Board of Directors Meeting Minutes

March 27 | 08:30 am - 09:30 am EST | Virtual

Attendees:

Members Present
María Baron, Board Chair
Aidan Eyakuze, Member
Ketevan Tsanava, Member
Sanjay Pradhan, CEO (ex officio)

OGP Staff Present
Denisse Miranda, CFOO
Judith McCormack, Director of Finance
Jon Welsh, HR Director
Sandy Arce, Sr. Operations Officer

Before the meeting, Robin Hodess, Secretary-Treasurer, provided written feedback on the agenda items.

1. **Welcome:** At 8:30 am Maria Baron, the Chair of the Board, welcomed the Board members to the meeting and kicked off the call with the first item on the agenda, approving the minutes from the previous Board meeting.
2. **Approval of Board Meeting Minutes (5 minutes—decisional):** Maria presented the minutes from the February 15, 2024, Board meeting and asked members if they had feedback on them or if there was a motion to approve. Ketevan Tsanava motioned to approve, Aidan Eyakuze seconded the motion, and the motion was carried. The minutes were approved. The minutes will be uploaded to the OGP website.
3. **Follow-up presentation of OGP's updated organizational structure (15 minutes):** Jon Welsh, HR Director, provided Board members with additional information regarding the revised organizational structure as a follow-up to the questions brought up by Board members during the February 15 presentation of the revised organizational structure. Specifically, this follow-up expanded on the breakdown of salary costs, employer costs, benefits, the ratio of salary vs programmatic expenditures, and details on gender composition, diversity, and staff location. The discussion provided clarity on how location affects overall salary costs. During the conversation, Jon and Denisse addressed the relevant questions shared by Robin via email. The presentation is attached to the email. The main points highlighted were:
    - When developing the revised staffing structure and budget, we strived to maintain a consistent ratio of salary to programmatic expenses (64% to 36%) compared to previous years.
    - To fill capacity gaps needed to deliver on programmatic goals, we employed a few strategies in this proposed budget, including:
        - *i.* Exploring surge capacity first through temporary consultancies before opting for full-time staff hire.
        - *ii.* Hiring new capacity at entry-level positions. This will offer opportunities for progression and increase programmatic delivery support.
        - *iii.* Intentionally seeking hires in locations where we have the most cost-efficient employer costs.
        - *iv.* Not hiring through additional PEO (GP) services.
        - *v.* Developed a hiring modality through staff contracts that minimize the need for PEO services without sacrificing geographical diversity.
    - The strategies above allowed us to minimize the financial impact of new positions to only account for 3% of the proposed salaries budget.
    - Additional measures we will deploy moving forward with financial sustainability in mind include:
        - *i.* Where feasible, explore transitioning existing staff under PEO arrangements to staff contracts.
        - *ii.* Completing the Compensation Review and ongoing evaluation of staff benefits, transitioning to a more localized framework.
        - *iii.* We will continue exercising fiscal discipline as we retain service providers for HR benefits to identify areas of efficiency. For example, as we did during the

recent annual health benefit review for US staff, we shifted to more cost-efficient coverage while still providing quality care to staff. The savings of approximately $100K will be visible in the carryover reserves going into FY2025.
  - Salary expenses include 74% for compensation, 14% for benefits, and 12% are employer fees and taxes.
  - In terms of equity in leadership, 40% of the Senior Leadership is female (which will become 50% when Joe Powell leaves OGP imminently), and 37% of all managers are female

4. **Presentation of Work Plan and Budget Approval of FY2024-25 (35 minutes):** Before presenting and discussing the proposed budget, Denisse Miranda shared a brief summary of the Steering Committee-approved work plan. Denisse and Judith presented the proposed budget for FY 2024-2025. The detailed budget tabled for Board approval was within the budget envelope endorsed by the Board on February 15. Below are some key aspects of the work plan and budget:

Work plan:

- It builds on the strategy direction and the progress of the FY 23-24 work plan
- The progress of the strategy will be measured around 4 results areas going forward:
  - **Results Area 1**: Increased ambition and implementation of open government reforms and norms (Goals 2, 3 & 4 of the new strategy)
  - **Results Area 2:** Increased expansion, institutionalization, and mainstreaming of the open government agenda among members (Goal 2)
  - **Results Area 3:** Stronger ecosystems of reformers and reform coalitions (Goals 1, 4 & 5)
  - **Results Area 4:** A resilient and financially sustainable SU/IRM to support OGP's mission
- Consequently, there are 4 collective deliverables in the 24-25 work plan
  - Deepen country-level action
  - Advance Ambition, Implementation, and Leadership on Thematic Priorities
  - Build a Stronger Global Ecosystem for Open Government
  - Strengthen the Financial Resilience and Organizational Health of the OGP Secretariat

Budget:

The budget details follow the already Board-approved budget envelope.

- Revenue: There is confidence in FY 24-25 revenue estimates at $12.5M. The Sida extension amendment was signed earlier this week, bringing us to 92% confirmed revenue for FY2024-2025. So, all revenues for FY 24-25 are confirmed, and the only remaining renewal projected is the Eastern partnership grant with the EU, for which discussions are already underway and expected to be decided by August 2024.
- Expenses: Projected at $13.8M, this accounts for salaries per revised org structure (including new positions) and programmatic expenses, which are primarily concentrated on deepening country-level action and advancing thematic ambition.
- Reserves: Carry over from FY23-24 $5.3M, projected ending reserves for FY24-25 of $4M, well over policy guidance. We are in good fiscal standing with a two-year timeframe to secure funding for outer years, aiming to close the fiscal gap projected at the end of FY25-26.

Board members inquired about the sustainability outlook and the organization's reserves, including questions about the implications of restricted grants on the budget and fundraising goals. Board members in attendance also brought up the questions and considerations raised by Robin Hodess via email during the discussion. This included questions about the alignment of restricted grants to strategy priorities and consideration for budget reduction by at least 650K to reduce the draw on reserves for FY2024-25.

OGP SU leadership, who was in attendance, provided further clarifications and considerations in response to the Board's feedback. The points highlighted in the discussion included:

- We project to close 2024-25, well above the Board-reserves target. We are confident that we will fill the remaining $1.2 million gap for 2025-26 through additional fundraising (see below), underspending (inevitable given political vicissitudes across our 75-country partnership) & expenditure restraint (if/as needed). This is one of the stronger fiscal positions we have had in recent years, and in no other year have we sought to reduce expenses to add to reserves over the Board target. As several Board members underscored in the Board meeting of Feb 15 just over a month ago, OGP is in a particularly good fiscal position compared to other non-profits.
- We anticipate the draw on reserves will be lower than projected due to underspending when we close this fiscal year (FY2023-2024). Our last estimate was about 300-400K, bringing us below 1M to draw from reserves. By June, we can confirm the audited carry-over reserves for FY2024, which can inform our financial strategy going into the mid-year budget review in October.
- We do not consider necessary additional budget cuts for FY2024-25 to accumulate ending reserves in 2026. This can backfire with several donors who - as they have indicated in the past - may see an increase in reserves as a sign that we do not need further investments, undermining our fundraising efforts.
- On fundraising, we are pursuing additional resources through multiple channels which will help reduce the gap: (i) additional grants from current donors - new USAID MOU, FCDO, EU; (ii) enhanced country contributions from increased rates where several governments said they will go to newer levels in 2025 (too late for 2024); and (iii) new funders like Norway and Canada.
- Existing restricted grants are aligned with strategic priorities and are restricted in terms of the expense type allowed, not so much on the scope of work or its alignment with the new strategy. Managing the intake of future restricted grants implies maximizing cost recovery through salaries and aligning the scope of work to existing work plan priorities. Current restricted grants are reserves neutral; therefore, changes in expenses will also match revenue for the respective grant and vice versa.
- We have made strategic hiring decisions, like reducing PEO costs and hiring capacity in more entry-level roles to minimize the financial impact and create progression opportunities. New positions are only 3% of the salary budget. The bigger driver of salary costs are employer costs, and we are consistently looking for efficiencies such as the measure we took to reduce costs of US health benefits, a reduction of 100K we will see in carryover reserves at the end of the fiscal year.
- Our main mandate is to deliver on the new strategy. We have the resources within the Board-approved targets to advance key programs. Slowing hiring—e.g., a program officer to support the Champions network or fill core gaps in IRM—will impede our ability to deliver on new strategy programs. And one of the hires is to support Asfia, which is essential for fundraising.
- For the last two years, we have instituted a prior review of the fiscal envelope with the Board to get views on the fiscal sustainability of planned expenses and reserves before proceeding with work planning and going to SC for work plan approval. The specific parameters of the fiscal framework in this budget document (e.g., $4 million ending reserves for FY 24-25 and $1.2 remaining gap in FY 25-26 to be filled by fundraising and expenditure restraint as needed) were reviewed and endorsed by the Board in the Feb 15 meeting. We prepared the work plan based on that, which was approved by SC. Any reduction in the budget at this stage - without a compelling new urgency or rationale - will necessitate changing program allocations and going back to the SC.
- We suggest proceeding with the proposed budget within the parameters of the budget envelope endorsed on February 15. As discussed during the Board meeting, we can review the state of play of budget implementation in the October 2024 Board meeting as our mid-year budget review and identify corrective actions if/as needed.

Board members appreciated further clarifications and found the considerations reasonable. They agreed that the mid-year budget review would be an opportunity to determine if additional measures are needed to level the ending reserves post FY25-26. In addition, they requested that the SU keep them informed of progress with fundraising efforts. The Board Chair asked if other members had additional comments or if there was a motion to approve the budget for FY2024-25. Aidan Eyakuze motioned to approve the work plan and budget, and Ketevan Tsanava seconded the motion. The work plan and budget were approved.

5. Other Business (5 minutes): The Board members provided feedback on their availability for Board meetings in June and October. In the coming days, a final date for those meetings will be selected and sent to the Board members to mark their calendars.

6. Written Updates (for informational purposes): The annual audit process is scheduled to start the week of May 20th, 2024. Auditors will contact the Board Chair, and per usual practice, an audit report should be ready for the Board to review and accept during the June Board meeting. The Director of Finance, CFOO, and Board Treasurer will meet before the June meeting to review and discuss the audit report findings.

7. Adjournment: Maria Baron motioned to close the meeting, and then Aidan Eyakuze and Ketevan Tsanava seconded the motion.