# Policy on Conflicts of Interest

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FTI Board Meeting

18 – 19 May 2011 | Kigali, Rwanda

# For Decision

1. Approval of Policy on Conflicts of Interest

2. Delegation of authority to make certain decisions under policy to:
   EFA FTI Chair
   OR
   Ethics Committee (creating TOR, etc. next step)

# Background: Madrid Board Meeting (November 2010)

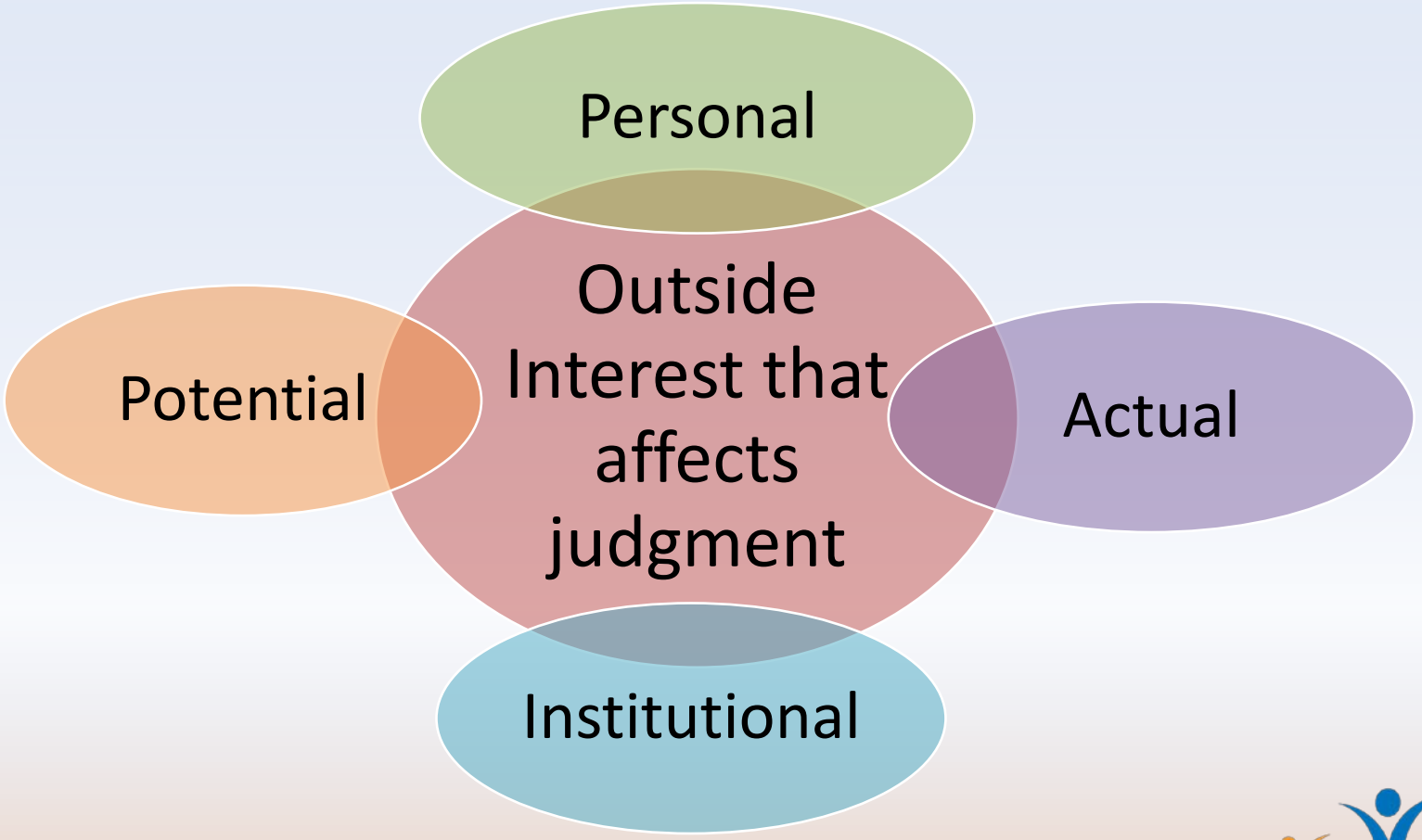
- EFA FTI Board of Directors now constituency-based. Roles include:
  - Making all policy decisions
  - Making financial allocation decisions

- Financial Advisory Committee established, also constituency-based. Role includes making recommendations to EFA FTI Board of Directors on financial policy and financial allocations

# Background: Madrid Meeting (November 2010)

**BOD/2010/11-3 – Conflict of Interest Policy:** The FTI Board of Directors requests the FTI Secretariat to develop a conflict of interest policy, based on accepted good practices of similar partnerships, for discussion and approval at the next meeting of the FTI Board of Directors

# Definition: Conflict of Interest



# Policy: Purpose

To increase the objectivity of the EFA FTI's decision-making by identification and disclosure of potential and actual conflicts of interest and to manage such conflicts in transparent ways.

# Policy: Application

**EFA FTI Person:**

-Board Member/Alternate Board Member

-Committee Member

**Decision-Making Process:**

-meeting of Board or Committee

-discussion of major policy decision or financial allocation

NB: Does not apply to EFA FTI Secretariat or Chair

# All EFA FTI Partners have Conflicting Institutional Interests

Everyone: institutional priorities may differ from what may be best for the EFA FTI partnership as a whole → What "hat" are you wearing?

In some cases: potential beneficiaries of grants or other decisions

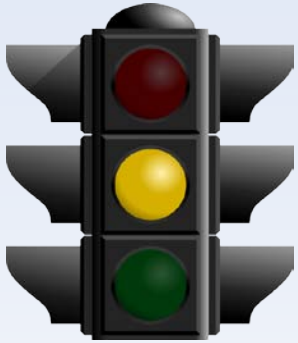
# Policy: All Decisions: Disclosure



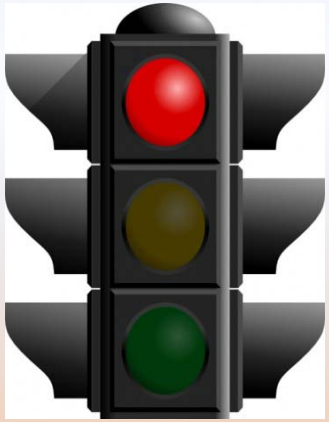
✔ Be mindful of your own potential conflicts of interest before participating in a **Decision-Making Process:**

➔ If you think you have a conflicting interest that may affect your judgment, disclose to EFA FTI Board of Directors and recuse yourself

# Policy: All Decisions: Management



After disclosure and recusal, Board may decide that recusal is unnecessary, but place limitations on participation (information, not recommendations)



Limitations may include NOT voting on the matter

# Policy: Special Case: Funding Decisions

Presumed conflicts:

- nominated Supervising Entity
- beneficiary developing country partner

Both: must disclose and recuse (If not, Chair will request)

Participation of conflicted person determined by chair of Board/committee (as relevant)

**In all cases, a Board Member with an actual COI cannot vote on funding decision**

# Gifts and Appointments/Secondments



Do not accept anything of value that could be perceived to influence your input in a **Decision-Making Process**




One-year “cooling off period” for appointments and secondments

# Policy: Everyone's Responsibility



Final provision:

If you think that an EFA FTI Person has:

- Not disclosed/recused; or
- Otherwise violated the policy

→Raise with the Board (or delegee)

→Board (or delegee) will discuss resolution, including possible sanction

# Delegation of Management: To Chair or to Ethics Committee?

Obligations to disclose and management are for the *Board of Directors as a whole*—but not practical—decisions must be made quickly.

**Funding decisions:** disclosures/recusals made to Chair of Board or committee, who determines participation

**Other kinds of decisions:** receipt of disclosure and recusal, participation limitations, waiving cooling off period, notifications of others' violations—to Chair or to Ethics Committee?

## Delegation of Management:
## To Chair (Board or Committee) or to new Ethics Committee?

| Ethics Committee | Chair |
|---|---|
| -disperses responsibility more widely | -large responsibility for one person |
| -coordinating schedules, building consensus, less nimble | -more nimble |
| -Board members have own conflicting interests | -Board chair independent |
| -requires establishing a committee, TORs, composition, Chair, etc. | -simple, already in place |

# Decision 1

**BOD/2011/05-XX – EFA FTI Policy on Conflicts of Interest:** The EFA FTI Board of Directors approves the EFA FTI Policy on Conflicts of Interest as set out in Annex 1 of BOD/2011/05 –DOC 12.

# Decision 2: Delegation of Certain Decisions to Chair of EFA FTI Board of Directors or Committee Chair

**BOD/2011/05-XX – Delegation of Authority to Receive Disclosures under the EFA FTI Policy on Conflicts of Interest:** The EFA FTI Board of Directors delegates to the Chair of the EFA FTI Board of Directors or the chair of the relevant committee, the authority to receive disclosures of conflicts of interest under paragraphs 3.3, 3.6 and 3.7 of the EFA FTI Policy on Conflicts of Interest and to manage them pursuant to the provisions of the Policy.

# Decision 2: Delegation of Certain Decisions to Ethics Committee

**BOD/2011/05-XX – Delegation of Authority to Receive Disclosures under the EFA FTI Policy on Conflicts of Interest:** The EFA FTI Board of Directors delegates the authority to receive disclosures on conflict of interest under paragraphs 3.3, 3.6 and 3.7 of the EFA FTI Policy on Conflicts of Interest to an Ethics Committee to be established. The EFA FTI Board of Directors requests the EFA FTI Secretariat to deliver by 1 August 2011, draft terms of reference for the Ethics Committee, including its role and responsibilities, composition and a process for selecting members and committee chair, for review and approval by the EFA FTI Board of Directors.