OPEN CONTRACTING PARTNERSHIP

OCP Governing Board Meeting
28 - 29 June 2023 | In-Person Meeting

Public Minutes

Objectives of the meeting

The objectives of this meeting were to:
- Provide updates on OCP's progress and challenges.
- Review finances and approve a budget refresh, audit, and tax form.
- Update on how we are developing our new organizational strategy.
- Discuss governance matters, including new Board members, risk register updates, and due diligence on funders.
- Explore LATAM portfolio in depth
- Discuss how OCP can further involve its management structures to be (even more) inclusive and impactful.

Attendance

Governing Board
- Attending: Joseph Asunka, Jennifer Bradley, Alan Detheridge, Sally Guyer, Michael Owh
- Sent apologies: Max Nefyodov

OCP
- Attending: Gavin Hayman, Kathrin Frauscher, Lindsey Marchessault, Steve Chaplain, Cindy Cervantes. Kaye Sklar and Oscar Hernandez joined for our deep dives.

Decisions

The Governing Board approved:

Documentation & Reporting
- The minutes from the last board meeting
- The annual report
- The FY22 YTD report
- The FY23 Budget refresh
- The updated risk register

Financial Authorizations
- The Board Treasurer approved the final Audited statement and circulated the final audit statement to the full Board.
- The Board approved a payment authorization transfer of over $50k to address a vendor payment issue.

Governance & Risk
- Four Sole Source Justifications (SSJs)

Action Items

Finances
- The OCP team will prepare and review an Auditor Selection report at the next Board meeting.
- The OCP Team will provide an updated Reserve Plan to the Board, including a plan for increasing reserves and the preferred method (e.g., accrued vs. categorized).
- The OCP Team will open a new bank account with a different bank in the unlikely event of any issues with Bank of America.

Governance
- The OCP team will sign and add the June 2023 meeting minutes to the website.
- The OCP team will develop a Due Diligence policy outlining practices for subgrantees and contractors.
- The OCP team will facilitate the renewal of Board terms of another three-year term for Michael Owh and Jennifer Bradley.
- The OCP team will facilitate the renewal of Annual Conflict of Interest statements for all Board members for FY24.

- The OCP team will consider creating a Board matrix to assess members' term durations, skills, and experiences while identifying gaps and a Board nomination committee.

Team & Project Management
- The OCP team will provide Lift selection, applicant information, regional breakdown, and the final selected team to the Board over the summer.
- The OCP team will share Ukraine project details, including the project document for Dream, its timeline, milestones, and project risk register in July.
- The OCP team will conduct a salary review of its top management and highly compensated individuals at the next Board meeting as the last one was two years ago in order to meet IRS best practices. The Board Treasurer and OCP's Head of Finance will collaborate on this matter and use an independent assessment.

Summary of discussions and decisions

Conflict of Interest declarations

At the beginning of the Governing Board meeting, Sally Guyer, Alan Detheridge, Joseph Asunka, Jennifer Bradley, and Michael Owh all declared no conflict of interest with the June 28-29th meeting agenda or decisions.

OCP Progress and Challenge Updates

The meeting began with discussing OCP's progress and challenges, using a traffic light system to categorize issues. It was noted that OCP is working on stretching targets for the year, with an overall current rating of "Amber" for target achievement (i.e. on track or course correcting but watching carefully). Various topics were discussed, including documenting impact, impact with inclusion or sustainability focus, progress stories, actors using OCDS data, and publishers improving the quality of data.

In more detail of specific topics:

Lift Generation III (Green):

The OCP team reviewed the high number of applications received for Lift Generation III from various regions. The Board noted the strong focus on anti-corruption, inclusion, and sustainability in the applications. The selection process for Lift teams was ongoing, with the final teams to be announced soon.

The Board expressed excitement about the quantity and quality of applications, particularly from Africa. The distribution of applications across different regions was discussed including the lack of applications from the MENA region.

Ukraine and building a DREAM team (Amber):

The OCP team discussed the Ukraine project, known as DREAM (Digital Restoration Ecosystem for Accountable Management). The project directly supported the Ministry of Restoration on a digital reconstruction management system and legislative reforms to promote transparency and accountability along the whole chain of planning and delivering the reconstruction. The Board expressed strong support for the project, recognizing that although risky and challenging there was a profound and compelling need and that OCP exists to take big bets. The Board also supported building a project office in Ukraine for its implementation.

The challenges of data management, community engagement, and donor involvement were raised. The Board discussed the milestones to track progress, discussed consultancy contracts and how to support local office members and considered the impact of increased funding on operations.

Building Solutions (Green):

The OCP Team engaged in creating innovative solutions to close the feedback loop to drive positive change and OCP's increasing role as a builder of solutions directly. Key projects included:

> *Vigia in Paraguay:* A platform using OCDS data to empower small and medium-sized enterprises (SMEs) in accessing procurement opportunities, building trust, and enhancing procurement integrity.

> *Credere in Colombia:* A project connecting small businesses with financial institutions through open contracting data to reduce information gaps and increase SME participation in public procurement.

> *Cardinal for Red Flags:* An open-source tool automating red flag detection and procurement performance analysis using OCDS data.

> *Flood Mitigation Solutions in India:* The OCP Team partnered with Civic Data Labs to create a software solution aimed at enhancing flood mitigation efforts in Indian states. The Assam government has decided to adopt this solution formally.

The OCP team is prioritizing data usability and aims to expedite the transition from data publication to practical solutions. They are also exploring opportunities for partnerships and funding. The Board supported OCP's direction in building solutions. There was an emphasis on the importance of considering ownership from the project's outset, with appreciation for OCP's co-creation approach with local partners.

UNCAC Advocacy (Green):

The OCP team supports a resolution on public procurement and government integrity for the upcoming UN Convention Against Corruption (UNCAC) meeting. This event coincides with the 20th anniversary of UNCAC and is expected to garner significant political interest. The team's strategy encompasses securing high-level commitments through the UNCAC resolution, supporting global advocates for open contracting, engaging with donors and multilateral organizations, and strengthening support for their technical assistance work with UNODC.

Collaborating closely with France, the OCP team will foster a diverse group of supportive governments and engage and mobilize civil society voices. Opportunities to co-organize pre-event panels and engage with influential governments, such as the US and Mexico, also present valuable chances to enhance the OCP Team's visibility and strengthen political commitment in countries where they operate.

Africa (Amber):

The OCP team saw a growing push among African governments to automate procurement for transparency and efficiency. Building on last year's e-GP research, they advised nations like Malawi, Rwanda, Nigeria, and Kenya on their eGP initiatives, including OCDS integration. African governments recognized the role of public procurement in social inclusion. The team navigated challenges, prioritizing engagements in Rwanda, Uganda, Malawi, and Senegal. They've also welcomed Mr. Gawesh Jawaheer, an experienced eGP specialist, to the team.

Partnerships & IFIs (Red):

Partnerships have been central to the OCP team's strategy. They've actively strengthened ties with international financial institutions (IFIs), particularly the World Bank and the US Government, focusing on USAID and the State Department. While the World Bank deprioritized procurement recently, the team is navigating these shifts and engaging key figures.

With the US Government, they're involved in discussions around the Summit for Democracy and the Financial Transparency and Integrity Cohort, enhancing visibility. Subcontracting possibilities with major US contractors are being explored.

The OCP team is also evolving partnership models with local organizations, expanding their reach, but this shift has brought challenges. They're working on refining these relationships and formalizing agreements.

In summary, the OCP team is actively building partnerships with IFIs and the US Government, adapting partnership models with local organizations, and engaging key stakeholders to advance open contracting. Lessons learned were also discussed with the Board.

The Board expressed interest in collaborating with large USAID contractors and discussed the alignment of values and work adjustments, especially in case of challenges. There were also inquiries about OCP's engagement with the Asian Development Bank (ADB) and other Multilateral Development Banks (MDBs) beyond the World Bank Group (WBG), Inter-American Development Bank (IDB), and European Bank for Reconstruction and Development (EBRD).

<u>Finances</u>

Audit and 990 (For Discussion & Approval)

The OCP team's FY22 audit by Rogers & Co. was completed successfully with no adjustments, resulting in a clean audit report. The financial statements were found to be clear and consistent. The FY22 Form 990 was reviewed and accepted by the Board and OCP will submit it to the IRS.

Since OCP is still within its first five years of operations it is optional to prove public support on this year's 990, however, OCP will track this internally. The absence of surprises and material weaknesses was particularly noted. The OCP Board Treasurer emphasized the importance of ensuring that administrative expenses remain at the current 18%. The Board could only partially approve the draft financial statements as there was a minor reclassification to be completed by the auditor. The Board delegated authority to the Treasurer to approve the final audit statements. Subsequently, OCP's Treasurer approved the financial statements on July 13, 2023. Additionally, it was suggested that the OCP team should establish a process for an annual review of the auditor's performance and consider re-tendering when necessary. The OCP team agreed to provide a short note on auditor selection and review to the Executive Team.

FY22 Financial Statement Summary

The auditors provided an unmodified opinion of the financial statements. The OCP team ended the year with strong financial reserves, including operational reserves. As of December 31, 2022, cash was $384K, excluding $907K in reserves. OCP received $3.4 million in grants and contributions in 2022, with administrative expenses accounting for 18% of the total expenses. There were no material weaknesses or significant deficiencies identified.

FY23 YTD (For Approval)

Through April 30, 2023, the OCP team received $2.9 million, representing 76% of its expected total annual income. This income included grants and contributions from various sources. Expenses for the same period were $1.8 million, accounting for 28% of the budget. The OCP team had committed expenses totaling $2.2 million as of that date. The Board approved the FY23 YTD report and expressed confidence in making up for the underspend, especially with several SSJs recently approved.

FY23 Budget Refresh (For Approval)

The budget refresh anticipates a 49% increase in income from the original $4.9 million to $7.2 million in secured revenue. The original budget for activities was $6.4 million, with a proposed increase to $7 million. The increase is driven by newly secured restricted revenue, particularly for work in Ukraine. The OCP team has already secured all needed funding for FY23.

The expected revenue for FY23 is now $7.9 million, including secured, likely, and prospective revenue. The secured revenue is $7.2 million, while likely and prospective revenue sources are also noted. The OCP team is well on track to meet its funding goals for 2023. The Board requested an updated plan regarding the OCP team's reserves and whether there was a desire to increase them. The Board ultimately approved the budget refresh.

Cash Flow

The OCP team presented a graphical representation of the projected cash flow for 2023, showing the timing of revenue and expenses throughout the year. The OCP team foresees a cash balance of approximately $100K at the end of December. There are plans to request payments in advance to manage cash flow efficiently.

Other Banking (For Discussion & Approval)

In response to a previous bank run at Silicon Valley Bank in March, where depositors faced difficulties accessing their funds for immediate operational expenses, the OCP team would like to open another bank account as a precaution. The objective is to have an alternative bank account at another well-established institution (Chase Bank or Capital One Bank) to quickly move funds in the unlikely event that a similar situation arises with Bank of America even though it is A-rated and probably 'too big to fail'. This secondary account would serve as a safety net, incurring minimal administrative costs.

The Board was asked to approve opening this additional bank account and provide any questions, concerns, or observations. The Board approved the proposal to open an additional bank account, and no questions, concerns, or comments were raised.

Salary Memo (For Information)

A salary memo detailing the OCP team's salary increase process, methodology, and outcomes was shared with the Board. The salary adjustments would result in a cost of $172K for the year. Three staff members were promoted from Senior Manager to Heads of roles. The memo also highlighted no significant statistical differences in equity analysis based on voluntary, self-reported gender or ethnicity, although some minor variations were noted. These variations were attributed to factors such as time spent at OCP.

The Board discussed the feedback received from staff regarding the salary memo. The feedback was positive, and the Board acknowledged the importance of regular compensation reviews and appreciated OCP thoughtful memos and monitoring on pay equity.

The OCP team and Board agreed that the previous external review of the reasonableness of compensation is due an update over the coming year. They agreed that OCP's management would propose and deliver a process by the next Board meeting in December.

Governance

Governing Board Members
The OCP team discussed appointing up to four new Governing Board members over the next year, two to replace outgoing members and two for expansion. Two potential candidates were introduced, and the OCP team awaits their responses. The Board expressed enthusiasm and suggested considering a total of ten members in the future. Gender balance and a skills-based approach for prospect identification were emphasized. They emphasized identifying individuals with strong government connections, particularly

at the U.S. federal level, and links to funders, especially foundations. The possibility of engaging a consultant to build a Board member pipeline was discussed, and current Board member terms were noted, with Jennifer and Michael's renewals formally approved. The team explored recommendations for members with relevant skills, particularly in procurement transformation, technology, and partnerships. The team reviewed the current Board members' term durations and considered creating a Board matrix to assess their skills and experiences while identifying gaps. They also discussed the possibility of establishing a nomination committee within the Board to share responsibility for selecting new members, potentially reducing the burden on the OCP team.

Risk Register Update

The OCP team presented an updated Risk Register with notable changes. Fundraising risk was downgraded due to successful funding for FY23, shifting focus to fundraising for FY24 and beyond. Board risk was upgraded due to a decrease in Board members, with active efforts to mitigate that by identifying new members. The risk associated with the Ukraine project was discussed, pending potential changes based on feedback regarding establishing a formal project office. The Board approved the updated Risk Register, emphasizing the need for continued fundraising efforts for upcoming fiscal years. Specific updates on Ukraine project risks were requested and approved.

Due Diligence Policy

The OCP team introduced a new Due Diligence policy focused on vetting potential funders and partners for alignment with the OCP team's values and mission. This policy aims to protect OCP's reputation, independence, and prevent potential issues with new partners. The Board approved the Due Diligence policy.

Deep Dives

LATAM Portfolio

In the "Deep Dives" session, the OCP team delved into its Latin America portfolio, focusing on strategies to enhance its impact in the region. They highlighted the achievements and challenges of their current strategy cycle in Latin America, considering potential post-COVID threats such as social inequality, political polarization, and state capture. The team outlined thematic priorities to ensure continued progress, including vendor inclusion, civic monitoring systems, and digital transformation.

The conversation revolved around key discussion questions regarding additional thematic areas and strategies to replicate successful initiatives. Data publication and quality

challenges were addressed, with a strong emphasis on building technical capacity within the organization to sustain OCDS data publications. The OCP team also stressed the significance of localized solutions, inclusive certification processes, and strategic partnerships to drive systemic reforms and combat corruption.

In addition to mitigating backsliding in existing markets, the OCP team expressed its desire to expand into new countries, including Brazil and selected Central American countries. Given the institutional fragility in some Central American nations, the team plans to collaborate with partners such as MDBs and local civil society organizations. In Brazil, they aim to expand their support and create a substantial impact, especially given the new government.

The discussion revolved around strategies and tactics to strike a balance between deepening engagement in countries where OCP has a strong presence and exploring new opportunities in regions with less involvement. The session brought together how to leverage OCDS as a transformational tool, addressing social inclusion, and making strategic decisions that align with the mandates of local governments. It highlighted the benefit of creating a "golden thread" connecting OCDS to tangible impact and maintaining a balanced approach to risk across different regions as OCP are now doing in Colombia and elsewhere with tangible, measured impact.

Strategy
Process Overview

The OCP team is developing its third strategy for the period from 2024 to the start of 2030 to align with the SDGs. Key guiding questions that the team wants to address through the new strategy, include:

- *How can OCP increase its impact?* The OCP team aims to articulate its vision for impact more effectively, focusing on human-centric language. They plan to track, aggregate, and set a five-year impact target, reframing it from progress stories to measurable impact.
- *How can OCP increase its scale?* The OCP team intends to leverage international organizations and partners to expand its global and local influence. They will prioritize strategic relationships for broader impact and focus on core electronic Government Procurement (eGP) implementation.
- *What is OCP's Unique Value Proposition?* OCP's unique value lies in supporting goal-driven reforms, data and digitization, and building coalitions of change to transform public procurement, all at scale.

In terms of organizational changes:

- *How can OCP deepen its regional focus*? The OCP team recognizes the importance of a regional focus to enhance on-the-ground presence and local expertise, sustaining long-term impact.
- *How should OCP refresh its organizational values*? The team plans to revisit their organizational values to ensure they remain actionable and representative of their growth and evolution.

The OCP team sought feedback and input on these shifts and plans to refine their vision, mission, and unique value proposition.

Emerging Mission, Vision, and Unique Value Proposition

The Board provided detailed feedback on the mission, vision, and unique value proposition (UVP):

Vision: The Board discussed the vision statement, suggesting it could be shorter and more impactful. There was debate about the term "fair," but the consensus was that a word capturing equity is necessary. They proposed using "quality goods and services" and highlighted the importance of "open" and "transparent."

Mission: The mission should incorporate the "how" and convey excitement and inspiration behind the OCP team's work, emphasizing the transformative impact on government functioning and the legitimization of democratic government.

UVP: Feedback on the UVP suggested avoiding the term "help" and emphasizing the human aspect, impact, and uniqueness of the OCP team's work. The Board liked the sequence of "connect, enable, inspire."

Five-Year Ambition Target

The OCP team aims to set a new five-year ambition target that goes beyond showcasing individual impacts and instead highlights the cumulative scale of open contracting interventions. The proposed five-year ambition target is:

Within the next five years, the OCP team will contribute approximately $2 trillion in improved spending, benefiting over 1 billion people.

To achieve this target, the OCP team plans to create 100 proof points demonstrating the positive economic, social, and environmental impacts of open and better procurement.

These proof points, combined with advocacy efforts, global public goods, and community building, will inspire others to scale up open contracting.

The target of positively impacting 1 billion people is notable, equivalent to an eighth of the global population or a combination of large countries like India, Nigeria, Brazil, Mexico, Indonesia, and the USA. Although ambitious, the OCP team believes it's a reasonable goal for a five- to six-year endeavor.

While acknowledging that global procurement spending is skewed, with a significant portion concentrated in China and the USA, they are committed to robust calculations and recognize that improving government procurement can indirectly benefit citizens.

Executive Session

After the meeting, the Board held an Executive Session. This session aimed to conduct a high-level appraisal of the ED and his team and to reflect on the Board meeting. It emphasized the compelling opportunity of the new strategy, appreciation for the energy and impact of the team, focusing on OCP's leadership evolution and inclusiveness.

Next Steps

The virtual Board meeting initially planned for October 4, 2023, has now been rescheduled to December 19, 2023.

Minutes submitted and approved by:

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