OPEN CONTRACTING PARTNERSHIP

OCP Governing Board Meeting
10 - 11 November 2022 | Washington, DC

Public Minutes

Objectives of the meeting

The objectives of this meeting were to:
- Update the Board on organizational targets, progress, and challenges and discuss how to address the challenges
- Review OCP's financial reports for FY22 and FY23
- Review and approve several new policies and processes
- Dive deeper into two OCP programs; our US portfolio and advocacy
- Brainstorm about our new strategy

Attendance

Governing Board
- Joseph Asunka, Alan Detheridge, Sally Guyer, Michael Owh, Max Nefyodov
- Sent apologies: Lea Raquel Gimenez Duarte, Mukelani Dimba, Jennifer Bradley

OCP
- Gavin Hayman, Kathrin Frauscher, Lindsey Marchessault, Steve Chaplain, Cindy Cervantes (note-taking); For Deep Dive Sessions: Kisha Bwenge, Carey Kluttz, Reilly Martin, Georg Neumann, Kristen Robinson

Decisions

The Governing Board approved:

- The minutes from the last Board meeting
- The FY22 YTD report
- OCP's updated Code of Ethics
- OCP's updated Financial Procedures handbook
- OCP's updated Risk Register
- OCP's Cybersecurity Policy

Action Items

Support Model

- Incorporate feedback and share next iteration with the board

Finances

- As part of the new strategy, the OCP team will create a discussion paper for the Board on how they are thinking about corporate funding, including what due diligence from the OCP side would look like.
- The OCP team will present and request FY23 budget approval from the GB in January/February 2023.

Governance

- The OCP team will share the new Code of Ethics policy with the BHP foundation for review.
- The OCP team will consider working with a firm who can handle computer IT setup and security centrally.

Team

- Governing Board Chair, Sally Guyer, is doing a 360 process with her leadership team focused on DEIB; OCP management will learn more about it & consider if they want to do something similar.

Summary of discussions and decisions

Conflict of Interest declarations

At the beginning of the Governing Board meeting, Sally, Alan, Max, Joseph, and Michael declared they had no conflict of interest with the Nov 10 & 11th meeting agenda or decisions.

<u>OCP progress update</u>

The OCP Team remains on track to achieve its annual organizational targets. OCP will miss one impact story that showcases how procurement contributes to equity or sustainability but OCP published progress stories that cover this. Overall OCP's refreshed strategy targets seem right since the team is sufficiently stretching to continue to push to reach those targets. The OCP Team is also in a good place overall, with a strong pipeline into 2023.

The Board encouraged the OCP team to tell more stories about where progress on procurement stalled and decreased so that they could also document backsliding to help identify open and closed contracting data and trends. The Board preferred that the OCP team frame targets in terms of lives touched and suggested that OCP shares a wider range of progress stories that were led by partners instead of mainly focusing on projects where OCP played a major role.

The OCP team discussed key organizational priorities in the coming months and ordered them by importance and then by a traffic lights coding to suggest if they are positive (green), challenging (amber) or problematic (red). This approach worked well and OCP will use this for the next in-person Board meeting too:

1) Funding: Funding for 2023 is constrained and is the #1 organizational risk. The OCP team is putting more effort into finding new partners from unusual suspects. The team has a funding gap of about $3m for next year and this will increase into 2024. OCP will work with the team, funders, and partners to make this a top priority. The Board encouraged OCP to move forward with more large-scale corporations while keeping in mind the need to balance vetting with a strategic due diligence fundraising process. OCP will also strengthen its own due diligence process of funders, especially corporate funders. With more diverse partners comes the need to refine due diligence.

2) Ukraine: The work in Ukraine is scaling rapidly with government buy-in and recent significant funding. This approach goes beyond the OCP's usual model to support the government with software and build a proof of concept more directly, but the team has the skills and experience to manage that challenge. Working during the war and on reconstruction brings challenges, safety, and political risks. The OCP team is managing this project carefully and mindfully. The Board encouraged OCP to put effort into helping people understand [RISE](#) coalition and using it as an example worldwide of

rebuilding after a catastrophe. The Board appreciated the team's effort and that the program is beyond OCP's usual model, noting this program as an example of OCP's unique added value.

3) Refining OCP's service model: OCP made good progress in refining its support model, so that as the organization grows and scales it can continue to give the best support to partners. The Board discussed OCP's definition of scale, service, and products. They discussed team capacity, the new approach and its risks, and how to best structure a model change and strategy with a unique value proposition.

4) Africa portfolio and eGP reforms: OCP is refining its portfolio and added value in Africa, especially around the support (and success) gap in e-GP implementation. The team has also been reflecting on being more discriminating in accepting funding that is too focused on specific outputs. The Board noted that procurement is a significant opportunity to get a "hook" with governments. Education and training are also areas of opportunity, but it would be a more considerable investment. The Board emphasized that moving forward with technology is always challenging, and IT adoption to facilitate new procurement is often tricky.

5) Bringing the Data Team in-house: OCP moved forward with hiring more members of the in-house Data Team. The transition is going well so far, albeit with the need to focus carefully on European and African support. The team's Help Desk contracts end at the end of this year. Both organizations have many opportunities ahead of them as leaders in the field. The Board validated the model transition and pointed out that it is yet another example of OCP's unique value proposition. The Board suggested that the opportunity allows for further data analysis and practical applications for OCP partners, appreciated the idea of flexible contracts or a hybrid model for current helpdesk contracts, and noted the importance of OCP assessing the new support model's strengths, weaknesses, and gaps.

6) Checking in on the team and encouraging the disciplined pursuit of less: OCP management carefully monitors well-being and workload, even under challenging circumstances. The team has given feedback that some are working at capacity and sometimes stretched thin. To address these challenges, the management team integrated checks on workload and well-being are part of all individual weekly meetings and more quarterly management-team member meetings. The OCP team continues to work with an outside DEIB coach and received excellent feedback. The Board asked for OCP's turnover rate, and OCP reported that it was very low. The Board highlighted

communication and psychological safety as essential and the need to seek out feedback from the team on stressors intentionally.

7) Scaling our SPP offer for people, planet, and prosperity: There is a considerable need for more transformational buying for sustainability from governments. The OCP team is investing in a new service offer, building on its OpenSPP Toolkit and impactful country interventions. Demand from governments for green procurement outside of the EU, U.S., and LATAM is still nascent. Governments use different terms and have other priorities regarding sustainable procurement. The Board discussed OCP's green procurement outcomes and how they could use their current data to analyze impact and report achievements. The Board encouraged OCP to develop a green procurement framework with data and KPIs to test in a few countries.

8) Medicines program: The OCP team hoped to have proof of concept funding from OSF's Health Program to build on engagements during the pandemic. That funding runs until early 2023. There has been difficulty in receiving buy-in from WHO and other major players, and the Ukraine war is preventing the team from being successful there. The Board advised OCP to withdraw its focus as this has been a difficult pursuit for OCP given its complexity, urging OCP to consider how to evolve this program.

9) Central Asia: The fallout from the Ukraine invasion has also altered the political dynamics and engagement across Central Asia with CSO engagement and political reform rescinding in Armenia and the Kyrgyz Republic. OCP's solution to the general challenge has been to draw back from implementation, work with CSOs on advocacy, and redeploy a team effort there. The Board agreed that the shift made sense.

10) Reconnecting regionally: A crucial part of OCP's strategy is to power up the community. The plan the team set forth at the start of the year is working and setting up a solid finish. Strong scores reflected from in-person events will contribute to meeting ambitious end-of-year improved capability targets. The Board liked the focus on more impactful opportunities and agreed with the shift to pull back on some countries and shift focus to countries where the OCP team could have more long term impact. The Board would like to see the OCP team continue to challenge themselves in engaging communities and suggested meetings in the future for regional or cross-cutting feedback.

Finance and Operations

FY22 YTD (January 1 through August 31 2022)

The Board reviewed OCP's YTD budget report and had no concerns. The FY22 refresh approved budget was $5.7m. OCP received $2.1m (58%) of $3.6m planned in budgeted income so far. The OCP team closed the fundraising gap and are fully funded for the 2022 calendar year and are in an overall good financial position with spending and fundraising on track for 2022. However, the funding environment remains challenging and an intense focus for the team so they remain cautious and diligent about funding.

The OCP team notified the Board that the FY21 reissued audited statements are now publicly available on the website [here](.).

FY21 IRS Form 990

The Board discussed upcoming IRS filings. OCP accountants will file FY21 Form 990 online with the IRS by November 11, 2022, for the reporting period from October 1, 2021, to December 31, 2022. OCP will closely monitor public support because they must show at least 33% public support in OCP's 5th fiscal year to maintain 501c3 tax status.

FY23 Budget Outlook

The Board then discussed the FY23 budget:

- Fundraising: Currently the OCP's fundraising goal for FY23 is $3.1m. The OCP team has secured all needed funding for FY22 and need to raise about $3.1m for FY23 and about $5.5m for FY24. For FY23 roughly 50% of the budget remains to be funded. As part of a new fundraising strategy, OCP will prepare a discussion paper for the Board on how to think about corporate funding, including what due diligence from the OCP side would look like.
- FY23 Budget: The current proposal is that OCP's FY23 budget will mirror the FY22 original budget of $5.5m. Important funding renewals and conversations are in progress over the next two months, so, the OCP team requested permission from the Board to conclude those and present a budget for formal approval by the year end or January 2023. The Board agreed with the request and will review the FY23 budget for approval in early January.

Board Governance
The Board reviewed and approved several governance items. They include:
Code of Ethics: The OCP team updated their Conflict of Interest, Whistleblower and Safeguarding OCP's Global Anti-Corruption and Anti-Bribery policies. They also added an online Whistleblower form to their website. Board members pre-reviewed the policy and

approved the updated Code of Ethics policy. The Board suggested that OCP requests case studies from external auditors about ethical issues and best practices examples. The OCP team will also share the new code of ethics with the BHP foundation for review.

Cybersecurity: The OCP team found it was prudent to strengthen cybersecurity controls. A cybersecurity insurance policy was secured through Chubb Insurance and will assist in network extortion, data recovery, business interruption, social engineering fraud, and computer fraud. The team also developed an internal Cyber Security Policy. The OCP team will also consider working with a firm who can handle our computer IT setup and security centrally.

Risk Register: As requested by the Board, the OCP team presented an updated risk register and asked for framing and risk-scoring feedback. Feedback from the Board included the addition of organizational, financial, and Board risks. The Board also asked for a reframing of the risk register that clearly shows the current organizational state, the likelihood of a risk happening, the potential impact, and how the OCP team is currently managing a risk. The Board agreed with risk register scoring and approved the risk register.

Updates to Internal Policies and Procedures: OCP updated a number of policies and manuals. Most of these edits are for the purpose of improving clarity on internal processes, guidance or to include updated material already approved by the Board in previous meetings. Changes include:
- Updated employee handbook:
    - Family Leave Policy: Updated for clarity
    - Working hours for US staff: Streamlined 40 hours per week for all team members.
    - Expenses: Receipts for monthly telephone and internet expenses will not be required for reimbursement.

- Update Finance and Accounting Procedures:
    - Safeguarding: Moved to Code of Ethics & Conduct Policy.
    - Upfront payment: Updated OCP preference to be in the practice of receiving contract funds upfront whenever possible, and that payment in arrears should only be accepted when required by the funder.
    - Procurement: Added a Procurement Policy to this document. Removed open contracting policy as it is redundant to OCP's procurement policy.
- Updated HR guide:
    - Updated improved pay bands and quartile scoring for annual performance for all team members. Previously reviewed and approved by the Board.

- Updated Funders manual:
  - Added newly approved [bylaws](#) from the July 13, 2022 board meeting, risk register the addition of the FY21 financials, and updated insurance coverages.

- Updated DEIB guide: Updated links to other policies.

Expansion of Board in 2023

The OCP team proposed expanding the Board in 2023 to two more members because of the size and breadth of OCP's work and to ensure there is always a quorum. The Board agreed with the proposal. OCP will prepare an extensive list of strategic Board Member recommendations and discuss them with the Board at the next meeting.

Board Update

The Board gave individual updates on their current work in procurement and open contracting.

Updates included:

- Bringing civil society organizations together and harnessing data systems.
- Trust-building and collaboration with funders.
- The value of bridging procurement and finance industries.
- US funding for regional infrastructure and accessibility.
- Ukraine data collection, application, and technology to help rebuild infrastructure, essential services, and schools.

Deep Dives

OCP team members brainstormed two deep dive sessions with the Board on Open Contracting in the U.S. and engagement with Multilateral Development Banks (MDBs) to help advancement in 2023 and the new strategy. The Board gave the team very helpful feedback:

- US strategy: The team updated the Board on progress so far as the US program is one of OCP's younger programs. The main focus of the session was on OCP's engagement with federal level agencies. The Board suggested that OCP prioritizes work with states and potentially an agency-level pilot. The Board and OCP brainstormed ideas that OCP could pursue in 2023.

- MDB engagement: The team updated the Board on the different engagements with the different MDBs so far. The session focused especially on how OCP could build a

stronger partnership with the leadership of the MDBs and help strengthen the implementation of open contracting with MDB's operations.

OCP Strategy

In 2023, the OCP team will develop its third strategy for the next five years from 2024 to 2028. The OCP team brainstormed and co-worked with the Board on the scope, essential framing questions, and the process for designing the new strategy. The Board brainstormed with OCP around four areas with the goal of identifying key questions that OCP should explore through its strategy development:

- How can OCP have more impact?
- How can OCP have great scale?
- What is OCP's unique value proposition?
- How can OCP build a strong inclusive team and organizations?

The strategy will be the key focus of a June 2023 in-person Board meeting in DC.

Minutes submitted and approved by:

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Kathrin Frauscher

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