



## PAPER FOR THE CONSIDERATION OF THE IATI MEMBERS' ASSEMBLY

28 February 2023

Prepared by: IATI Governing Board

### **OPTIONS ASSESSMENT WITH REGARD TO BIDS RECEIVED FOR THE PROVISION OF FUTURE IATI HOSTING SERVICES**

#### **Purpose**

This paper has been drafted in order to provide options for consideration by the Members Assembly meeting concerning the outcome of a competitive bidding process among potential host entities for the provision of policy and technology secretariat (PTS) services and legal and operational support to IATI for the period 2023-2027.

The bidding and subsequent evaluation process for the initiative's future hosting arrangements has provided the IATI Governing Board with an opportunity to ensure that any future hosting model is centered on the needs of data users and the provision of effective and efficient technical and operational services to support members and ensure the stability and continued development and growth of the initiative.

The Board has looked in detail at all received bids and on the basis of the evidence presented by bidders, the previous decisions and instructions of Members' Assemblies, the evaluation panel's assessment, follow-up discussions with bidders and the overall balance of risks and opportunities, will outline 3 options for Members' consideration with regard to the outcome of the bid process and future arrangements upon which the Members will be invited to vote.

#### **Background**

This paper is the culmination of a process that was first initiated by a decision of the **December 2020** Members' Assembly to instigate an Institutional Working Group (IWG) with a terms of reference that included the task to consider 'institutional arrangements beyond December 2022, the date up to when technical, financial, logistical and advisory services are provided by the current Secretariat Consortium'.

The IWG, chaired by USAID, delivered a set of recommendations to the Governing Board based on an assessment of the historical performance of the Secretariat Consortium arrangement, including the clarity of accountabilities, and the appropriateness of the governing agreements. In **November 2021**, the GB reviewed the findings of the IWG and agreed with the assessment that, at this time, independence is not a viable option and should be taken off the table.

The Governing Board shared the IWG recommendations with the Members' Assembly, which confirmed the following decisions in **December 2021**:

1. IATI remains a hosted initiative for at least 5 years from the end of the current hosting arrangement (i.e. to December 31, 2027)
2. The ToR for the hosting arrangements should be updated and strengthened, to address the five key principles recommended by the IWG, and other principles put forward by the GB and members
3. Members agree to a sequential approach in which the GB first enters into negotiations with the current hosting consortium on the basis of the adjusted ToR as proposed by the IWG in option 3a (continued hosting by the present consortium, subject to negotiating a new MOU with the improved and updated TOR, including the improvements deemed satisfactory to IATI). If these negotiations do not reach a satisfactory conclusion in the next 3 months, the GB, with the involvement of the IWG and members, will initiate the search for a hosting arrangement as indicated in option 3b of the IWG (a modified search and selection process among potential hosting entities which were seen as acceptable to IATI on the basis of the improved and updated TOR, with a view to selecting and negotiating with a preferred host). It was clarified that the Board would initiate a search for potential hosts in parallel with negotiations with the current consortium hosts based on updated ToR.
4. Members agree to task the GB, with the support of the IWG, to initiate a scoping study with the aim to develop a ToR on the way forward in acquiring a legal personality for IATI. It was clarified that this is about scoping work as due diligence, to inform a future discussion by members.

It is of relevance to note that the GB and the MA explicitly excluded the third option that had been proposed by the IWG: a tendering process on the basis of the improved and updated TOR, possibly among a short-listed potential hosting entity (as in 2012/13).

These key decisions inform all of the subsequent processes and the options now being presented to Members.

In response to the decisions of the Members' Assembly, the IWG consulted on a renewed ToR for the hosting of IATI. These were accepted by the Governing Board in **March 2022**, and subsequently used as a basis for the current Consortium to prepare a proposal. The GB constituted an evaluation panel for the proposal consisting of two members of the IWG and three Board members.

The evaluation panel presented its findings to the incoming Governing Board in **April 2022**, with the Board accepting the findings of the panel report. The panel identified substantial risks of the proposed approach, and made a recommendation to the GB not to accept the proposal. Members of the current Consortium were explicitly encouraged to participate in the resulting open search and selection of a future hosting arrangement. The decision to accept the recommendation of the evaluation panel was communicated to members and implications for the IATI work plan became the focus of deliberations.

By **June 2022**, the Governing Board agreed to reconstitute the Institutional Working Group to advise the Board on implementing the instructions of the Members' Assembly decision to undertake a search and selection process. This was agreed to be expanded beyond the envisaged 'limited' search and selection to include an open call for proposals. It was also envisaged that the new arrangement would be implemented through an exchange of Letters of Agreement signed by the Board on behalf of members.

The Board at this time discussed splitting the hosting TOR into two elements: policy and technology services, and operational and legal services. This was informed by two main considerations:

- Requiring a single host to provide all of the requirements of IATI was seen to be highly limiting to the pool of potential hosts; and thus a split TOR could expand interest and participation in the bidding process
- In respect to Decision 4 of the 2021 Members' Assembly, separate policy/technology and operational/legal service arrangements could open up more feasible options for either progressively or partially transitioning elements of IATI to an independent arrangement beyond 2027.

The reconstituted IWG, chaired by UNFPA, undertook a process of revising the Terms of Reference, now split into two complementary documents: policy and technology, and operations and legal. Significant discussion was held on ensuring clear and complementary accountability arrangements, which were a significant concern in the original assessment of the former IWG. Clarifications were included that primary accountability for the performance of the whole secretariat would rest with the Director, a new appointment included within the Policy and Technology host. The provision of Operational and Legal services would report to, and act on the instruction of, this Director.

In **September 2022** the Governing Board agreed to a search and selection process undertaken through a combination of shortlisting and interviews with shortlisted organizations. It was agreed that, based on the advice of the IWG, the Board would make a written recommendation to IATI members for proposed hosts. [This paper is that recommendation.](#)

The final ToRs were agreed by the Members' Assembly and published in **October 2022** in English, French and Spanish, with the clarification that both hosts must be non-profit organizations. The deadline for proposals was set as 6 January 2023. The ToRs were widely publicized through IATI platforms. Furthermore, the IWG and the Governing Board actively reached out to 15 potential hosting organizations during November and December, including holding an open bidders' call in December 2022 to answer questions from interested organizations.

A Transition Manager was recruited to manage the process and risks of handover from the current Consortium to the new hosting arrangement between the expected decision of the Members' Assembly in March 2023 and the end of the transition arrangement with the current hosts in June 2023 (December 2023 for financial closure).

By **December 2022**, the IWG had developed a set of assessment criteria for the evaluation of proposals, which were formally adopted by the Governing Board in **January 2023** prior to opening of bids. The Governing Board agreed to form an evaluation panel to assess the received bids against these established criteria, and to report the findings of this assessment to the Board by February 2023. The evaluation panel consisted of two members of the IWG and three members of the Board. The Transition Manager acted as a non-voting secretary.

The evaluation panel received both written and verbal clarifications to their questions from bidders. The final report of the evaluation panel was moderated by the Chair and the Deputy Chair of the Governing Board, and was accepted by the Governing Board as a fair and complete application of the assessment criteria in **February 2023**. The evaluation panel report is hereby made available to Members as a supporting document to this paper (Annex 1).

### **Concerns Raised by the Evaluation Panel in Chapter 8 of its Report**

The Board has taken note of chapter 8 of the Evaluation Panel's report, which specifies five specific risks and concerns regarding details of the bids. We hereby share our opinion on each point, and give a recommendation to the Members Assembly.

#### *1. Proposed UNDP contract modalities for IATI staff*

The Evaluation Panel expressed concerns regarding the suitability of the International Professional Services Agreement (IPSA) basis for the Executive Director position given that this is not a UN staff contract. Given the seniority of the role, it was considered the IPSA modality could be less attractive due to insecurity (annual renewal), and no pension or other allowances. Furthermore, some UNDP positions will be consolidated and others changed from staff posts to IPSA when compared to the current arrangements. The EP saw potential risks in terms of institutional memory.

The priority of the Board is to attract, recruit and retain the best people possible for IATI. UNDP clarified that an IPSA contract modality offers a number of benefits to the Initiative and the incumbent, especially including flexibility regarding location. The Board was reassured that IPSA can indeed provide an opportunity to make IATI geographically more diverse and agile, in addition to financially sustainable. The Board sought flexibility from UNDP in terms of adjusting employment modalities, especially the ED position, if this is subsequently needed to secure the caliber of individual envisaged. For other positions, the Board acknowledges the balance between the need for institutional memory and a need for change.

The Board sees a significant risk remains in the UNDP bid of meeting the timeframe for the recruitment of all new positions, and that a temporary extension of existing staff contract.

#### *2. Governance Concerns Around UNDP Non-Voting Board Member*

The Evaluation Panel advised the Board that 'the proposal for UNDP to have a non-voting Board Member on the IATI Governing Board should be revisited as no added value for IATI of this proposal could be

established by the EP. (...) Alternative governance arrangements – for example setting up an IATI Project Board – should be considered and a revised proposal from UNDP should be elicited.’

The priority of the Board is to strengthen the line of accountability between the Members and the delivery of IATI services via the Board. The Board takes note that UNDP policy requires all hosted projects have a Project Board to oversee project performance and hold the project implementation team to account. The Board clarifies that the proposal is not to appoint a UNDP representative to the IATI Governing Board to oversee the Initiative (which the Board would reject), but rather for the members of the IATI GB to periodically (annually) sit as a formal UNDP Project Board alongside a UNDP director to practice direct oversight of the performance of the secretariat.

The Board agrees that each year a UNDP Project Board is convened on which IATI GB members will also sit to exercise direct oversight of the performance of the secretariat. We are reassured that this could better meet the requirements of Members expressed through the IWG to strengthen accountability for implementation of GB decisions by the secretariat.

### *3. Existing business relationships between service providers*

The Panel points out that UNDP and UNOPS have had sometimes strained working relationships and did not seek each other out as partners for their bid. In a meeting with the Board, it was explained that it has not done this because it may have been perceived as too similar to the current situation, and wanted to provide Members with more options.

The Board sees some improvement because there now is a clear and single line of accountability to the Executive Director. This is a situation far less prone to conflict. The Board also notes the multitude of existing relationships between UNDP and UNOPS, and the expression of both organizations to find effective ways of working. The Board remains aware that organizations don’t magically get along because we ask them to, so the Board considers this a smaller but still existing risk.

The Board clarified that the performance of operational and legal services will be assessed based on its contribution to enabling the policy and technology results. A Cooperation Agreement setting out clear roles and responsibilities, including lines of accountability of all providers to the Executive Director would be established during the transition.

### *4. Improvement to member services*

Both parties should commit formally to improve their services to members as part of the new hosting arrangements, for example around managing membership contributions (UNOPS) and procurement processes (UNDP). The Board agrees, and also identifies the wording in contracts for private sector members (UNOPS) and the Secretariat’s past inability to fully support the actual policies of IATI and decisions by the GB, instead steering the initiative into a direction it believes in itself.

The Board has noted a genuine willingness to be flexible on procurement rules and contract wording. UNDP can be the contract partner for those members unable to enter into an agreement with UNOPS, for

example. The Board was reassured that there is a great deal of good will and willingness of both UNOPS and UNDP to innovate. This willingness needs to result in written agreements on these points. The Board requests the Members to charge the Board with ensuring these commitments are reflected in the letters of agreement.

#### *5. Involvement of the Governing Board in senior staff recruitment*

The Panel notes that there is limited room in the bids for input or influence by the Board on vacant profiles, recruitment or annual assessments of staff. The Board agrees with the Panel's concern. The issue mentioned under item 4 about the need for the policies of IATI and decisions by the GB to be the basis of the Secretariat's work, also makes it necessary for the Members and the Board to be involved in HR decisions. The Board understands that any UN officer can be appointed by the Members or GB to directly represent the interests of the Initiative in the formal recruitment panel of the Executive Director. The Board is also reassured that opportunities for informal consultation with members can also be arranged.

#### **Options Appraisal**

The options presented below are based on the conclusions of the Board following analysis of both quantitative and qualitative information drawn from the findings of the Evaluation Panel alongside the previous recommendations of Institutional Working Groups, the decisions and instructions of Members' Assemblies, the best interest of IATI and follow-up discussions with bidders.

In setting out these options, the Board recalls the five principles for future hosting set out by the original IWG:

1. A new Memorandum of Understanding, which would set out the main features of the new hosting arrangement and terms of reference.
2. A medium-term agreement (no less than 5 years, but with an appropriate review point or points), to assist with staff retention and continuity.
3. A clear line of internal responsibility to a single senior person, on whose appointment the Governing Board (GB) would be consulted.
4. A clear line of external responsibility whereby the senior person would be accountable to IATI Members through the GB.
5. A performance management system with metrics that could be periodically assessed by the GB.

The Board acknowledges and values the role and contribution of members participating in the IWG and their contribution to the comprehensive process.

The Board endorses the search for potential hosts and accepts the report of the evaluation panel. The Board considers the open process to have tested the full scope and availability of organizations in a position to meet the hosting requirements of IATI.

The Board recalls the findings of the former evaluation panel, particularly in relation to the arrangement of the consortium and the need to fully recognise and respond to lessons learned,

The Board is cognisant of the recommendation of the previous evaluation panel for current members of the consortium to be explicitly encouraged to apply in the bidding process.

The Board is cognisant of the appreciation minuted by the last UNOPS Executive Board regarding progress made in addressing and closing concerns related to S3i.

The Board emphasizes the clarification and strengthening of accountability across both ToRs under a single director located in the Policy and Technology Secretariat. The Board reiterates that the current tripartite consortium was a structurally different arrangement from the proposed future arrangement.

In light of the above and taking into account the overall risks and opportunities that have been observed by the Board during the search for new hosts, the Board feels that the following three options represent a realistic range of possibilities for the next stage in selecting a host.

**Option 1:**

The Members direct the Governing Board to i) prepare a letter of agreement for the provision of IATI policy and technology hosting services with UNDP for the period 2023-2027 and further ii) prepare a letter of agreement for the provision of IATI legal and operational hosting services to UNOPS for the same term, both working under the IATI Executive Director who reports to the Governing Board.

This option is based upon the Evaluation Panel's assessment and scoring of the bids received against the established evaluation criteria for both ToRs (see Annex 1 for the EP's report to the Board). It would be accompanied by a Cooperation Agreement between parties.

**Option 2:**

The Members direct the Governing Board to further explore the potential that IATI entered into a letter of agreement for the provision of IATI policy and technology hosting services and legal and operational hosting services with UNDP as the sole host.

Whilst UNDP did not meet some Evaluation Panel criteria relating to financial services for its legal and operational services bid, the Board recognises that there are potential advantages for IATI for a single entity to provide all elements of the hosting arrangements.

Further negotiations with UNDP would be necessary to determine the identification and securing of secondary providers to meet the full requirements for legal and operational services to an acceptable level, particularly in relation to the financial services elements of their bid. This is likely to extend the overall timeline of Transition to new hosting arrangements by a few weeks.

**Option 3:**



The Members direct the Governing Board to cancel the current bidding process to select new hosts and that the current hosting arrangements be extended for sufficient time to republish the terms of reference and undertake direct search, selection and negotiation with an alternative provider.

The Board recognises that despite extensive engagement with potential bidders and lengthy publication of the ToRs on multiple channels we received a limited number of bids. If the received bids are rejected the current open process is de facto canceled. This option would substantially increase the current transition timeline by several months and there would be no guarantee of increasing the number of bids received following re-publication.

### **Conclusion and Next Steps**

It is the Board's opinion that both options 1 and 2 have merits. Option 3 is not in the best interest of the Initiative. As both option 1 and 2 both have the potential to improve service quality, standards and responsiveness of secretariat services and to meet user and member needs, the Board believes they both merit consideration by Members. Option 1 is complete and meets the requirements set out by Members, and the recommendation of the Evaluation Panel. Option 2 requires further elaboration and will include additional time for transition and additional risks, but the Board considers it as feasible.

Depending on the option chosen by Members and your direction to the Board, the Board will move forward with the preferred solution.

[end]

### **Annex 1:**

**BID EVALUATION REPORT: ASSESSMENT OF BIDS RECEIVED FOR THE PROVISION OF FUTURE IATI HOSTING SERVICES**