Working Group on the Composition of the Board of Directors of the EFA FTI--recommendations

David Wiking (Sweden)



FTI Board Meeting

November 11 – 12, 2010 | Madrid, Spain

Agenda

Composition of Board of Directors and Operations

Conflict of Interest

(lunch)

Financial Advisory Committee Terms of Reference

For Decision

1. Changes to the "Governance of the Partnership" document (approved March 2009)
2. Constituency management
3. Conflicts of Interest
4. Terms of Reference for the Financial Advisory Committee (FAC)
5. Appointment of FAC members
6. Disbands the Working Group

Review: Background

March 2010: Working Group on Board Composition formed

BoD Meeting, May 2010: Results of WG presented

BOD/2010/05-11 – <u>Board Composition</u>: The principle of equity is approved. The number of developing country partner seats and votes will be equal to that of bilateral donors.

BOD/2010/05-12 – <u>Board Composition</u>: A governance model based on Model 2 from the Working Group on Board Composition including more developing country partners, a division of stakeholders into constituencies, and a technical/finance committee will be adopted. An expanded Working Group, including the current members + UNESCO + member of the CF Committee, will prepare a proposal for final decision by the Board at its next meeting.

Background Cont'd

BOD/2010/05-13 – Board Composition: A constituency-based Board structure will be introduced, replacing the current approach.

BOD/2010/05-15 – Board Composition: Working groups will be tasked to develop proposals for constituency groupings comprising respectively: developing country partners, donors, multilaterals and regional banks, UN agencies, CSOs and the private sector.

BOD/2010/05-16 – Board Composition: A finance/technical committee will be established. The Board asked that an expanded Working Group prepare a proposal regarding membership and responsibilities in the coming months

Working Group Members (Expanded)

David Wiking (Sweden) (Chair)
David Barth (USA)
Sharon Haba (Rwanda)
Karin Jahr-de-Guerrero (Germany)
Phil Rose (United Kingdom)
Olav Seim (UNESCO)
Alex Wong (CSOs: WEF)

Board of Directors: Composition

Current	Proposed (Agreed in Principle)
4 developing country partners (2 from Africa), endorsed ESP or developing one	6 developing country partners (3 from Africa, 3 from RoW, constituency basis)
6 donors (3 of 5 largest contributors to TF; one G8; 2 non G-8)	6 donors (constituency basis)
4 Multilateral Agencies (WB, UNESCO, UNICEF and European Commission)	3 Multilateral (multilateral and regional banks, UNESCO, UNICEF) *EC now a donor
3 CSOs (GCE donor, GCE partner, 1 at discretion of BoD (currently: WEF))	3 CSOs (constituency basis, to be defined by CSOs)
	1 Private Sector and Private Foundations
Total: 17	Total: 19

BoD Member Selection and Terms

Current	Proposed
Developing partner countries serve for 2 years; partner country reps selected by all developing partner countries	•All constituencies represented by Board member and Alternate Board member. •Each serves for 2 years •Each constituency manages its own selection process and notifies Secretariat/Chair of result (free to re-elect if so choose)
Donors: selected by relevant categories of donors; serve for 2 years, 3 replaced each year	
Multilateral Agencies: standing	
CSOs: each serve 2 years with staggered rotation of GCE members; 3rd seat at discretion of the Board	

Board Roles and Responsibilities

-Addition of the word “supreme”

-Addition of Board of Director’s role as decision-maker on all funding from EFA Fund (can be delegated)

BoD Decision-Making and Quorum

Current	Proposed
Decisions made by consensus or 2/3 majority vote	Decisions made by consensus or majority of seats (i.e. 10), which must include a donor, a developing country partner, a CSO or the private sector and foundations and a multilateral agency
Quorum deemed reached if meeting is called using procedures	Quorum is majority of Board members and must include a donor, a developing country partner, a CSO or the private sector and foundations and a multilateral agency.

BoD Meeting Participation

Current	Proposed
Unclear rules on attendance at Board meetings and speaking rights.	Only Board member and alternate have the right to attend Board meetings. Only Board member (or alternate if designated by Board member) may speak for his/her constituency or participate in Board deliberations. The Head of Secretariat or his designee attends to represent the Secretariat. All other attendees are considered observers and must be approved by Chair.
No mention of Executive Sessions	Specifies that the Board can meet in executive session and Board determines whether any Secretariat members may attend.
Unclear about costs for attendance.	Costs of attendance given to partner country and southern CSO Board members and alternates. Funding from Secretariat budget.

Report from Constituency Working Groups

1. Donors (Sweden)
2. Developing Country Partners
   -Africa (Rwanda)
   -rest of World (Mongolia)
3. CSOs (GCE)
4. Teachers (Education International)
5. Multilateral and Regional Banks (World Bank)
6. Private Sector and Private Foundations (WEF)

Donor Constituencies (6) 2011-2013 (approximate historical contributions)

1. Australia and Spain (25%)
2. Belgium, the Netherlands and Luxembourg (22%)
3. Canada and the United Kingdom (17%)
4. Denmark, Ireland, Norway and Sweden (17%)
5. European Commission, France, Germany and Italy (17%)
6. Japan, Russia and USA

Decisions Requested (1)

Governance of the Partnership: The Board of Directors approves the revisions to the "Governance of the Partnership" document as presented in Annex 1 to the paper presented by the Working Group on Composition of the Board of Directors, which reflects the Board of Directors' new composition and operating principles. The Board of Directors requests the Secretariat to disseminate the new version of this document widely, including posting it on the EFA FTI website.

Decisions Requested (2) REVISED

Board of Directors Constituency Management -- The Board of Directors requests each constituency to select their Board member and Alternate Board member by December 15, 2010 and communicate its selection to the Chair of the Board of Directors and the Secretariat. The new structure of the Board of Directors approved in the "Governance of the Partnership Document" shall come into effect upon the selection by a quorum of constituencies (as defined in the revised "Governance of the Partnership" document) of their Board member and Alternate Board member. Until that time, but no earlier than December 15, 2010, the current composition and operations of the Board of Directors will continue to be in effect.

Questions or Concerns?

Next Steps: COI Policy?

Expansion of Board Representation

→ Potential increase of actual/ potential/appearance of conflicts of interest

<u>Discussion:</u> Should the FTI have a conflict of interest policy?

Proposed Decision (3): COI Policy

<u>Conflict of Interest Policy</u>: The Board of Directors requests the Secretariat to develop a conflict of interest policy, based on accepted good practice of similar partnerships, for discussion and approval at the next meeting of the Board of Directors.

- Coffee break

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Financial Advisory Committee Terms of Reference

Background

BOD/2010/05-16 – Board Composition: A finance/technical committee will be established. The Board asked that an expanded Working Group prepare a proposal regarding membership and responsibilities in the coming months.

FAC: Working Group Discussions

Composition: WG discussed many options including:

- committee similar to CFC: donors and multilateral agencies only *(does not address evaluation criticism)*
- purely technical committee like health funds *(too expensive to run)*
- committee with wider representation than CFC, reflecting new BoD→ recommended

FAC Roles and Responsibilities (1)

NOTE: FAC is an advisory committee and it recommends to the BoD
The BoD decides.

BoD may explicitly delegate decision-making power to FAC as appropriate

FAC Roles and Responsibilities (2)

Advises the BoD on:

- eligibility and prioritization for all grants:
  - ESP implementation (formerly CF)
  - Country-level capacity building
  - Global and regional activities
- Reviews M&E work, performance reports, country level processes, EQR

FAC Roles and Responsibilities (3)

- Recommends to the BoD individual requests for funding of ESP implementation (formerly CF-funded grants)

FAC Roles and Responsibilities (4)

FAC will provide annual reports to the BoD on the “state of the grant portfolio” and any proposed changes to processes

FAC can also suggest revisions to its TOR for Board approval

Anything else delegated by the Board of Directors

FAC Composition: Working Group Recommendation

4 developing countries
4 donor countries
2 CSOs/private sector
2 multilateral agencies

= 12 total

Each member represents their constituency

FAC Terms of Service and Rotation

Service: 2 years

For initial membership, to ensure rotation:

- 2 of 4 developing country partner
- 2 of 4 donors
- 1 of 2 CSO/private sector/private foundations
- 1 of 2 multilaterals

FAC members serve for 1 year

FAC Meetings

1. **Quarterly meetings** (as needed)
review proposals for ESP implementation
(mode of meeting decided by FAC Chair)

2. **Annual meetings** for portfolio review
(to prepare annual report to BoD)

FAC Proposal Review Meetings (1)

Secretariat to provide FAC with application materials and provide recommendation:

- Allocate full amount requested
- Allocate reduced amount
- Applicant to resubmit (after minor revisions)
- Applicant to resubmit (after major revisions)
- Reject

FAC Proposal Review Meetings (2)

FAC makes recommendation using same categories

Sends to BoD (usually by email using non-objection procedure) for decision

Secretariat notifies country

Country-Level Capacity-Building Grants and Global and Regional Activities

- Country-level capacity-building grants (outside of ESP implementation) will be made by the Secretariat using a schedule of allocations approved by the FAC
- GRA activities managed by Request for Proposal process
- The FAC will monitor implementation and report to the Board annually.

Funding for FAC Meeting Attendance

- Provided to developing country constituency representatives (4) and developing country CSOs (1)
- Facilitated by Secretariat out of EFA Fund Secretariat budget

FAC Initial Membership Selection: Next Steps

Each constituency category nominates FAC members for initial membership:

- 4 of 6 developing country constituencies
- 4 of 6 donor constituencies
- 2 of 4 CSO/private sector constituencies
- 2 of 3 multilateral agency constituencies

→Advise Board Chair of nomination

Chair of FAC

- Selected by FAC members, and confirmed by Chair of Board of Directors

- Serves for 2 years

Decision Requested (4)

Terms of Reference of the Financial Advisory Committee. The Board of Directors refers to its BOD/2010/05-16 decision to establish a finance/technical committee. The Board of Directors approves the renaming of that committee to the Financial Advisory Committee (FAC) and approves the terms of reference of the FAC as presented in Annex 2 to the paper prepared by the Working Group on Composition of the Board of Directors to the meeting of the Board of Directors on November 11, 2010.

Decision Requested (4)

Decision Requested (5)

The Board of Directors approves the Terms of Reference of the Financial Advisory Committee (FAC) as presented by the Working Group on Composition of the Board of Directors at the meeting of the Board of Directors in November 2010, with exception of Section A. on Membership and Section C. on selection of members, terms of service and rotation. The Board of Directors requests the Chair of the Board of Directors to invite all constituencies the option to nominate one member from their constituency for the FAC no later than January 1, 2011. Not later than January 15, 2011, the Chair of the Board of Directors shall notify all members of the Board of Directors of all the constituency nominees for the FAC who shall serve as interim members of the FAC, and the FAC will commence its work. The Chair of the Board of Directors shall serve as interim chair of the FAC. The FAC shall discuss at its first in-person meeting (to be held prior to the next meeting of the Board of Directors), the selection of the chair of the FAC, the appropriate size of the membership of the FAC and the methods for reducing its size preferably by September 1, 2011, but no later than December 31, 2012.

Decisions Requested (6)

Working Group on Composition of the Board of Directors: The Board of Directors thanks the Working Group on Composition of the Board of Directors for its work and decides that the Working Group shall be disbanded.

Questions or concerns?

Backup: If needed

Working Assumption: “Model 2”

6 → Developing Country Partners

6 → Donors

3 → CSOs

3 → Multilateral Agencies

1 → Private Sector

=

19 constituencies

Working Group Meetings

3 teleconferences

Several iterations of documents

Different ideas raised:
- voting/non-voting seats
- sharing of seats
- thresholds for voting

→Group comfortable with recommending package