Members' Assembly Meeting 10-11 July 2018
UN City, Marmorvej 51, Copenhagen, Denmark
Day 2: 11 July 2018
Paper F2: Recommendations on IATI's Institutional Arrangements

Background

In October 2017, the Members' Assembly commissioned an Institutional Review Working Group to assess, analyze, and provide recommendations based on the initial report on the long-term institutional arrangements of IATI, presented at the annual IATI Members' Assembly (the Terms of Reference of this Working Group are included as an Annex to this report). We, the members of the Institutional Review Working Group, are pleased to share with you the conclusions we arrived at through substantive discussion internally and consultation externally over the past few months.

The key arguments that informed these recommendations are included in the analysis produced by Universalia, our consultant and a key external partner in this effort, which we are also sharing. Their institutional analysis is provided in the form of a diagnostic of IATI's institutional arrangement, its governance and management structures, and key responsibilities and functions, which was shared with IATI Members during May 2018 for comments.

These comments were addressed in the updated version of the report, also included as an Annex to this report. The diagnostic has also provided a thorough analysis of the costs, legal implications, risks, and benefits of two options that the working group asked the consultants to consider for IATI, with two illustrative locations[1] included: 1) remaining hosted within the UN system in New York City, and 2) becoming an independent organization based in Amsterdam. These options represent a streamlining of the original four options produced in the previous institutional report from 2017. We found it necessary to limit the analysis in this way for practical

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[1] Other cities considered were Washington DC, London and Nairobi, however these failed to meet respective criteria decided upon by the Working Group such as political support, visa and immigration accessibility, supportive institutional infrastructure and civic space, and cost.

reasons, as well as to provide a clearer distinction to inform decision-making by the Members' Assembly.

Before outlining the Working Group's recommendations for your consideration and approval, we would like to briefly shed light on our thought process and how this work has evolved since October 2017.

First, we set out to achieve a balance between making necessary changes and managing the risks associated with those changes. It is clear to us that the community wants to see IATI grow, adapt, and become more sustainable over the long-term. As evidence of this desire, the governing arrangements have already undergone significant changes over the past few years. At the same time, no one wants to overcorrect and put the relevance or mission of IATI at risk. As highlighted in the Consultant's report attached, IATI has achieved a great deal in the past 10 years, and it would be a mistake to "throw out the baby with the bathwater" by upending things that are working well, or could work better with minor or incremental adjustments.

Second, we also sought to strike a balance between enacting decisions promptly and not overburdening the system with drastic changes. Many of the changes already in process have not yet had time to mature and bear fruit, and adjusting too many variables at once forgoes the benefits of institutional memory, iteration, measurement, evaluation, and learning. At the same time, no one will benefit from subjecting the initiative, the institution, and its staff to constant change and ambiguity. Pragmatically, this means that solutions that make sense in theory are not always realistic to implement, or they require a longer process than an independent working group or even the full Members' Assembly can determine at a single point in time.

Finally, we recognized the limits of our own mandate and our ability to steer an institution with words alone. So much of the success of IATI hinges on the dedication, personalities, and creativity of the people involved - Board members, Secretariat staff, TAG participants, and members alike. Structural changes are necessary but not sufficient to ensure the fulfillment of the mission of IATI, and we as a community need to be cognizant of that fact and be humble in our opinions about what is the "right solution."

Actions Requested

With the above backdrop, we present below four recommendations for consideration and endorsement by the Members' Assembly. Beneath each main recommendation

the Working Group has made suggestions on implementation – these are not necessarily exhaustive or prescriptive, but represent our collective thoughts and can serve as inputs to the proposed strategic planning process. We welcome further input, feedback, and reaction from the IATI community up to and including at the Members' Assembly in July.

Recommendation 1: IATI should retain its UN-based, hosted institutional arrangement for an additional 3-year period after August 2019

While a previous 2017 report recommended that IATI should re-incorporate as an independent entity, the 2018 analysis by Universalia shows that the risks associated with this model are significant; that completing this transition by August 2019 is unrealistic; and, that there are important efficiencies to be realized within a hosted Secretariat model that address some of the main arguments in favor of an independent entity model.

The Working Group recognizes the benefits, particularly around institutional flexibility, that would be associated with an independent model. These include everything from less-onerous procurement processes to tapping different talent pools when hiring junior, senior, or even executive staff. However, none of these benefits are currently so fundamental to the success of IATI as to compensate for the concomitant financial, political, and institutional risks. In some cases – including the examples of procurement and hiring – there are workarounds and alternative solutions that have already been used effectively. The Working Group also recognizes that the balance of risk could well change in future, as longer-term improvements are made to IATI's governance and accountability arrangements.

At this point, having weighed all the factors, the Working Group recommends that IATI retain a UN-hosted arrangement for the next four years (2018-2022), but suggests some important structural, governance and management modifications. This is not an overall recommendation in favor of the status quo. Rather, it is an approach rooted in a strategic, adaptive and results-based approach to institutional development over the coming decade.

Some of the necessary short-term improvements, for instance allowing representation of the private sector through Board participation and an independent constituency group, are already in progress.

In summary, the Working Group recommends that:

1.1 IATI should follow through with the extended hosting arrangement until 31 August 2019, as contracted.

1.2 The consortium of organizations that constitute the Secretariat should revisit the merits and limitations of the current arrangement and in consultation with the Governing Board, make immediate adjustments to improve its functioning as suggested under recommendation 3.

1.3 As of 1 September 2019, the Secretariat should be streamlined, with UNDP as its primary institutional home for the period of 1 September 2019 to 31 August 2022. The Head of Secretariat[2] would, by this time have assumed full accountability to the Governing Board for the operational and technical performance and progress of this Multi-Stakeholder Initiative and for delivering the strategic plan agreed by the 2019 Members' Assembly (see recommendation 2).

Recommendation 2: IATI should develop a strategic plan to define its medium-term strategic direction and inform the accountability and institutional arrangements starting immediately after the 2018 Members' Assembly.

IATI does not have a formalized, up to date strategic plan in place, and its operations occur on an annual budget cycle, guided by an annual work plan. The analysis by Universalia concluded that the "current planning approach and practice is constraining IATI's ability to drive forward with vision and leadership…and to situate annual work plans within the trajectory of formalized, medium-term, 3-5 year strategic plans" (p. 8) The benefits of a 3-5 year strategic plan and enhanced M&E/learning framework are, we believe, self-evident. The Working Group prefers a 3-year strategic plan given the long planning horizon of a 5-year plan, especially for an institution that currently operates on an annual basis.

Hence, the Working Group recommends that:

2.1 IATI set in motion a full strategic planning process. Immediately following the 2018 Members' Assembly, work should begin to develop a 3-year strategic plan, which should be presented to the Governing Board for review and endorsement by the 2019 Members' Assembly.

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[2] The 'Head of Secretariat' title is used in reference to the position of either 'Executive Director', 'Programme Director' or 'Programme Manager'.

2.2   A monitoring, evaluation and learning framework is established and operationalised at the outset of the strategic plan, complete with expected outcomes, indicators and milestones, such that the institution as a whole, and the Secretariat in particular, can monitor regularly, report annually, and be held accountable for institutional progress and functional performance, while also generating lessons learned for the initiative as a whole.

Given that the IATI's strategic direction should guide its future governance and financing strategies, a review of institutional arrangements along with resource mobilization plans should be undertaken as part of the strategic planning exercise, with considerations on the time required for adequate preparations for transition as needed. In other words, the strategic planning exercise should guide IATI's future institutional arrangements beyond August 2022 and financing strategies, which should be articulated for consideration and endorsement, ideally, by the 2020 Members' Assembly.

Recommendation 3: IATI's governance should be restructured to resolve governance ambiguities.

The Working Group believes that clearer structural accountability is necessary to ensure IATI's success in the interim period. However, we would like to stress that our recommendations in this regard should not be construed as criticism of individuals or as a suggestion that any component of the institution of IATI is currently *un*accountable. Rather, it is the view of the Working Group that individuals and teams have demonstrated an exceptional ability to work productively despite ambiguity, though this is obviously not an ideal situation.

In order to achieve improved lines and mechanisms of accountability between the Members' Assembly, Governing Board and Secretariat, the Working Group recommends a stronger executive function for the Secretariat that would ensure clear accountability, efficient decision-making, centralized reporting, and enhanced functional performance while allowing for a transition period between now and the end of the current arrangements in August 2019. This improvement should be accompanied by the development of a clearer management structure and accountability mechanisms and would require adjustment of Secretariat responsibilities and human resource requirements to reflect any structural changes forthcoming from 1 September 2019.

We note here that merely rewriting job descriptions and titles is unlikely to be sufficient for enabling sustainable institutional reform, and the Board and the Secretariat will need to determine how to best manage this transition. It is clear to us that there needs to be a direct line of accountability between the Governing Board and Secretariat so that the Head of Secretariat role is appropriately empowered to take responsibility for all aspects of implementing work plans including technical work, financial sustainability, communications, contracting, hiring, and other Secretariat functions. It is important that the arrangement takes into consideration the need for an agile and adaptable leadership and management structure, able to support IATI's aim for continuous improvement in its operational efficiency, and effectiveness in its strategic positioning.

The Working Group also suggests consideration of bringing the fundraising, communication and technical functions more fully into a streamlined management structure. It is our view that with this change, incentives would be more aligned and priorities clearer than is currently the situation, without forgoing the benefits of existing institutional knowledge within the Technical Team.

A clear division in oversight between the Governing Board (for annual work plans and budget) and the Members' Assembly (for the 3-year strategic plan) seems more consistent with the nature of the two entities, especially as IATI membership grows and diversifies. The mechanisms of accountability, including matrix management, will become even more critical as key personnel transition away from IATI over time, in order to allow any new staff or leaders to more easily integrate into the Secretariat's operation.

The key components of the proposed restructuring of accountabilities should include the following as a bare minimum:

3.1   From 2019 onwards, the Members' Assembly should only retain its governing and strategic guidance functions and should be empowered to consider and sign off the 3-year strategic plan. The decision-making responsibilities for annual work plans and budgets should be transferred to the Governing Board.

3.2   On its part, the Governing Board, while fully being responsible and accountable for oversight and approval of the annual work plans and budget, should have no *operational* role in the day-to-day management of the Secretariat. As such, the Governing Board would be accountable to the Members' Assembly for progress on the strategic plan.

3.3 The Secretariat, and the Head of the Secretariat more specifically, should be held appropriately accountable to the Governing Board for the operational and technical performance, and progress of this Multi-Stakeholder Initiative in delivering on annual work plans. The role of the Head of Secretariat should be redefined to play a more executive and accountable leadership role, beyond that of mere 'coordination.' Appropriate management processes and Secretariat staffing should be developed concomitantly.

Other suggestions for clearer structure and accountability might include:

3.4 Hiring a Chief Technology Officer (CTO) to support and advise the Head of Secretariat on key decisions related to core software infrastructure, technical support to publishers and members, and management of the standard itself. This CTO would be the primary point of contact and contract manager for the Technical Team.

3.5 Clarification of resource mobilization responsibilities beyond the collection of membership dues.

3.6 Clearer and more direct accountability of the communication function to the Head of Secretariat, including physical co-location in New York if possible.

3.7 Clearer and more direct accountability of core functions to the Head of Secretariat, with technical progress communicated more regularly and accessible to the wider, more generalist Members of the IATI community.

Recommendation 4: The value-for-money proposition for membership should be revisited.

This is an ongoing dialogue within the IATI community that will require multiple challenges to be resolved - disputes over the levels and structure of membership contributions, remitting contributions in a timely manner, and mobilizing additional resources from outside membership while also growing membership itself. Value propositions of IATI membership will need to strengthen incentives for non-member publishers to become members in order to broaden the financing base for IATI.

We do not have the solutions to each of these points, but we agree that they need to be addressed and would require a specific review. However, one thing is clear: membership carries benefits as well as responsibilities. Members must realize that

the late-payment of their contributions constrains both the institution and IATI's leadership capacity and potential.

While the working group model utilized by this review as well as the Data Use Task Force do require significant in-kind contributions of staff time from members, it does seem to be a more effective way to actively engage the community rather than other mechanisms like *IATI Discuss* or in-person meetings like the Members' Assembly. These could be useful vehicles for developing more constituency-focused value propositions in addition to the efforts being made at a higher level to verbalize the IATI membership value proposition in general.

Therefore, the Working Group recommends that:

4.1 While membership contributions are an appropriate way to sustain IATI, value propositions to each constituency should be clearly articulated and strengthened, and the value-for-money of membership, and the concomitant contribution structure, could be adjusted.

4.2 IATI should continue developing and drawing upon the working group / task force structure to engage Members. For example, a multi-stakeholder membership task force could be empowered to articulate the value proposition for each membership category.

4.3 A resource mobilization strategy that includes membership contributions and non-membership based resources could be considered.