

Minutes of ChildFund Alliance Board of Directors Meeting held on Tuesday, 8 May and Wednesday, 9 May 2018 in Brussels

Attendance

Board Members

Michael Rose	ChildFund Australia – Chairman
Lennart Wiklund	Barnfonden – Deputy Chairman
Paul Newbigging	CCF Canada - Treasurer
Anne Goddard	ChildFund International, USA
Nancy Hill	ChildFund International, USA
Daniel Silva	ChildFund International, USA
Barbara Holzbaur	ChildFund Deutschland
Gerald Doherty	ChildFund Ireland
Hiroshi Harashima	ChildFund Japan
Seungil Shin	ChildFund Korea
Je Hoon Lee	ChildFund Korea
Simon Whyte	ChildFund New Zealand
Imma Barral	Educo
Jean-Pierre Barranger	Un Enfant Par La Main

In attendance

Jinyi Park	ChildFund Korea
Sungho Lee	ChildFund Korea

Alliance Secretariat

Meg Gardinier	Secretary-General
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1 Opening remarks and apologies

Michael Rose opened the meeting and welcomed Board members. He thanked ChildFund Deutschland and the EU office for hosting the meeting.

2 Apologies

Michael Rose noted that all Board members were present at the meeting and that there were no apologies.

3 Minutes from previous meetings

The minutes from the Board meeting held on Wednesday, 8 November 2017 in San Salvador were approved.

4 Matters arising

Michael Rose referred to the minutes of the San Salvador meeting and noted a number of matters arising from discussions at that meeting. Progress in relation to those matters was noted by the Board.

5 Secretary-General's report

Meg Gardinier presented her Secretary-General's report (included in the Board papers) and invited questions and comments from the Board.

Board members asked a number of questions about the strategic focus on membership strengthening. Meg provided an update on key steps taken in this area and her proposed work plan for the year ahead. Board members made a number of observations about membership criteria for new members and it was agreed that this should be a subject for further discussion later in the Board meeting. Nancy Hill noted that, in considering membership and membership criteria, it was important to consider a more agile approach to Alliance membership, partnerships and collaboration.

Board members also asked a number of questions concerning child safeguarding issues that have arisen in the sector over the last six months. In response to these questions, Meg Gardinier noted the work that had been undertaken by the Secretariat in conjunction with individual members to review policies and consider further strengthening of child safeguarding approaches. Meg noted that child safeguarding would continue to be an important area of focus for both the Alliance and its members.

Meg spoke in some detail about her work plan for the coming year and drew particular attention to the proposed work on Child Friendly Accountability and the potential external funding for that work. In commenting on the work plan, Anne Goddard suggested that the Annual Global Impact Evaluation Report be prepared for distribution to external parties as well as members. Nancy Hill asked a number of questions concerning the video that will form part of the work plan if Oak Foundation funding is approved.

Board members asked a number of questions concerning the Child Friendly Accountability Program and some Board members expressed concerns that the proposed level of activity by the Secretariat meant that the Secretariat was taking on a program rather than facilitating the participation of members. Meg responded by noting that the role of the Secretariat was providing technical assistance to individual members in relation to the program and the level of activity being undertaken by the Secretariat was necessary in order to take full advantage of the work undertaken to-date.

Board members also asked a number of questions about the Advocacy Program in the year ahead.

The Board noted the Secretary-General's report.

6 CEO Forum report

Joern Ziegler provided a report on the first half day of the CEO forum meeting. He noted that this meeting had focused on the FY2019 budget and consideration of issues based marketing.

6.1 FY2019 budget

Joern gave Board members a summary of the CEO forum's consideration of the FY2019 budget. In particular, he noted a number of cost savings which had been identified in relation to the preliminary budget considered by the Board during its conference call in March. Joern noted that the CEOs were satisfied that these savings were both achievable and appropriate. Joern then noted that additional revenue sources had also been identified. This additional revenue included

specific contributions from ChildFund Korea, Barnfonden, ChildFund Deutschland and CCFC. Additional revenue would also include an overhead contribution from any funding obtained by the EU Office.

Joern noted that, in the circumstances, the CEO forum recommended approval of the FY2019 budget as presented, subject to confirmation of the additional revenue sources identified.

Joern also noted that the CEOs had agreed that it would be appropriate to review the Alliance's Strategic Plan in order to:

- Review priorities under the Plan.
- Align those priorities to the budget.
- Make firm recommendations for a three year budget plan.

Joern said it was the intention of CEOs to undertake this work before the next round of Alliance meetings in November 2018 and that the outcome of this work would be a firm recommendation to the Board in relation to a three year budget plan.

6.2 Issues Based Marketing

Joern reminded Board members of the discussion of issues based marketing at the combined Board / CEO forum meeting in San Salvador in November 2017. He provided a summary of further discussions between CEOs since the San Salvador meeting and an outline of proposed next steps in relation to this issue.

Board members noted Joern's report on the CEO forum and thanked him for his attendance.

7 Update on the European Union Office

Michael Rose noted that, prior to the Board meeting, Catherine Lalonde had provided Board members with a detailed briefing on the activities and performance of the EU Office. He noted that all Board members (other than those attending the CEO forum) had attended. Board members agreed that the presentation had been extremely informative and that, as a result, a separate formal presentation at the Board meeting was not necessary.

8 Finance Committee report

8.1 Year-to-date expenditure

Paul Newbigging referred to recent meetings of the Finance Committee and reported on year-to-date expenses. Paul reminded Board members of the expense discussions that had taken place in San Salvador and noted that significant expense savings had been achieved since then. He said that the Alliance was now on track to achieve a small surplus for FY2018. In response to a question, he confirmed that, as a result, there would be no need to draw further into reserves.

The Board noted Paul's report on year-to-date expenditure and budget performance.

8.2 Appointment of auditor

Paul Newbigging noted that, for many years, ChildFund Alliance has used KPMG as its auditor and that this choice was influenced by the fact that KPMG was also ChildFund International's auditor. Paul noted that ChildFund International had recently appointed BDO as its new auditor and that, in the circumstances, the Finance Committee recommended that ChildFund Alliance change auditors and appoint BDO.

RESOLVED: That BDO be appointed as auditors for ChildFund Alliance.

9 FY2019 budget

Michael Rose introduced the budget discussion by noting that there were three significant issues for consideration:

- An immediate need to approve a budget for FY2019.
- A need to review the formula for calculating membership dues so as to ensure that membership dues are sustainable and fair.
- A need to produce a clear three year budget plan that represents a sensible and sustainable alignment between strategic objectives and available funding.

Michael noted Joern Ziegler's comments on the approach that the CEO forum was intending to take in relation to these issues. He proposed that, in the circumstances, the FY2019 budget be considered separately from the two other issues and that those issues form the core of a broader strategic discussion once the budget has been approved. Board members agreed with this approach although some Board members expressed disappointment that the budget was being considered before the broader strategic issues.

Paul Newbigging reminded Board members of the budget process to-date and of the preliminary budget approved during the Board conference call in March 2018. Paul also referred to the CEO forum discussions and noted that the revenues assumed in the budget were dependent on:

- All members agreeing to pay dues at their FY2018 levels.
- Several members making additional contributions to close the gap between FY2018 revenues and the proposed FY2019 budget.

To summarise the budget process, Paul Newbigging reminded Board members that:

- In February 2018, the Alliance Secretariat had proposed an FY2019 budget of \$1,585,458.
- Members have expressed a willingness to hold membership fees to the FY2018 level - \$1,424,153.
- The difference between the proposed budget and the budget calculated by reference to FY2018 fee levels is \$161,305 (the shortfall).
- Part of the shortfall will be made up through a salary reduction in the CPiE position. The expected saving will be approximately \$50,000.
- In addition, the following members have indicated that they will make additional contributions – CCFC will contribute CAN\$20,000 towards the CPiE-DRR position; Barnfonden and ChildFund Deutschland will each make an additional contribution of \$12,500; and ChildFund Korea will contribute \$50,000.
- Any remaining shortfall will met with either additional savings or a modest surplus within the FY2018 budget.

After a detailed discussion of the budget, Paul Newbigging moved that the budget be approved.

NOTED:

- That the budget, as presented, had been recommended by the CEO forum.
- The agreement of all members to pay dues at the FY2018 levels.
- The additional payments proposed by ChildFund Korea, ChildFund Deutschland, Barnfonden and CCFC.

RESOLVED: That the FY2019 budget be approved.

Board members asked that a revised budget document, reflecting the proposed changes to revenue and expenditure be distributed as soon as possible after the meeting. Meg Gardinier agreed to do this.

ACTION: Meg Gardinier to distribute a revised budget document reflecting changes to expenditure and revenue agreed at the meeting.

It was noted that the CEO forum was planning to undertake a review of strategic priorities for the Alliance. Board members agreed that, for the purposes of this review, CEOs should be asked to assume no increase in the Alliance budget over the next three years.

ACTION: Meg Gardinier to inform the CEO forum that further consideration of the Alliance priorities and the three year Strategic Plan, should assume no increase in the budget over the next three year period.

10 Review of the membership dues calculation

Michael Rose noted the way in which the preliminary dues calculation for the FY2019 budget had produced outcomes which did not appear to be fair or sustainable. In particular, he noted that, the dues calculation had produced a very substantial dues increase for ChildFund Korea, even though the proposed budget did not grow substantially year-to-year. Michael reported on conversations that he had with ChildFund Korea and ChildFund International concerning the dues calculations and said that, in his view, the time had come to review the dues calculation mechanism.

Board members had a detailed conversation about the dues calculation and it was noted that problems with the calculation reflected more significant underlying issues such as:

- Flat revenue or revenue declines among member organisations.
- The absence of a more certain budget target or envelope from year-to-year.
- A lack of flexibility in tailoring strategic objectives to available funding.

It was noted that the sustainability of the current membership dues structure also raised questions about the relative sizes of member organisations and their degree of alignment with the Alliance's objectives. Some Board members suggested that a review of the dues calculation mechanism should also include a review of categories of membership.

Je Hoon Lee on behalf of ChildFund Korea suggested that an alternative mechanism might include a "base fee" for all members (he suggested \$40,000) with additional fee levels calculated by reference to proportionate contributions to total membership revenue.

After a detailed discussion, it was agreed that further work should be undertaken on the fee mechanism and that a proposal should be brought back to the Board at the November 2018 meeting. Michael Rose noted that it might be possible to obtain assistance from external advisors. He said that he would approach a couple of consultancies to see whether they might be prepared to provide assistance on a pro bono basis. Michael undertook to lead the review of the membership dues mechanism and he asked for volunteers to assist him with this task. It was agreed that Lennart Wiklund, Nancy Hill and Paul Newbigging would form the working group to undertake a review of the membership dues mechanism.

ACTION: That a working group of Michael Rose, Lennart Wiklund, Nancy Hill and Paul Newbigging undertake a review of the membership dues calculation mechanism and provide a recommendation to the Board at its November 2018 meeting.

11 Future meetings

Anne Goddard confirmed that ChildFund International will host the November 2018 Board meeting and CEO forum meeting in Richmond, Virginia. The meetings will take place on 11-16 November and will coincide with a number of events celebrating the 80th Anniversary of the establishment of ChildFund.

Michael Rose noted that no venues had been identified for meetings in 2019. He asked ChildFund New Zealand and ChildFund Ireland to consider hosting these meetings. Board members from both organisations said that they would discuss this with their CEOs and Boards and confirm their position as soon as possible.

12 Closed session

Meg Gardinier and other staff members left the meeting at the conclusion of Item 11.

Board members discussed a number of issues in the absence of the Secretary-General and other staff members. One of the issues discussed concerned renewal of the Secretary-General's contract which falls due for renewal on 1 July 2018. It was agreed that the Secretary-General's contract should be renewed and that Michael Rose should provide the Board's feedback to the Secretary-General.

RESOLVED: That the Secretary-General's Contract be renewed for a further term of three years.

The meeting was adjourned at 5.30 pm.

DAY 2 – Wednesday, 9 May 2018

13 Resumption

The meeting resumed at 1.30 pm.

14 Strategic discussion – Alliance priorities

Michael Rose noted a number of matters raised during the first day of the Board meeting. In particular he noted that Board members had indicated a desire to discuss:

- The Alliance's priorities and goals.
- How best to align the Alliance's ambitions and priorities to its available budget.
- Which aspects of the Alliance matter most to members – both current members and possible new members.
- Guidance for the CEOs in considering Alliance priorities for the next three years.

Michael then facilitated a conversation during which Board members commented on each of these matters and other issues such as changes in the external environment and other factors influencing the performance of individual members. This facilitated discussion identified four areas for further discussion and consideration:

- **The governance of the Alliance** – in particular, Board members will keen to discuss the role of the Board and the continuing necessity for the Board given the Alliance's state of development.
- **Membership standards** – it was noted that members are beginning to move to the Accountable Now membership standard. It was also noted that the scope of this standard is not as broad as the standards previously adopted by ChildFund members as part of the Alliance Accreditation process. It was agreed that further consideration needed to be given to standards.

- **Membership strengthening and growth** – it was noted that much of the recent focus on membership has been on attracting new members to the Alliance. While it was agreed that this should continue, it was also noted that it was important to give greater attention to issues with existing members. A number of existing members do not have the scale or financial capacity to enable them to thrive in the current environment. It was suggested that greater collaboration between members was essential to help overcome some of these issues with existing members.
- **Collaboration between members** - in order to succeed in the future, the Alliance's members will need to collaborate more effectively with each other and with other similar organisations around the world. Accordingly, the collaborative capacity of Alliance and its members is a significant issue. It will be important to foster the collaborative capacity of members and seek further opportunities for internal and external collaboration.

The Board's discussion of these issues is summarised in a separate note prepared by the Secretary-General.

ACTION: At the conclusion of the discussion, it was agreed that:

- (i) Michael Rose would undertake a review of the Alliance's governance structure, focusing on the role of the Board within that structure. He will present this report and any recommendations arising from it to the Board meeting in November 2018.
- (ii) The CEO forum should be asked to give consideration to the application of membership standards within Alliance and the relationship between desirable membership standards and the Accountable Now program.
- (iii) That the CEO forum be asked to give further consideration to the issues identified in relation to collaboration between members and collaboration between the Alliance and other organisations.

At the conclusion of the Board's discussions, the CEOs were invited to join the Board and Michael Rose provided them with an outline of the Board's discussions and conclusions. It was agreed that the CEOs would give further consideration to these issues at their meeting on 10 May.

15 Other business

There being no other business, Michael Rose closed the meeting at 4.30pm.