

Reform Commissions

Final reports and summary of proposals

17 October 2019

Message from the Commission Chairs

Dear IPPF,

We are pleased to present the final reports of the Independent Governance Reform Commission and the Independent Resource Allocation Commission for your consideration and deliberation. We are grateful for your responses from the two rounds of survey we conducted and the many thoughtful comments and suggestions we received throughout the extensive process of consultation.

The Commission members worked hard to prepare reports that respond to our mandate to propose a radical reform of IPPF's approaches to governance and resource allocation. At the same time, we listened carefully and took very seriously the criticisms and concerns many of you expressed along the way.

We realize that we will not please everyone in every aspect of what we propose. However we hope you will appreciate we have tried hard and done our best to be fair and judicious, while at the same time proposing challenging new approaches that we believe will be in the Federation's best interests.

We look forward to seeing many of you in New Delhi at the end of next month and hearing your reactions to our proposals.

With warmest regards,

Steven W. Sinding, chair, IGRC

Gillian Greer, chair, IRAC

Methodology

We undertook an extensive consultation between June to October, including:

- Two web-based surveys - approx. 200 Member Associations (MAs), volunteers and staff responded to each survey
- An interactive website with regular updates and a live discussions
- Consultation at regional council meetings and youth forums
- A range of webinars in various languages
- The Commissions reviewed the governance and resource allocation models of other Federated organisations.
- The Commissions' final reports and recommendations were submitted to MAs and the Governing Council in mid-October for discussion and decision at the November General Assembly.

Why such a short timetable for change?

Many of you asked why the reform process is being conducted so quickly.

This is due to:

- Assurance given to the Charity Commission that IPPF's governance would be reviewed in a short timeframe
- The Governing Council has given IPPF six months for the reforms to be to complete
- Donors strongly supporting the need for reform and have provided resources for IPPF to facilitate the reform process within this timeframe.

Why IPPF needs to reform

Over the years, MAs raised concerns about:

- IPPF not working effectively as a Federation
- Too much distance between the MAs and the Governing Council
- MAs unable to access timely assistance from the Secretariat (regional and central)
- A lack of transparency and accountability
- Role overlap between governance and management
- Conflict and lack of trust between global and regional levels.

A tipping point came in 2019, because of:

- Serious cases of fraud, abuse of power and safeguarding issues
- Response hampered by a lack of clarity on roles and responsibilities of IPPF's management and governing bodies
- Intense negative press coverage in the UK due to IPPF's inadequate response
- Major donors express concern about IPPF
- Charity Commission for England and Wales inquired into the affairs of IPPF, expressing significant concern
- Critical reputational impact, potentially impacting future funding.

Independent Governance Reform Commission

Summary

What is the purpose of governance?

Governing bodies in non-governmental organisations are generally considered to have responsibility for three main functions:

- To approve the organisation's broad policies and strategic direction
- To appoint, and evaluate the performance of, the CEO
- To ensure the financial integrity of the organisation

What do we mean by characteristics of governance?

The key characteristics of good governance include:

Those governing should have the collective **experience and skills** to enable it to fully discharge its responsibilities. This should meet the requirements of the Charity Commission in the UK.

A board needs to be the **appropriate size** - not too small, not too large. Having systems that enable the complete skillset of a board to be considered when selecting new members

Determining the **composition of the board** and to what extent it is drawn from member representational interests, or selecting according to a predetermined skillset and experience, or a mix of the two approaches. Ensuring membership interests are adequately considered by governance and the needs of the most marginalised groups incorporated.

Guarding against potential built-in conflicts of interest and competition, as well as narrowness of focus, ensuring that the needs of the entire organisation are met.

Permanent skills-based **Board Committees** focus on key functions, for example: a finance and audit committee, a governance, ethics and nominations committee, a policy committee etc.

Transparency and accountability should be part of governance design. **Agile and effective decision making** is enabled through streamlining rather than bureaucratic approaches.

The cost of Governance should be proportionate to the organisation's budget and needs.

In recommending a revised system of governance the Commission considered:

- The challenges arising from IPPF's current governance structure
- The specific circumstances that led to the recent crisis
- The different governance models of other large federated organisations
- Feedback from the online survey, the regional consultations and donor consultations
- Characteristics of good governance as advanced by global authorities on the subject
- Good practice expectations of the Charity Commission for England and Wales

Your feedback and insights

Through the consultations, significant insights emerged and informed the design of the future governance structure

Strengths

The current governance model of Governing Council (GC), six Regional Councils (RC) and six Regional Executive Committees (REC) has considerable strengths:

- Strong member representation.
- Provides diversity and a strong voice for the membership volunteers.
- Individuals demonstrate clear commitment to the roles to which they are elected.
- Strong regional identity and linkages.

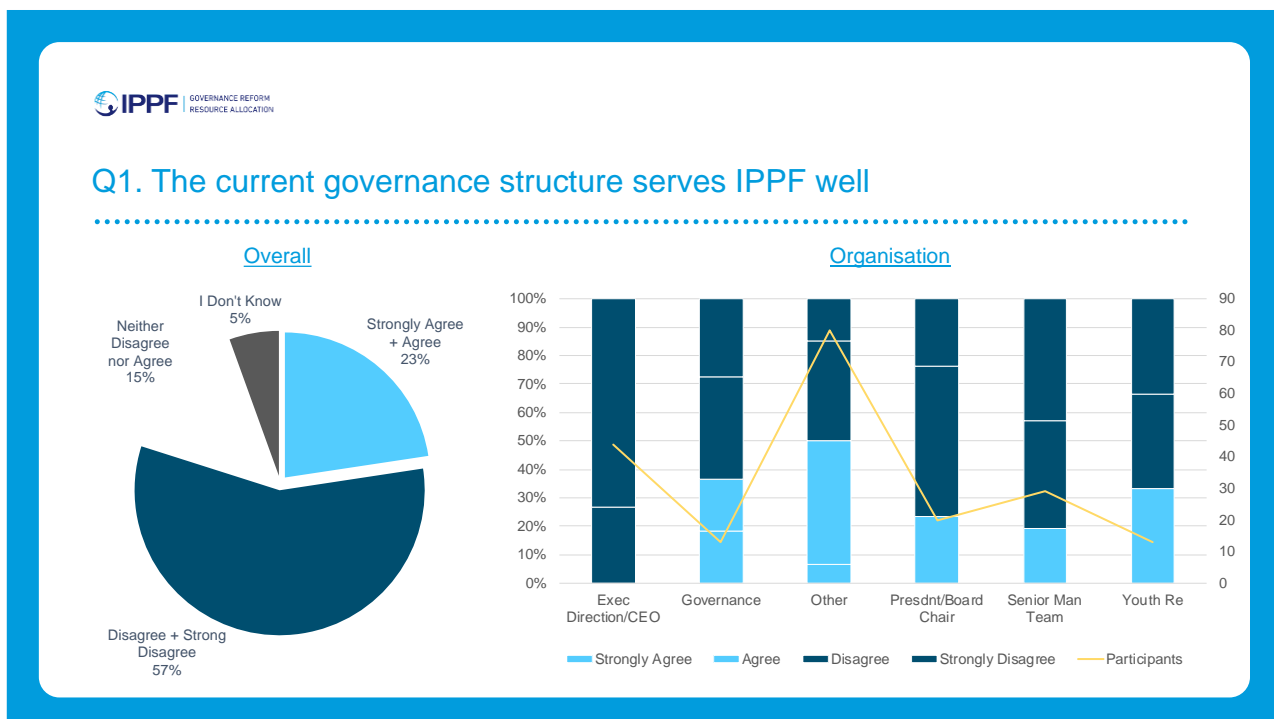
Challenges

- Lack of agility. The current structure is not sufficiently agile or flexible to respond to changes in the internal or external environment.
- There is a lack of clarity about the purpose and responsibilities of the various layers of governance (RCs, RECs, GC)
- There is confusion between the respective responsibilities of the governing bodies and management.
- The current election systems do not provide a mechanism for ensuring that the governing council(s) have the range of skills and experience required to govern effectively.
- The current structure poses potential conflict of interest as MAs vote of issues that affect them directly, including resource allocation.

Opportunities

- A smaller independent Board would enable IPPF to be more agile and effective.
- A skills based rather than representational Board would ensure the full range of skills and experience at the board table.
- There is an opportunity to strengthen the global Federation, its esprit de corps and shared learning through a General Assembly and by transforming regional councils into forums for sharing knowledge.
- There is an opportunity to improve member engagement through enhanced participation in committee structures.

Your feedback and insights (continued)



You expressed clear views in response to the survey questions. For example, when asked:

1. Does the current governance structure serve IPPF well?

A majority of respondents (57%) disagreed with this statement, with only 23% of respondents agreeing.

2. Do the Governing Council and Regional Executive Committees provide clear and consistent policy and strategic direction? Only 28% of respondents agreed with the statement.

For more details on the survey please refer to section 3.2 of the report.

Key recommendation: General Assembly and Board of Trustees

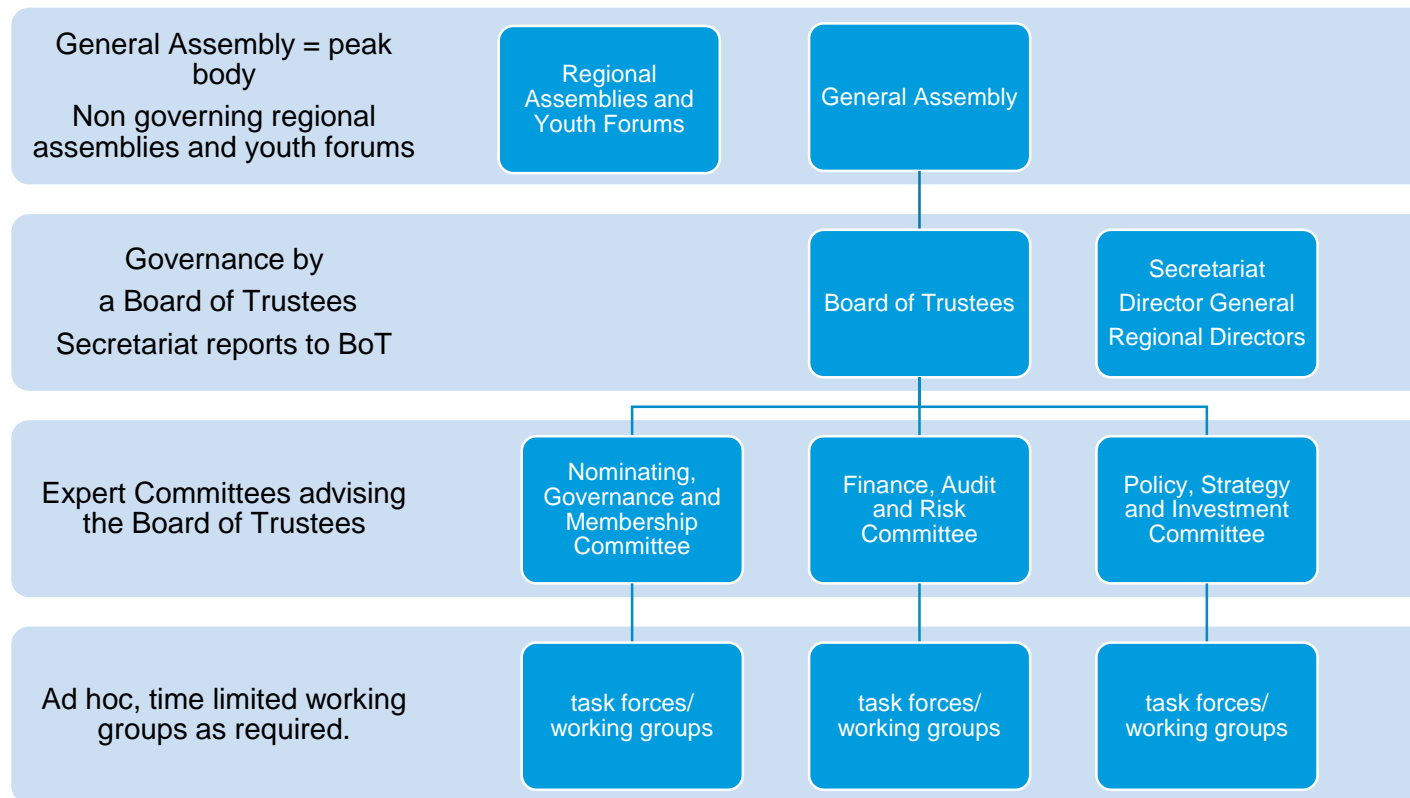
The commission recommends a streamlined model, with a **General Assembly and Board of Trustees**, including:

- Board and committee members selected on the basis of skills and experience.
- Enhanced MA engagement through global and regional assemblies.
- The General Assembly being the peak governance body.
- Regional assemblies and youth forums focusing on exchange and shared learning.
- Clear distinction between governance and management.

- More rigorous professional oversight of fiduciary responsibilities.
- The model respects and sustains IPPF's federated ethos while removing longstanding ambiguities regarding decision making authority, transparency, and accountability.
- The proposal intends to better support MAs, which is essential to the movement's success, while ensuring a more effective and efficient delivery of the Federation's purpose worldwide.

The Commission believes that the result will be a quantum leap forward in IPPF's ability to fulfil its mission and its goals.

Proposed governance model



- The Commission recommends a governance structure comprised of a General Assembly, a Board of Trustees and a set of Committees reporting to the Board of Trustees.
- The Commission also recommends that regular Regional Assemblies and Youth Forums be held. These would not be part of the governance function.
- This model is recommended after a majority of respondents in the survey expressed the view that this governance model would work for IPPF.
- The Commission also took into account the 2nd survey feedback and the model was adjusted further. See section 6 of the report for more detail on how the commission responded to this feedback.

Recommendation 1: The General Assembly

The highest authority of the new governance structure would be a General Assembly (GA) of all the Member Associations of IPPF.

The Commission recommends that the GA be convened once every three years, to coincide with the strategic planning cycle, subject to financial feasibility.

The GA will have the following roles:

- Advise on the overall strategic direction of the Federation
- Provide input into Board of Trustees policies and decisions
- Remove at the request of two-thirds of its membership a trustee from the Board of Trustees
- Adopt and amend the Regulations of the Federation
- Scrutinize the Board of Trustees and Director General's work
- Appoint two members of the Nomination, Governance and Membership Committee as two rotate off.

Recommendation 2: The Board of Trustees

The Commission recommends that a Board of Trustees be established to govern IPPF. The Board would replace the Governing Council and:

- Be comprised of 15 trustees, with eight trustees coming from the IPPF membership, drawn from applications submitted by both MA volunteers and executives.
- Have terms of three years, with the possibility of re-election twice, i.e., a maximum of nine years before a member must rotate off the board.
- All candidates to become trustees would meet minimum standards of expertise, skills and experience according to criteria established by a Nominating, Governance and Membership Committee.
- A process to be developed for regular evaluation of the effectiveness of the Board of Trustees.

Criteria for selection of individual Trustees to serve on Board of Trustees and Committees

Trustees will need experience in one or more of the following areas:

- Leadership in SHRH
- Governance at the international or national level
- Senior executive experience, programme delivery experience
- Financial control and oversight
- Risk management
- Legal expertise
- Fundraising and resource mobilization
- Experience of advocacy and working with government
- Youth networking / youth action
- Peer-to-peer service delivery
- Other skills, experience and attributes relevant to global governance.

In deciding the overall makeup of the Board, the following would also be considered:

- Geographical diversity
- Total number of Board members under 25 years (at least 20%)
- Total number of women (at least 50%)
- At risk and 'vulnerable' populations

The criteria would also set out the anticipated time commitment required from those serving on the Board, including, critically, the time required to be chair.

How Member Associations will participate in governance:

- Through Board oversight at the triennial General Assembly
- As members of the Board of Trustees and of Board Committees
- Through majority membership of Board standing committees
- By appointing members of the Nominating, Governance and Membership Committee
- By engaging with Board members at the Regional Assemblies
- Through regular formal evaluations of the performance of both the Board of Trustees and the unified IPPF Secretariat.

Recommendation 3: Board Committees

- The Commission sees the committee system as an important mechanism for providing advice to the Board and through which MAs can be engaged in governance.
- The Committees will have substantial responsibilities and authorities and will include co-opted individuals from the MAs as non-Trustee members.
- The Commission recommends that three Standing Committees be established.
- For more details on the Committees please refer to section 7 of the report.

Nominating, Governance and Membership Committee

Responsibilities include recruiting Board members, succession planning; overseeing Board evaluation; reviewing the by-laws; overseeing IPPF's accreditation system; and assessing the membership status of all MAs. A Youth member and a representative of the staff association would be invited to serve on the committee.

Finance, Audit and Risk Committee with responsibility for oversight on all fiscal matters and for monitoring risk and compliance, including whistle-blower and safeguarding complaints.

Policy, Strategy and Investment Committee to advise on long- and medium-term strategies and policy and accountability for results. The Chair of the existing Donor Advisory Group (DAG) would be invited to serve on the committee.

Recommendation 4: Transforming the Regional Councils into Regional Assemblies and Regional Youth Forums

- The Regions will continue to play an important role in the new structure.
- Rather than serving as an intermediate level of governance the Regional Council would become assemblies where ideas and experiences can be exchanged, providing critically important opportunities to maintain the sense of solidarity of the movement.
- The Regional Assemblies will provide an important opportunity for MAs to meet with members of the Board of Trustees to exchange ideas, information, and perspectives.
- Youth forums would take place in parallel with the regional assemblies creating opportunities for engagement between MAs, young people, and Board of Trustees representatives.

Transitional arrangements

- It is suggested Governing Council appoint a transition committee with responsibility for following through on the decisions and principles, following approval of the reforms.
- The composition of the transition team could be comprised of individuals from IPPF's current Governing Council, some of the IGRC members, and other independent individuals identified for their expertise in the areas of appointing boards of trustees.
- Their number should not exceed seven members and they should appoint its own Chair.

Other key considerations

Management

- The Director General will be appointed by and report to the Board of Trustees. The Regional Directors will report to the Director General.
- The IPPF Secretariat will become unified as the Regional Offices serve alongside the Central Office in one unified team, all committed to serving the MAs.
- The MAs would evaluate the support they receive through formal systems of feedback that should result in ever stronger systems of support.
- The purpose of a Secretariat is to empower the MAs to be as effective as possible. A unified Secretariat, all pulling in the same direction and operating under a single Board of Trustees, will result in a far stronger and more dynamic IPPF than at present.

Youth

- Youth engagement is central to IPPF delivering its global strategy and business plan.
- This means engaging youth across all aspects of IPPFs work and governance.
- The Commission reaffirms the current minimum of 20% youth representation in the governing structures, while at the same time clarifying that being under 25 years of age is not in itself enough.
- It is young people's experience that is vital. This may be in youth networking and participation, in grass roots service activities such as peer-to-peer service delivery in SRHR and comprehensive sexuality education CSE.

Volunteers

- The Commission acknowledges the critically important role of volunteers in the work of IPPF, not least the invaluable work of thousands of volunteers in the Member Associations who are on the frontline, providing services, improving policy and education, and championing sexual and reproductive health and rights.

Independent Resource Allocation Commission

Summary

Problem statement

- The current formula-based allocation of unrestricted income has remained relatively unchanged since it was first introduced in 1997.
- The current allocation approach is not well understood, it is not uniformly applied in the regions and there are serious concerns about the transparency of decision making.
- The broad opinion is that the resource allocation model is no longer fit for purpose.
- In the opinion of the Commission, there is little evidence that the current formula provides the best and most strategic use of the restricted funds available to the Federation.

Responding to your feedback on the preliminary proposals

Of the total 99 Member Association respondents to the online survey:

- **47% were in direct support of the model.**
- **only 3.3.% felt that the proposed model would not work.**

Popular features included the use of three designated streams, and that, under Stream 1, it places the Secretariat and MAs on the same footing.

For respondents who registered only a qualified support for the model, the biggest points of contention were:

- Stream 1 restrictions on funding for upper-middle income countries.
- Transition and potential impact of the change on current funding for some MAs.
- Lack of clarity about advocacy and rights related work.
- Lack of clarity about the formula, and Phase 2.

The Commission discussed these concerns and made the following changes to the final proposal:

- Broadening the eligibility for Stream 1 to include upper-middle income countries.
- Introducing a more defined phasing of the model, including recommendations about a transition period to mitigate sudden financial ‘cliff edge’ scenarios that could jeopardize programming.
- Clarifying uses of Streams 1 and 2 to include advocacy and rights related work.
- Suggesting formula criteria to be considered in Phase 2 of the reform.
- The revised model is designed to improve the use these unrestricted funds.
- Importantly, the model offers the potential to better leverage other, restricted resources and by so doing to deliver more and better results.

Proposed model

- The new model proposes that unrestricted funding move from a simple formula based allocation to a more flexible stream-based allocation model.
- A mixed model applying a combination of formula and proposal-based approaches.
- The model allocates unrestricted resources through **three streams**:
 - **Stream 1 will account for at least 80% of total unrestricted funding**, and will support MAs and Collaborative Partners in low to upper middle income countries to deliver their core SRHR role (SRH services, CSE, advocacy).
 - Stream 1 It will also fund the core functions of the Secretariat to enable them to support MAs.
 - Grants to MAs will be allocated through a transparent formula with a focus on unmet SRHR needs.
 - The funds will be awarded against 3-year plans and approved allocations, offering both **predictability and transparency**.
 - The criteria for the formula for Stream 1 will be developed in Phase 2. Part of that will also be the need for transition planning. In order to facilitate MAs who are confronted by strong drops in funding.
 - A model for smoother transitioning will also be developed in Phase 2.
 - **Stream 2** is a Strategic Fund, providing funds on a competitive, proposal basis to all Mas and Collaborative Partners.
 - It will focus on areas of the strategy that require additional support, for example to deal with barriers such as opposition attacks, detrimental legislation or research. It will also be for innovations that will help IPPF deliver on its strategy.
 - **Stream 3** will provide funds for resilience, emergency preparedness and initial emergency response. It will be accessible to all MAs and Collaborative Partners.

Proposed Resource Allocation model

Unrestricted Funds
(currently ~ \$60m)

Governing body approves amounts to each stream
(at least 80% to stream 1, maximum 15% to stream 2, maximum 5% to stream 3)

Uses: governance, capacity building, advocacy, CSE, service delivery, "difficult to fund" activities

Uses: new strategic opportunities, advocacy efforts, research, innovation

Uses: to meet emergency resilience and preparedness needs and initial cost of emergency response.

Stream 1: Accelerating the Response

Stream 2: Strategic Fund

Stream 3: Initial Emergency Response

Governing body approves allocations and 3 year plans:
based on agreed functions. Technical Committee reviews plan

Board approves indicative MA allocations using Board approved formula
3 year plans reviewed by technical committee
DLT makes final decision

Board approves guidelines and allocations:
Technical Committee reviews grants.

Approved by DG based on RO/MA request

Central Office and Regional Offices

MAs and Collaborative Partners

All MAs and Collaborative Partners

All MAs

Who decides (and how)? Eligibility: Who gets the funds? What can the funds be used for? How is the model structured?

Funding Streams/ Key Design Features	Stream 1: Accelerating the response	Stream 2: Strategic fund	Stream 3: Initial emergency response
Definition of each type of funding	To cover core governance functions and support the accelerated response. Focus on “difficult to fund” activities.	Strategic interventions to tackle opposition attacks, detrimental legislation or the like. It will also be for replicable innovations to help IPPF deliver on its strategy.	Revolving fund to support resilience/preparedness and initial short-term response to emergency situations (restricted funds expected to cover the full response).
Eligibility	Available to MAs in low income and lower/upper middle-income countries	All MAs and Collaborative Partners	All MAs and Collaborative Partners
Strategy and policy decision	Board to approve allocations between the 3 funding streams		
	Global Governance Body approves MA allocation formula, indicative formula and 3-year CO/RO plans A special Technical Committee to advise IPPF management on the MA proposals. Director Leadership Team approves MA plans.	Global Governance Body approves guidelines and allocations for Strategic Fund (advised by Technical Committee).	Director General approves allocations as required.
Recommended model for allocation	Formula based for the MAs (largely driven by unmet SRHR needs modified approach to performance-based funding). In upper middle income countries, level of existing funding will be taken into account.	Proposal based. Guidelines will be developed to identify objectives, set funding ceilings, co-financing arrangements etc.).	Ad hoc – as needs dictate
Accountability arrangements	Reporting against 3-year work plan/proposal (MAs, ROs and CO).	Progress against key milestones and indicators set out in project proposals.	To be agreed
Timeframe	3 years	Generally 2-3 years	Case by case
Transition plan	The model will be phased in over time. Elements of new approach to be introduced from 2021 with an independent midterm review in 2022.		

Benefits of the model

- It is the opinion of the Commission that the proposed model will improve efficiency and accelerate progress towards IPPF’s strategic objectives through:
- **Better targeting of unrestricted funding** to areas most in need through a mixed formula and proposal-based approach, and a focus on services and other roles like CSE and advocacy that are “difficult to fund”.
- **Better resource planning and predictability**, using the expertise of ROs and a Technical Committee to help develop robust and relevant 3-year plans which best meet country challenges.
- **Ensuring Central Office, Regional Offices and Member Associations deliver on plans** through strengthening monitoring of progress against targets and building on existing performance-based funding.

The model also brings a range of further benefits:

Greater MA-centricity: MAs are at the heart of the proposed model, and building their capacity to ensure “no one is left behind” is a key element.

More transparency in financing the Secretariat: clarity around resource allocations to the Secretariat, whose role as enablers of MAs will be clarified and strengthened.

Stronger results focus across the Federation: a more comprehensive performance-based funding approach, with a wider range of key performance indicators that will measure contributions to IPPF’s mission.

Positive culture changes: unrestricted funding will be planned and budgeted for, ensuring that both MAs and the Secretariat are more strategic and aligned with each other; MAs, Regional Offices and Central Office will all submit plans, in a more equitable approach to resource allocation and a more collaborative approach to delivery.

Ongoing relevance: the model will be agile and dynamic, through regular reviews and modifications.

IRAC proposal

Recommendation 1: The stream based model

IPPF adopt a new model to allocate unrestricted resources that will employ a combination of formula and proposal-based approaches to allocate funds through three separate streams.

Funding in Stream 1 will support those most at risk of being left behind. As such the model applies a formula for Stream 1 that will be driven by assessments of unmet SRHR needs, burden of disease.

All countries, (with the exception of high-income countries), with burden of disease or other mitigating circumstances **will be able to access this stream.**

At least 80% of unrestricted funds should be channelled through Stream 1.

A separate Stream 2 will be introduced to support strategic initiatives; this will follow a **competitive proposal-based process**

Recommendation 2: Allocation approvals

The IPPF **Governance body** approves allocations **between and within the streams.**

Three-year CO/RO/MA plans are reviewed by a special **Technical Committee**

The **IPPF Directors Leadership Team (DLT)** decides on the **MA plans**, and the **Governance body** approves on the **CO/RO plans.**

Phase 2 recommendations

1. Assess the future role of unrestricted funding in IPPF's overall financial architecture

- The Commission stresses the importance of developing a strategy to ensure the effective financing of IPPF *as a whole*.
- In considering how to best support the delivery of the outcomes set out in the Strategic Framework it should consider the limited, but important, role that unrestricted funds can play.

2. Develop a detailed implementation plans for the reform

- Phase 2 of the reform process will require more intensive work to fully flesh out design issues and also to consider some of the broader implications of the reforms, including:
 - Developing detailed allocation formula
 - Developing guidelines for Stream 2 and 3 proposals
 - Reviewing the performance-based funding
 - Mitigation plan to facilitate MAs who are confronted by strong drops in funding.