



OCP Advisory Board Minutes

Virtual Meeting, December 15, 2020

PUBLIC VERSION

Attendance

From Advisory Board; Sally Guyer (Chair), Mukelani Dimba (Vice Chair), Alan Detheridge (Treasurer), Rudi Bormann, Andrew Clarke, Max Nefyodov, Claire Schouten, Jeni Tennison, Paca Zuleta

- **Sent apologies:** Seember Nyager

From new OCP Governing Board (in addition to Sally Guyer, Alan Detheridge, and Mukelani Dimba): Jennifer Bradley, Michael Owh

From OCP: Gavin Hayman, Kathrin Frauscher, Lindsey Marchessault, Cindy Cervantes, Raffi Yousefian (outsourced CFO)

Objectives

- Approve FY21 budget, review FY20 close out report, review FY21 year to date spending
- Review progress to date for spin-out from FCNY
- Review and approve OCP's Risk Register with new risk ratings
- Review 2020 progress update
- Review 2021 strategic priorities and discuss challenges and opportunities
- Review dates, location & agenda for next Advisory Board Meeting

Decisions

- The Advisory Board approved the FY20 close out report of \$4.5m in actual revenue (not including FY19 retained revenue), and \$4.36m in expenses.
- The Advisory Board approved the proposed FY21 budget of \$5.7m in revenue and \$5.9m in expenses
- The Advisory Board approved introducing one new risk indicator related to Covid-19 in OCP's risk register.

- The Advisory Board decided that the next virtual meeting will be between April-May with a possible in-person meeting at the end of the year, depending on COVID restrictions.

Summary and Action Items from Meeting

Financial Reporting

FY21 Budget: The Advisory Board approved OCP's budget for FY21. OCP is planning for \$5.7m in new revenue and \$5.9m in expenses. This is a big step up in spending as compared to FY20, where revenue was at \$4.5m (not including FY19 retained revenue), and OCP's total expenses were \$4.36m. OCP plans to spend the additional \$1.5m by expanding the team and investing in implementation activities in countries giving the unprecedented demand for reform due to the pandemic. Reserves will remain the same from FY20 at \$903,800 in an interest-bearing account.

OCP is confident that it can raise the planned revenues of \$5.7m. The total secured revenue in FY21 is \$5.29m of which \$2.3m (or 45%) was received. The unrestricted to restricted revenue percentage ratio is 38% (unrestricted) to 62% (restricted). The expected retained revenue going into FY21 is \$637K, of which \$611K is unrestricted, and \$26K is restricted.

OCP increased its planned expenditures over the entire strategy cycle from FY19 to FY23 to \$24.4m (up from \$22m). Of the \$24.4m, \$19.5m (including retained revenue of 1.3m from previous years) has already been raised.

In line with OCP's strategy, there has been investment in new team capacity and additional programs to help partners with post COVID-19 recovery including more investment in implementation, advocacy, learning and community building program activities (including another round of OCP Lift program). Consequently, OCP's FY21 budget is up 38% from the FY20 Budget and 35% from FY20 Actuals. Some 35% of the FY21 Budget is unrestricted, while 65% is restricted and the team will be keeping an eye on this ratio and prioritizing further unrestricted and core funding, although they also noted that a large part of the restricted funding is covering core activities rather than specific peripheral projects.

With the pandemic and continued travel restrictions, overall travel and events spending is down. Rental spending is also down as DC and Bogota teams are working from home and OCP has given up its space in WeWork.

FY21 Year to Date Spending: OCP has committed 20% of its planned budget and spent about 9%. Most spending has come from salaries, country implementation, helpdesks & technical consultants, as well as organizational consultants, such as legal counsel,

bookkeeping and HR. Advocacy and community building spending will increase as OCP new hires take on their portfolios and roll out new activities.

FY20 Close Out Report: The Advisory Board approved the FY20 close out report. Income and spending targets for FY20 were met.

At the time of the FY20 Budget Refresh in April 2020, OCP planned for \$4.54m in revenue (not including OCP FY19 retained revenue of \$506K), and \$4.27m in expenses. As of September 2020, FY20 actual revenue was \$4.5m (not including FY19 retained revenue), and total expenses were \$4.36m.

Overall, FY20 unrestricted to restricted revenue ratio was 43% to 57% including FY19 retained revenue. FY20 expenditures amounted to \$4.36m, or 102% of the planned budget of \$4.27m. Some \$1.53m or 35% of total expenses is attributable to unrestricted spending, and \$2.84m, or 65% is restricted spending. Overall, targets for most spending categories were met. Two main items of spending were Program Activities and Consultants. The third highest activity and overspend was related to the Implementation budget for direct frontline support for civil society monitoring of Covid19 emergency procurement. Whereas, OCP saw an expected underspend in the travel and events budget, due to the Covid-19 pandemic.

The Advisory Board made thoughtful observations about the challenges of output and impact faced by many organizations during the Covid-19 pandemic and congratulated OCP on its relative stability. The Board discussed any foreseeable changes, disturbances or trends in costs related to personnel and consultants due to Covid-19. The Board also addressed the weight of restricted to unrestricted income and discussed trends and funding changes observed in organizations across the board.

Spin-Off Process

Spin-off plans are moving ahead with support from the OCP accounting team and external lawyers. In mid-November, OCP filed IRS Form 1023 Application for Recognition of Tax Exempt Status. IRS application acceptance can take anywhere from four to 12 months. A spin-off timeline for the coming year was shared with the Board. OCP envisions two Board structures once it is independent: A Governing Board and an Advisory Board.

The Advisory Board asked for clarification on plans for the governance structure and service providers currently in use. The Board expressed that the timeline was ambitious and offered best practices and service provider contacts. The Board also requested refreshed Terms of Reference for the governing roles.

Action Items:

- OCP will add footnotes to future updates that briefly explain the current international payroll entities.

- OCP will create refreshed Terms of Reference for the current and new governing structure.

Risk Register

The Advisory Board reviews and approves the risk register at every board meeting. OCP did not propose changes to the existing rating, but did propose introducing a new risk rating, under operations, related to Covid-19 and its impacts. OCP proposed the new risk rating of - *Rating: Likelihood: 1, Impact: 2*. The Advisory board asked to change the new risk rating from Low to Medium Risk.

Action Items:

- OCP will change the Covid-19 Risk Register rating to Medium Risk - *Rating: Likelihood: 2, Impact: 2*.

2021 Strategic Priorities

OCP will explore how three key issues can add value to the promise of open contracting in 2021:

- 1) Economic and social justice: OCP sees procurement as an opportunity to deliver more equitable and high-quality government goods, works and services, and expand access to economic opportunity for underserved and underrepresented communities. In light of the disproportionate impact that COVID-19 has on women, people of color, and poor communities, this is an important priority for 2021 for OCP's implementation and research agenda. OCP will focus generation II of Lift on equity.
- 2) Medical procurement especially around COVID-19 vaccine purchasing & distribution: Vaccine development for COVID-19 is moving at an unprecedented speed and scale. However, global supply will not meet the demand, raising many concerns for vaccine procurement and distribution. This will be a big advocacy priority in 2021 and OCP will have practical guidance, such as a buyers guide, for country partners.
- 3) Sustainable procurement: Public procurement can play a strategic role in contributing to climate justice and supporting the delivery of the United Nations Sustainable Development Goals. OCP wants to take a holistic approach and make sustainable procurement about using the spending power of governments to achieve more sustainable outcomes for society. OCP sees an opportunity to advance this agenda as part of its infrastructure program, and through the EU "Green New Deal".

The Advisory Board agreed that the strategies align with what they are seeing in their own organizations and expanded on the synergistic opportunities between OCP and their own organizations. The Board advised that OCP should have strong connections between its social justice and sustainability agendas and consider presenting them as a joint issue area. The Board and the management team also discussed how we can support better

procurement practices as well as specific tools like the OCDS and how best to pitch reformers. The Board also welcomed OCP's efforts to document impact, especially how they arise from multiple related reforms, and don't just come from data alone.

2020 Progress Update:

All OCP 2020 strategy targets have been met, or remain on track (with one progress story to be published).

Most importantly the pandemic demonstrated the power of open contracting. There was unprecedented global interest in OCP's work with hundreds of members of our community discussing and codifying best practices for emergency procurement. Country partners, that with OCP's help invested in open data, clear policies, private sector collaboration and CSO monitoring, achieved stronger results. In [Colombia](#), [Ecuador](#), [Lithuania](#), [Moldova](#), [Paraguay](#) and [Ukraine](#), open contracting helped planning, buying and delivering essential COVID-19 contracts more effectively. The headlines for OCP 2020 progress are:

1. **Advocacy and communications:** OCP's recommendations were integrated into global policy guidance by the [G20](#), the [OECD](#), the [World Bank](#), the [IMF](#) and the [OGP](#). At the country level Dhangadhi (Nepal), Ecuador and Buenos Aires were able to secure deeper reform mandates for open contracting.
2. **Implementation:** OCP met its goal of 2 impact stories ([Colombia](#), [Dhangadhi, Nepal](#)) and is on track to document 5 progress stories ([Dominican Republic](#), [Moldova](#) and [Afghanistan](#) and has two more coming up from [Ecuador](#) and [Makueni County in Kenya](#) by year end. OCP supported [211 partners](#) in [59 countries](#) since 1st January 2020 and saw a lot of country progress, especially in LATAM, Europe and Central Asia.
3. **Community building, learning and research:** OCP quickly responded to the COVID-19 crisis to develop guidance, including [procurement data](#) guides, [monitoring guide](#) and others. OCP launched action research projects on COVID-19 and several research studies on gender and inclusion.
4. **Organizational update:** OCP has five new amazing team members that joined since the last Board meeting. OCP has invested heavily in its HR, diversity and inclusion work and will continue to make that a priority in 2021.

The Advisory Board had in-depth conversation about how OCP could better help partners that have 'medium' capacity as Lift is geared towards 'high' capacity teams. They emphasized the importance of effective country advocacy in politically challenging situations. The Board would like to see OCP engage the private sector more at the global and advocacy levels. The Board asked that it be recorded that: *"The Governing Board and Advisory Board are impressed with the effort, and the excitement for the new year, and a huge congratulations and much pride from the group to the OCP team!"*.

Advisory Board Meeting

The Advisory Board decided that the next in person meeting will be between April-May 2021.

Action Item:

- OCP will make all the preparations and update Board members in due course.