement provides:
   a. “2. The Council shall consist of no more than seventeen Members, as follows:
      (a) five Contributing Members elected by the Assembly;
      (b) five Participating Members elected by the Assembly;
      (c) five Expert/Non-State Actor Members appointed by the Council;
      (d) the Host Country, which shall have a permanent seat on the Council; and
      (e) the Director-General (ex officio) without voting rights.”

3. At present, there are seven Contributing Members: 1) Australia, 2) Denmark, 3) Indonesia, 4) Norway, 5) Qatar, 6) the United Arab Emirates, and 7) the United Kingdom, whose classifications as Contributing Members were determined based on their core funding commitments—and on real core disbursements—during the establishment of GGGI as a treaty-based intergovernmental organization.

4. The latter half of the aforementioned Article 3(a) of the Establishment Agreement further states, “The level and nature of contribution required to qualify as a Contributing Member shall be kept under review by the Assembly and may be adjusted by the Assembly by consensus to support the growth of the GGGI over time.”

5. The above review and adjustment provision is within the purview of Assembly and part of the overall governance workflow and, therefore, there is no need for amendments or revisions to the Establishment Agreement.

6. The governing rules of GGGI do not provide a mechanism or guideline for re-classifying a Member—should the Assembly decide to do so—from the Participating group to the Contributing group, and vice versa.

Developments over GGGI’s Ten Years

1 Although Korea (Host Country) is also understood to be a Contributing Member, it is excluded from this list, as the Establishment Agreement provides that the host country “shall have a permanent seat on the Council” and does not compete for the five (5) Council seats reserved for Contributing Members.

2 GGGI’s internal legal counsel have affirmed the accuracy of this interpretation.
7. Core funding has been reduced from more than 80% in 2016 to 30% in 2021, and the number of GGGI Members providing core funding is down from seven (2016) to three (2021).

8. Having started with eighteen signatories at the 2012 UN Conference on Sustainable Development in Rio de Janeiro, all additional Members to have joined GGGI since the establishment of GGGI have been Participating Members, including Turkmenistan and Bahrain in 2022, the forty-second and forty-third GGGI Members, respectively.3

9. On June 9, 2022, GGGI launched the Core Replenishment Drive with strong support from Korea, in an effort to bring back up core contributions from Contributing Members as well as additional partners.

Existing Issues

10. The Establishment Agreement explicitly states Contributing Members are to provide core funding—as opposed to earmarked funding—“of no less than 15 million USD over three years or 10 million USD over the first two years,” which equates to USD 5 million per annum.

11. It is understood that the intentions of those who the drafted the Establishment Agreement envisioned Contributing Members will provide multi-year (at least two-year commitments) core contributions of USD 5 million per year on a continuous basis. However, the provision can be interpreted as requiring a one-time disbursement of a two-year (USD 10 million) or three-year (USD 15 million) contribution to be classified as a Contributing Member, and the Establishment Agreement does not provide clear language that a Contributing Member would cease to be a Contributing Member if not providing said core contributions on a continuous basis.

12. If the intentions of continuous core contributions of USD 5 million per year are to be used as a strict measure, most of the current Contributing Members ceased to meet the criterium during the second half of GGGI’s first ten years. Coinciding with the advent of the global COVID pandemic, the year 2020 marked the start of all Contributing Members (with the exception of Korea) not meeting the criterium. Table 2 shows during which years all Contributing Members provided core contributions of USD 5 million.

<table>
<thead>
<tr>
<th>Table 1: Core Contributions by Contributing Members per Year (USD millions)</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>4.9</td>
<td>5.0</td>
<td>4.7</td>
<td>4.8</td>
<td>3.0</td>
<td>4.0</td>
<td>8.0</td>
<td>1.9</td>
<td>0.0</td>
</tr>
<tr>
<td>Denmark</td>
<td>5.2</td>
<td>5.1</td>
<td>4.8</td>
<td>4.4</td>
<td>3.1</td>
<td>3.2</td>
<td>3.0</td>
<td>3.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10.0</td>
<td>5.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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</tbody>
</table>

3 Nepal submitted the instrument of accession on September 23 and will be a GGGI Member on October 23.

4 Where there are minor variances as a result of foreign exchange rates fluctuations, transmission fees and other factors, the figures were considered to be USD 5 million and meeting the requirement.
Korea
0.0  10.0  10.0  10.0  10.0  10.0  10.0  8.4  11.6
Norway
0.0  10.0  4.9  2.0  2.0  1.8  3.3  1.8
Qatar
5.0  0.0  0.0  5.0  0.0  0.0  0.0  0.0
UK
0.0  10.0  4.9  9.6  0.0  1.5
UAE
0.0  0.0  0.0  0.0  0.0  0.0  0.0  0.0

Notes:

i) Red font denotes when core contributions fell below USD 5 million per year. However, some contributions that were part of multi-year commitments and were disbursed late (or in advance) are not considered to have fallen below USD 5 million (e.g., Australia’s three-year commitment 2017-2019 of USD 15 million is considered USD 5 million per year for three years, Indonesia’s advance disbursement for 2018, Norway’s late disbursement in 2013, and UK’s late disbursements in 2013, 2014 and 2017).

ii) Indonesia was classified as a Participating Member prior to 2016.

13. During the establishment of GGGI as a treaty-based intergovernmental organization in 2011-2012, Australia, Denmark, Norway, Qatar, the United Kingdom, and the United Arab Emirates joined Korea as Contributing Members based on the respective commitments to provide core contributions as mentioned above. However, some Contributing Members’ commitments did not materialize into disbursements during the first half of GGGI’s first ten years.

14. As mentioned above, the Establishment Agreement allocates five Council seats for Contributing Members and five Council seats for Participating Members equally, although there are only seven Contributing Members—not including the Host Country (Korea)—and thirty-five Participating Members, a 1:5 ratio.

15. The Rules of Procedures of the Assembly Rule 49(a) and Rule 49(c) provide that Council Members are to be elected “considering the principle of rotation” and that Council Members are eligible “in principle” to serve up to two consecutive terms, respectively. However, Contributing Members have often had to serve more than two consecutive terms on Council because it is impossible to rotate only seven Members on five seats without having one Member serve a third consecutive term. As a result, all Contributing Members have served multiple terms on Council, while more than half of Participating Members (twenty-two) have yet to serve a single term on Council.

Possible Next Steps

16. Members may wish to recommend the President of the Assembly propose steps to review the requirements “to qualify as a Contributing Member” and redefine “Contributing Members”, as provided in Article 3 of the Establishment Agreement, including tasking the Management and Program Sub-Committee to deliberate and propose ideas.

/End