



Voting Rights for the Communities Delegation Discussion Paper

Introduction:

1. At the Sixth Board meeting the GPC was given the following mandate:

The Board requested the GPC to address the conditions under which the Communities delegation can become a voting member without affecting the existing voting mechanism, and report back to the Seventh Board Meeting.

2. This issue has been raised by several members of the GPC at various times since the establishment of the GPC, without formal resolution by the Committee or the Board.

3. This GPC discussed the scope of the Board mandate, and the structural background and some general issues related to three possible approaches:

- Addition of the Communities constituency to an existing voting group;
- Agreement to add the Communities constituency to one voting group contingent upon a subsequent decision to add a balancing constituency to the other voting group.

It is presumed that the Communities constituency would be added to the recipient voting group.

Scope of the Mandate

3. In order to address the Board mandate, the GPC first considered what the phrase “without affecting the existing voting mechanism” means. It is structurally impossible to add an additional voting member without affecting the voting structure, the voting rights of existing Board members, or both.

4. For the purpose of this paper, we have assumed that the Board intended for the GPC to consider conditions in which the basic voting structure (double two-

thirds majority) would be unaffected, but where the voting rights of constituencies within that structure could be affected or have an affect on the process of discussions in the Board.

5. The GPC was guided in its deliberations by the general principle that the Global Fund is a public-private partnership and strives to be representative of all stakeholders taking into account the efficiency of the current Board structure.

Governing Provisions

6. The addition of an additional voting member to one of the Board voting groups affects requirements for both the voting power and quorum requirements.

- Voting Power: Approval of Motions. Bylaws, Article 7.6, and Board Operating Procedures Section 10 (identical).

7.6 Operations

The Foundation Board shall use best efforts to make all decisions by consensus. If all practical efforts by the Foundation Board and the Chair have not led to consensus, any member of the Foundation Board with voting privileges may call for a vote. In order to pass, motions require a two-thirds majority of those present of both: a) the group encompassing the seven donor seats and the two private sector seats and b) the group encompassing the seven developing country seats and the two non-governmental organization seats.

- Quorum: Bylaws, Article 7.7, and Board Operating Procedures Section 11 (identical).

7.7 Quorum

The Board may conduct business only when a majority of Board Members of each of the two voting groups defined in Article 7.6 are present.

Possible Options

7. a. Addition of the Communities constituency to an existing voting group. Adding a voting member to one of the existing groups without any corresponding change to the two-thirds approval requirement would dilute the voting power of members within the voting block from 1/9 to 1/10 and affect the absolute voting numbers as follows.

Currently

Members in each voting block: 9

Votes required to pass a motion:	6
<i>Votes required to block a measure:</i>	4
Members required for a quorum:	5
<i>Members needed to prevent a quorum:</i>	5

After Addition

Members in recipient voting block:	10
Votes required to pass a motion:	7
<i>Votes required to block a measure</i>	4
Members required for a quorum:	6
<i>Members needed to prevent a quorum:</i>	5

The additional member reduces the relative weight of the votes among existing members of the recipient voting group, though the number of members in the group necessary to block a measure from passage remains at four, and the number of members in the group necessary to prevent the formation of a quorum remains at five. Structurally, this change would alter the relative power between the two voting groups by making it easier for the recipient group to both block proposed measures and prevent the formation of a quorum. It is unclear, however, how this shift in power balance between the two groups and the enhanced structural ability to block Board action would affect Board relations and the efficiency of Board operations in practice.

b. Agreement to add the Communities constituency to the recipient voting group contingent upon a subsequent decision to add a balancing constituency to the donor voting group. The problem of parity between voting groups can only be addressed by adding a counterbalancing member to the group opposite the Communities constituency. The Board mandate does not contemplate such an addition at this time, though the issue could be approached stepwise with a decision to add the Communities constituency as a voting member of the Board when and if it separately decides to expand another of the voting groups, so that expansion can be done in a non-distortional manner. The incremental addition of one member per voting group weakens the overall voting mechanism by making it easier for either group to block motions or prevent formation of a quorum.

c. The GPC requests the Board to give it a broader mandate to discuss the question of granting voting rights to the Communities delegation.

8. Resource Considerations.

Any change in the voting status of the Communities delegation would not have resource implications.

9. Conclusions.

The GPC determined that the Communities constituency could not simply be added as a voting member of the Board without affecting the current balance of the Board.