



OCP Advisory Board Minutes

In Person Meeting
March 10 & 11, 2020
London

Public Version

Attendance

From Advisory Board

- **Attending:** Andrew Clarke, Alan Detheridge, Mukelani Dimba, Sally Guyer, Max Nefyodov, Claire Schouten, Jeni Tennison.
- **Sent apologies:** Rudi Borrmann, Seember Nyager, Paca Zuleta. Seember and Paca attended by video link to review decisions at the end of day one.

From OCP

- Gavin Hayman, Lindsey Marchessault, Marie Goumballa
- **Sent apologies:** Kathrin Frauscher

Objectives

- Spin off: Decide whether OCP should proceed with Phase 2 for its potential spin off from FCNY (for decision)
- Salary review: Decide on any adjustments OCP should make to its salary & job levels after an independent expert review (for decision)
- Progress update: Review progress and challenges since the last Advisory Board meeting (for discussion)
- Financial update: Review financial update and funding pipeline (for discussion)

Decisions

- The Advisory Board **approved** that OCP should proceed with Phase 2 of the spin off process from Fund for the City of New York (FCNY) which includes filing the initial paperwork to become an independent 501(c)(3). OCP should seek to become a public charity under the facts-and-circumstances test.
- The Advisory Board **approved** the implementation of recommendations from the independent salary review process by the Birches Group:
 - To take the Birches 40th percentile peer comparison as the new benchmark to set OCP's salaries.
 - After looking at staff pay by gender and by origin, although Birches flagged that the sample sizes were too small and that discrepancies were minor (<5%) and explainable by other factors, everyone agreed to eliminate them completely.
 - OCP is to prioritize addressing these recommendations for the officer & manager level band (update: done by end of May).
 - OCP proposed to introduce two new levels at manager and senior manager levels to represent more senior and more junior competencies in these roles where there is a lot of variation. It was subsequently agreed with the Executive Committee to introduce salary bands with clear benchmarking and to better detail the skills, performance and requirements needed to move within bands or for promotions.
 - Make salary adjustments for senior managers & head of programs etc after further long-term funding for OCP is confirmed. OCP will check in and seek approval from the Executive Committee before any adjustment of directors salaries to the levels recommended by the independent review.

Actions

- OCP team will provide % public funding in all future Advisory Board financial reports, mindful of the IRS Facts and Circumstances Tests.
- OCP will prepare the paperwork for the spin out. It should include a very strong public interest rationale for OCP which will be reviewed and approved by the Executive Committee.
- OCP will develop a TOR for a Governing Board and the Advisory Board as part of the spin out process. Based on independent counsel, the Governing Board initially would probably be no larger than 5-6 people but potentially broadening after that.
- The Advisory Board and OCP management team discussed how their work can pivot to be relevant to the COVID-19 emerging pandemic. [Update: [this became a major pivot by OCP, collected details here](#)].
- OCP management team to consider a spin out reserve or raising existing reserves during the spin out (likely from 3 months to 4 months of expenditure).

Summary

OCP progress review

OCP met or exceeded all its organizational targets under our new strategy for 2019. [Full details on 2019 can be seen in our Annual Report here](#). Since the last virtual meeting in October, OCP has seen **one new impact story**, **three new progress** stories in Afghanistan, Kyrgyz Republic and Moldova and a **positive pipeline of new potential impacts and progress for 2020**, especially in Chile, Colombia, Malaysia, Nepal and Paraguay. OCP has also deepened its relationship with the EBR and learned valuable lessons on testing and improving our support model from the LIFT program (and LIFT partners are making good progress).

OCP has also invested heavily on supporting partners with data use, using a variety of tools and methodologies and a series of virtual events to meet partners where they are and help them use data according to their skills and objectives. In total in 2019, OCP supported 112 partners from 44 countries with policy and technical advice and delivered 34 training events in 29 countries.

OCP's management team flagged where they felt they could do more to support partners to build the case for change and stronger political buy-in. This was the number one item most requested from partners. The Advisory Board discussed ideas on how to build on that and how OCP could ramp up its advocacy including building the team in this area and more overt work to accompany and support partners. OCP will also be redeploying and generalising the lessons from LIFT to its general support to help partners think through and tighten their theory of change to overcome blockers.

The management team also reflected on how they are improving OCP's **team processes** as the organisation has grown and become more globally diverse.

Finances

In FY20, OCP projected a **total revenue of \$4.6m**. This includes retained revenues from the previous fiscal year of \$506K, committed revenue of \$2.7m, and **estimated renewals and new opportunities of \$1.4m**. Of these amounts, \$1.85m has been received to date, and \$1m has been secured but not yet received.

To date, OCP's **total restricted revenue is \$1.8m** (or 68% of its committed income), and unrestricted revenue amounted to \$8K (or 8% of our committed income). Our largest committed grants are from BHP and DFID. Together, their generous contributions amount to \$1.7m. OCP also received contract transfers from Hivos, and the Prosperity Fund, as well as a small amount of interest and miscellaneous income from event sponsorship and attendance.

By mid-February, **OCP spent \$1.2m** (or 27%) of its planned \$4.5m operating budget, with \$1.9m (or 42%) committed. This is an underspend, mainly on program activities and personnel. The management team explained that they were cautious especially on unrestricted money until they secured expected renewals from major funders later in the year. The Advisory Board approved this caution and noted committed spending is about right for where OCP is in the year.

All agreed OCP would have a clearer picture of its spending in late April when some major renewals will be clearer and the management team will present a re-forecasted budget for FY20. For now, as ever, we've been prioritizing spending of our restricted funding which is currently at 60% of our total actual expenditure.

[Update: On April 30th, the Executive Committee of the Advisory Board approved our FY20 Budget Reforecast. Our new operating budget is \$4.27m. To the end of April, we spent approx. \$2m (or 47%) of our forecasted budget. See image below.]

Independent Salary Review

The Advisory Board reviewed Birches Group's independent salary review of OCP and agreed that it was a robust and fair process and endorsed its recommendations. The Board thanked the OCP management team for paying particular attention to gender and diversity issues in the process.

They agreed with OCP management that taking the 40th percentile of the peer group was a fair benchmark for OCP as it was a progressive sample of best-in-class organisations who might hire OCP staff (and indeed have).

They also agreed that it was fair and relatively simple to use US salaries to set global standards mindful of the competition for quality international thought leaders and the regular international job offers (inc ministerial appointments) the OCP's excellent staff receive.

The Advisory Board and OCP management discussed the review of salaries by gender and ethnicity, mindful that very small sample sizes and currency fluctuations and other factors like performance can skew the results. Everyone agreed that any variations should be addressed.

The next steps in the process were to prioritize the recommendations in the report for OCP's more junior staff (at operations and manager level) immediately.

After that, it was recommended that OCP reaches out to a number of independent consultancies to bring in better benchmarking and performance review procedures to avoid any accidental discrepancies in salary bands that aren't explained by difference in performance, skills and responsibilities. This should also include a clear process to deal with currency fluctuations as that seemed to be the main cause of discrepancies between staff at the same level.

It was agreed that OCP should address pay review recommendations for its senior managers and above once OCP has more visibility on its funding from a couple of major grant renewals coming up.

The Advisory Board also decided that OCP's director salaries should also be adjusted in line with the Birches recommendations and that this would be reviewed and approved by the Executive Committee as part of adjusting other more senior salaries of OCP team members.

The Board also made suggestions on bringing more diversity within senior management, and also suggested adding an operational risk section in OCP's risk register.

Spin out

The Advisory Board reviewed the independent legal advice on the best way for OCP to spin out as an independent legal entity and approved the recommendations in the Advisory Board paper to file the paperwork to become an independent 501(c)(3) in Washington DC as a public charity under the 'facts and circumstances' test.

The Executive Committee will hold regular meetings with OCP's Executive and Deputy Directors, Operations Officer and Outsourced CFO to review the process and the paperwork before filing,

especially to make sure that a very strong public benefit and public interest rationale is put into the founding documents of OCP.

The Advisory Board also recommended that it would be prudent to consider increasing reserves or creating a separate spin-out reserve for OCP during the transition. Increasing reserves from 3 to 4 months might be advisable.

Advisory Board Meeting

The Advisory Board has tentatively set the next virtual meeting to November 12th 2020, and the next in-person meeting to March 8th and 9th, 2021 in Washington, D.C.