

CONSULTANCY REPORT

PUBLISH WHAT YOU PAY
STRATEGIC REVIEW
AND
OPERATIONAL REVIEW

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1. Introduction

1.1 Background to this report

Publish What You Pay (PWYP) is a coalition of civil society organisations united in their call for an open and accountable extractive sector, so that oil, gas and mining revenues improve the lives of women, men and youth in resource-rich countries. Founded in June 2002 by six NGOs based in the UK, it grew rapidly and now boasts 800 member organisations in over 60 countries, in 41 of which they are organised into national PWYP-affiliated coalitions.

The coalition has been coordinated by a small Secretariat. As the coalition, its reputation and remit have grown, the Secretariat has become increasingly important for the coherence of the coalition and its workload has increased. Considerable strides have been made in the last two years: there had been no governance structure other than donors meeting as a management committee; no strategy; no standards for governance of national coalitions; an underdeveloped approach to fundraising and budgeting. There has been substantial progress in all these areas.

With a new global strategic framework (Vision 20/20, launched in late 2012), a new governance structure and an improving and diversifying funding situation, the Secretariat has expanded significantly in 2013-14, a growth that has included recruitment of a number of Regional Coordinators based in several regions outside the UK, and continues to do so. In light of both Vision 20/20 and growth, it has become increasingly important for the coalition to be clear about the role it expects the Secretariat to play. A contribution to the coalition's thinking on this is one key purpose of this report.

The Secretariat has been 'hosted', since its inception and almost unbroken since then, by the Open Society Foundations (OSF). In effect, the Secretariat is one team amongst many within OSF: it does not have its own registration as an organisation, so OSF provides legal and financial cover and takes the associated liabilities. OSF service departments, including Administration, Human Resources, Finance and IT, provide the accounting, staff employment and support services to the Secretariat. In 2012, OSF made a strategic decision to move away from hosting a range of organisations, and asked PWYP to investigate ways in which it could move out of OSF. After 10 years of development, this also felt appropriate and timely for PWYP. However, it has many implications for the ways in which both the coalition more broadly and the Secretariat itself are organised. The second key purpose of this report is to explore those implications and contribute to the coalition's planning for the forthcoming change.

1.2 Two Terms of Reference

With the above two purposes in mind, PWYP issued two separate Terms of Reference; in the event, given the overlap of issues being addressed, both were assigned to the same consultant. This report is therefore based on both of them.

The first Terms of Reference, *Strategic Capacity Assessment*, focus on the Secretariat's roles, functions and responsibilities. While some broader work on these had already been carried out, PWYP called for the investigation of a number of more specific questions:

- Do we simply coordinate international advocacy campaigns versus support for national advocacy campaigns that may require different skill sets and staff capacity?
- To what extent do we go the capacity building route versus coordinating and brokering efforts of our INGO members ensuring complementarity?
- How do we share and manage knowledge most effectively?
- Do we manage funds for jointly approved proposals or do coalitions do the same for us?
- Does the Secretariat become a grantmaker or do we always do joint fundraising with key members and/or coalitions? If the joint approach is desired how do we ensure that some of the Secretariat's core costs are covered?
- What is the Secretariat's niche and role in rolling out the data emanating from the mandatory disclosures campaign, ranging from simple coordination to actually providing technical assistance to our national coalitions?
- How does the Secretariat work with its international donor members and INGOs in ensuring coherence and harmonisation?
- Where does the Secretariat's role start and the Global Steering Committee begin when it comes to upholding the governance principles?

The second Terms of Reference, *Operational Assessment*, cover the future of the coalition and Secretariat following separation from OSF. They include two primary objectives:

- To explore the strategic options for, and implications of, the future institutional set-up of the PWYP Secretariat (from continuing the current hosting arrangements, to identifying a new host/fiscal sponsor, to registering as an independent charitable organisation and bringing all services in house, contracting them and/or any other feasible possibilities that the consultant identifies;
- To provide an analysis on the legal and financial implications of all options under objective 1.

1.3 Methodology

Preparation for this report was carried out as follows:

- Observation of, and discussion with, the Global Steering Committee meeting in Paris, January 2014. This included exploration of the purpose of the work, initial soundings on desired outcomes and approaches, and input from a meeting of the Africa Steering Committee.
- Desk research: materials on PWYP background, Vision 20/20, recent funding proposals, recent evaluations and other research materials on PWYP, organograms and other staffing data, financial information.

- Observation of the Asia/Pacific Regional Meeting of PWYP and coalition meeting of Bantay Kita, the national coalition of the Philippines.
- 44 interviews with ten PWYP International Secretariat staff, seven key OSF personnel, three founders of PWYP, three donors, twenty key members, the Extractive Industries Transparency Initiative (EITI) Secretariat. Interviews covered aspects of both Terms of Reference.
- A meeting with Secretariat staff to explore preliminary findings from the interviews, to guide research on the structures and arrangements for a Secretariat independent of OSF.
- On-line and interview research with providers and users of key services relevant to a PWYP Secretariat independent of OSF.
- Report drafting and finalisation.

1.4 This Report

This report covers both sets of Terms of Reference. Section 2 reviews the Secretariat and proposes ways forward on some of the key questions posed by the Strategic Capacity Assessment Terms of Reference. Section 3 explores the strategic options for PWYP after a move away from OSF; makes recommendations on how it should approach the change in terms of registration and governance; and reports on preliminary findings of research into practicalities and costs both of PWYP after the change, and the transition period required to achieve this.

2. Strategic Review: Roles & Functions of the International Secretariat Part 1

2.1 The Current Secretariat

It is difficult to be precise about the Secretariat at the moment of this review. Since the review started, there has been one departure, from a role that is being re-calibrated before advertising; five arrivals in newly created posts; and new advertisements or plans for other posts as well. So the Secretariat is in a state of considerable growth and flux at time of writing.

There is, though, a clear sense of direction, which relates directly to the Vision 20/20 strategic framework:

- An International Director was appointed in 2011, replacing a Coordinator. This was a clear indication that the coalition wanted a leader who was able to drive the movement forward. Exactly what this was intended to mean is, perhaps, more ambiguous; this is explored in section 2.4.
- A post of Programme Manager for Africa is currently vacant and being re-worked as a Programme Manager post more broadly, able to take on more of the line management and administrative functions of the Director particularly for the regional coordinators.
- A series of Regional Coordinators are being appointed. Four were in post at time of writing: two in Africa, one in the Middle East and North Africa (MENA) region, and one in Central Asia. The East and Southern Africa regional coordinator will start in a few weeks. Further posts are being explored for Latin America and Asia Pacific.
- One Coordinator and one Officer have recently been appointed to support the coalition's engagement with key global policy processes, on the EITI and Mandatory Disclosures. The understanding of this review is that these posts are *not* exclusively designed as policy content specialists, but as coordinators of the policy and national specialisms of members in their engagement with these processes.
- A Communications Coordinator oversees external and internal communications for the coalition with consultants working with her for specific tasks.
- A recently appointed Finance/Grants Coordinator relieves the Director of some financial administration, and oversees the management of grants.
- A Programme Assistant combines practical administration support for programme work with organisational administration.

In a coalition containing 800 members, 41 national coalitions focused on conditions in their own countries, and a range of international organisations with substantial capabilities in global policy analysis and advocacy, this range of functions makes fundamental sense. The focus is on coordination, facilitation and the building of capacities of members, with an overlay of international representation and back-up of communications. In the main functional responsibilities, regional coordinators primarily exist to support and develop national coalitions, while policy-focused officers primarily enable engagement by members and coalition representatives.

There are two areas, in the current set-up, which bear more detailed scrutiny. Firstly, the role of the International Director was created three years ago on the basis of a job description emphasising the growing leadership role for the head of the Secretariat. The responsibilities, as documented, are broad; the Secretariat has grown considerably from the two other staff at the time; and interpretation of the role has been incremental. It is unclear to this review whether there is a common understanding within the coalition about the priorities for the role as it stands in 2014. This is explored in 2.4 below.

Secondly, the principle privilege of operating as a unit of OSF has been that the Secretariat has had to worry little about institutional support and administration. It has been able, understandably, to invest its staffing resources in direct programme work instead, which has benefited the coalition (although OSF's systems and procedures do make substantial demands on programme workers' time – see section 3). However, quite apart from the challenges that will arise when PWYP leaves the OSF umbrella, the rapid growth of both the coalition and the Secretariat is now placing strains on the ability of the Secretariat's systems to provide the basic administrative support required for efficiency and effectiveness. The most prominent evidence of a lack of investment in administration and systems is that, despite having 800 members with whom to communicate, the Secretariat does not have a customer relations management (CRM) database. This results in many inefficiencies in record keeping and communication, which divert staff time away from their essential purposes. Further systems/administration capacity is needed to underpin the effectiveness of the larger Secretariat and membership.

Otherwise, the basic shape of the Secretariat is sound for a unit that continues to be part of OSF. The remainder of Section 2 explores aspects of the roles and functions within the existing structure. Section 3.10 revisits Secretariat structure in the light of recommendations on the future after separation from OSF.

2.2 Background Consultations and Reviews

The current Secretariat structure is, to some extent, based on the responses to a series of semi-structured interviews conducted by the International Director as part of the strategy development process for Vision 20/20. These produced a list of desired Secretariat functions:

- Implement the international strategy according to the vision and strategic plan
- Coordination of the international coalition
- Harmonisation and coherence across coalitions and regions
- International advocacy: bringing coalition priorities to the international arena and keeping the coalition informed of international developments
- Capacity building of coalitions through (joint) fundraising, technical assistance, advocacy support, strategic development, governance support, and action research for evidence-based advocacy
- Knowledge management, events and communications: coalition reporting, news from the ground, social media, annual roadshow, annual open debates, annual review, etc

- Uphold the coalition's principles and membership standards.

This list is comprehensive, but very broad and without guidance on how each part should be interpreted. Taken together, the components produce a challenging, even insuperable, set of demands on a relatively small Secretariat. Each item needs to be explored and refined; the remainder of Section 2 aims to contribute to this.

2.3 Coordination, Facilitation & Enabling; Implementing the International Strategy

800 member organisations represent an enormous challenge in terms of coordination and coherence, but also provide an enviably deep resource base of understanding, knowledge, expertise and activism. The essence of good coalition secretariat work lies in the skills of facilitation, enabling and mobilisation that result in a small staff unit leveraging this large (if apparently unwieldy) resource base. Between them, PWYP's members have all the skills and capacities to achieve the change they desire; the Secretariat's job is not to try and do the job on their behalf, but to enable them to do it themselves. This is the source of power (and cost-effectiveness) of coalitions and networks.

Some of the key elements of achieving this include:

- Building trust amongst members, and confidence in each other's ability to deliver their contributions to the coalition's strategy; this includes ensuring that different types of organisation (in the case of PWYP, particularly international NGOs and national coalitions) respect and value each other's contributions and engage effectively with each other
- Strengthening the basis of unity by ensuring effective consultation and agreement on key elements of the advocacy agenda
- Ensuring transparent and open decision making, so that members feel a sense of ownership of their coalition, and through this loyalty to its agreements and external reputation
- Developing clear and open channels of communication – between members, as well as between the Secretariat and each member
- Enabling members to engage with each other in as open a way as possible, creating opportunities for informal as well as formal engagement
- Enabling members to agree codes of conduct and norms of behaviour, and then ensuring that members stick to their agreements in these areas.

This is the core business of an effective coalition Secretariat, and should permeate the ways in which all staff posts operate. Effective on-going attention to these ensures a healthy coalition with deepening common agendas and strategies, more able as time goes on to deliver powerful advocacy strategies.

The PWYP International Secretariat has developed a culture in which attention is paid reasonably well to the dynamics of the coalition in this way. The following sections will suggest some gaps and areas for improvement, largely the result of such rapid growth in membership that it has been difficult

to develop dynamics to keep pace with this. But there is a culture of appropriate intention in all these areas.

However, there are some circumstances – detailed below – in which this focus on facilitation, enabling and coordination has been overridden for other purposes. It is the view of this review that the Secretariat's role in building and uniting the coalition, and facilitation to achieve this, *always* trumps other objectives.

The reference in the International Director's consultations to 'implementing the international strategy' is curiously inappropriate in the light of this. The Secretariat's job – as it clearly believes – is not to implement the strategy, but to ensure its implementation by the coalition. This may include components for which the Secretariat is directly responsible; but in the main its role is to ensure delivery by the members.

2.4 The Role of the International Director

The International Director post was created in 2011, for recruitment of the current incumbent. Since the previous job was conceived differently as a Coordinator, it included a number of areas that were new – or at least newly expressed – for the position. The Job Description of the time remains in use today. Since there are now three years of experience of carrying out these new functions, in a period of rapid change, this is well overdue for updating; this would provide a useful framework for discussing systematically how the post should be carried out.

This appears to be necessary. Interviews suggest that there are several interpretations of the appropriate roles in various areas for the International Director; the current incumbent finds herself having to interpret the role in contentious areas, and to some extent having to double-guess the members – and particularly the (still very new) Global Steering Committee – to get it right. An explicit conversation is needed.

This coincides with the forthcoming separation from OSF. Since this also involves some changes in the responsibilities of the International Director, a new job description is anyway needed by 2015. These aspects of change are covered in Section 3.10 below.

Within the current range of responsibilities, the primary area generating discussion concerns the balance between line management and institutional management on the one hand, and representation of the coalition on the other. At present, the International Director spends approximately 33% of her time on the road, representing the coalition in international and regional fora. There are interviewees who perceive this as being significantly higher, with 70% mentioned. Minimally, a clarificatory discussion is needed; and the difference between perception and reality suggests that there is a question of balance to be decided.

With the expansion of numbers in the Secretariat staff (the existing 2011 Job Announcement says there are two), and the growing complexity of both the

strategy and agenda and the base of grants to support the coalition's work, there is a commensurate growth in time needed for institutional and staff management. Some interviewees made the case for reduced travel in order to pay closer attention to these.

When they did so, they had a second reason, which relates to section 2.3 above. There are different understandings within the coalition on the extent to which the International Director should represent the international coalition, and the extent to which she should support members in representing the coalition. While some value the development of a 'face of the campaign', others see this as a collective responsibility which can and should be more frequently parcelled out amongst those members who have the capacity to represent the coalition effectively. Both geographically and thematically, there are members well placed to attend some of the necessary events. It is understood that often, when the International Director attends meetings, it is members who actually represent the coalition publicly; nonetheless, the extent of interviewees' perception of an issue suggests the need for an explicit conversation.

This review considers that, with significant growth in the complexity of the management function as the coalition and Secretariat have grown, there is a need for a careful reconsideration of the International Director's job description and the balance of time devoted to the different aspects of her role. One possibility is that she moves towards more involvement of members in representation, and spends more time at the Secretariat itself. This is a matter of degree, not an absolute; and finding the right balance must be a matter for the Global Steering Committee, particularly those of its members who support and supervise the International Director.

2.5 International Advocacy

The Secretariat's role in international advocacy clearly relates closely to the discussion above of the International Director's role. In addition, two staff are now in place to support members' engagement in international policy processes.

In interviews, a number of issues on the Secretariat's role were raised. The question, as in 2.4 above, of the balance between actual representation and enabling members to represent the coalition was one; on this, as suggested above, some rebalancing would improve the coalition's arrangements. In addition, several instances were cited of the Secretariat speaking on behalf of the coalition, taking a particular stance on a topic on which there were significant differences between members, so that some members felt their views were not represented. Some interviewees perceived this as undermining unity in the coalition, as well as evidence of a lack of process in determining some policy positions.

With a growing range of policy topics on which the coalition needs to be able to speak with one voice, resolving this is critical. The coalition needs to build or improve protocols on how it develops and agrees policy positions; and on how its representatives act in circumstances where a rapid response is

needed on a topic on which there is not yet an established coalition position. Responsibility for this is within the GSC's Terms of Reference; as its experience of its role deepens, this should be part of its agenda.

Without these, representatives – and the International Director and Secretariat in particular – are unreasonably exposed to criticism. And the coalition is unhelpfully exposed to the risk of reputational damage if it is seen externally not to be united.

There was considerable controversy, when the last EITI Board civil society representatives were selected, around the fact that the PWYP Secretariat coordinated the selection process, and the PWYP International Director was herself a candidate. While there are clearly cases to be made both for the Director to be a civil society representative, and for the Secretariat to focus purely on the coordination role, this review believes that this is a classic case of the facilitation/unity role trumping other objectives. The Secretariat's role should be – and should be seen to be – that of responsible coordinator of process, of playing the 'honest broker'; any other objective that could weaken its reputation in this area can never be as important as this. The GSC's Terms of Reference include oversight of the processes for EITI Board selection; it needs to consider how to fulfil this role effectively.

Supporting national advocacy campaigns is a related, but different, topic. The Terms of Reference for this review pose the question as, *'Do we simply coordinate international advocacy campaigns versus support for national advocacy campaigns that may require different skill sets and staff capacity?'* While the premise for this question is correct – actually doing or coordinating international advocacy requires different skills sets from building national coalitions' capacity to campaign in their own settings – it is not clear to this review that the answer to the question has to be either/or. Both/and is perfectly feasible – given the resources – and the review's understanding is that this is precisely the direction in which the Secretariat is moving with its rapid staff expansion.

With three personnel (International Director, EITI Coordinator, Mandatory Disclosures Officer) focused on international advocacy processes, the Regional Coordinators have a clear priority in building national coalitions' ability to campaign effectively within each country and region. The EITI Coordinator and Mandatory Disclosures Officer also have a role in supporting the capacity building, in (at least) ensuring national coalitions understand processes well enough to engage with them.

So, for an effective global coalition, the Secretariat needs *both* to coordinate international advocacy *and* to build national coalitions' ability to engage with national-level processes. The question of what role the Secretariat has in building capacity is the subject of the next section.

2.6 Capacity Building of Coalitions and Knowledge Management

The Terms of Reference for this review ask the question, '*To what extent do we go the capacity building route versus coordinating and brokering efforts of our INGO members ensuring complementarity?*'

The essence of a coalition Secretariat role is to ensure that the resources available amongst the members are maximised for the benefit of the coalition as a whole and all of its members. This suggests a role for the Secretariat that focuses on ensuring that knowledge, skills and specialisms available in some members are shared across the coalition, so implies '*coordinating and brokering*' rather than doing.

In practice, in PWYP, the best approach should be a little more complex. There is a high level of consistency amongst interviewees on this, and their perspective is sensible. There are some specialisms and areas of knowledge that are held by the Secretariat, which should also be drawn on, and are recognised by a wide range of members. This review suggests that these are:

- *Needs analysis:* The Secretariat knows the members – and particularly the national coalitions – better and more systematically than anyone else, having both regular contact with each one and an overview of the global coalition as a whole. It is better placed than any other body to understand and analyse the learning and capacity needs within the coalition. This is particularly true now that Regional Coordinators are engaging closely with national coalitions. So the Secretariat should have responsibility for identifying priorities for learning.
- *Organising:* When needs are identified, the Secretariat – again, particularly now that Regional Coordinators are in place – is better placed than others to set up learning opportunities such as workshops, conferences and meetings, and to structure these to ensure priority learning needs are addressed. In most circumstances (see below for exceptions), the actual content of these should draw on the knowledge and skills already available in the network. These specialisms may be held by INGOs, but a creative approach should also enable exchange between national coalitions when some have already experienced situations that others now face. Workshops etc do not, of course, need always to be face to face; webinars and other on-line opportunities can be cheaper and more effective, though they do not create community-building opportunities in the same way. Finally, the Secretariat's organising role need not require that they actually organise every event; it may be more cost-effective to pass an identified need on to a member best placed to deliver it, and leave it to the member to organise the event itself.
- *Creating exchange platforms:* A network's members should be able to draw on each other's expertise and experience in frequent, ad hoc, 1:1 ways. The role of the Secretariat is to ensure that the mechanisms or platforms for doing so are available and in use. So on-line forums should be made available that enable one member or national coalition to pose a question – '*we're facing this challenge, and are not sure how to deal with it; has anyone out there faced this before and what can we learn from your experience?*' – and be confident that others will read and respond.

- *Coalition-building*: The one area in which the Secretariat has skills and knowledge not held by other members is in coalition-building itself. Where a national coalition needs to develop its understanding and skills in running a coalition effectively – the how-to rather than the advocacy skills or policy knowledge – the Secretariat is better placed than individual members to supply the content of training and support. This is the one circumstance in which the actual content should come from the Secretariat, rather than from other members of the coalition or from outsiders. A particularly valuable and important element of this is already under way: the governance standards within the *Practice What We Preach* element of Vision 20/20.

So the Secretariat's role in capacity building is crucial and central. In nearly all circumstances, it should consist of knowing and brokering the needs of members on the one hand; and the knowledge, skills and experience of members on the other. When asked for capacity building support, the Secretariat's answer should not be *'I know the answer'*, but *'I don't know; but I certainly know who knows, and I'll put you in touch.'* The one exception to this is in coalition building.

2.7 (Joint) Fundraising and Grant Making

Financial relationships between the Secretariat of a network or coalition and its members are always complicated, and almost always result in damage to the unity of the coalition and therefore negative effects on its mission. This consultant is not aware of any network in which grant making by the Secretariat has been successful in these terms; and there are many examples of damage.

In a world of scarce resources, the temptation to raise money on the basis that it will be allocated to members is considerable. PWYP should resist the temptation. There is no way of making grants to members that does not involve decisions *not* to make grants to some members, and that (through monitoring and reporting on grants) does not involve making judgements about members' performance, with sometimes financial implications. In both cases, the members affected would lose face and/or resent the decision, and be envious of those who do get grants.

However, it is understood that there are circumstances in which both the global coalition and a particular national coalition might both benefit from making a single grant application together. In these cases, there may be a case for joint fundraising. The Global Steering Committee has recently sanctioned this approach, and provided it is managed professionally it could benefit the aims of PWYP. There remain dangers, because this could still result in, effectively, the international Secretariat disbursing money to a national coalition, and circumstances may arise in which the disbursement has to be refused. This may be occasions when this can be avoided if the lead applicant is the national coalition (at least in circumstances when the national coalition is strong, registered and well managed), rather than the international Secretariat, so that disbursements happen the other way around.

This review supports the view that joint fundraising should be done when appropriate. But there should be clear criteria and guidelines for the circumstances in which this is appropriate, set and agreed by the global coalition through its GSC (rather than by the Secretariat) so that members as a whole have oversight of its progress and management.

2.8 Supporting Governance

Part of the Secretariat's role in a network or coalition is ensuring that members develop and retain a strong sense of collective ownership of the coalition and its work. One of the simplest but most effective indicators of a coalition's strength is whether members describe the coalition as 'we' or 'us' rather than 'they' or 'them'. This is essential in ensuring that members choose to contribute their skills, knowledge and activism to the benefit of the whole coalition.

A key part of building this sense of ownership is through support for members' ability to govern collectively the strategic directions and management of the coalition. The Secretariat needs to support members' governance in a way that does contribute strategic thinking, but which never undermines members' oversight and decision making. 'Servant leadership' is a useful concept for the Secretariat's ways of working on this.

In PWYP, governance structures are new, still finding their feet, and not yet established in a way that would enable members to feel this sense of ownership of strategic direction and decisions. The change in relationship with OSF will almost certainly require some further fundamental changes to governance of PWYP anyway; but even without this, substantial further development is necessary. The GSC's and Africa Steering Committee's precise terms of reference and role are evolving through experience; they need to go further, and more explicitly oversee and support the roles of the International Director and Secretariat.

The most obvious deficit in member-ownership through the GSC is the fact that the International Director chairs its meetings. This is primarily due to the decision that the GSC took in its inaugural meeting to not elect a chair and not have an alternative mechanism using for example rotating chairs. It is not feasible for the International Director to play the 'servant' part of her leadership role effectively if she is not – and is not seen to be – actually serving and supporting GSC meetings.

So substantial work is needed to enable members to decide how they will select their representatives on the governing body or bodies of the coalition; how these representatives will function in governing bodies; and how they will choose their own leaders in a way that is acceptable across a diverse coalition, in a way that enables the Secretariat and International Director to serve the governance, not to lead it.

2.9 Roles and Functions Part 1: Conclusion

The Secretariat has expanded rapidly, and continues to change. The basic directions of travel in this expansion are well attuned to the needs of the

coalition; some fine-tuning is needed, primarily in deepening discussion of priorities and balance in the International Director's role and in recognising the need for investment in the basic systems, administration, funding and staffing required for a coalition of PWYP's size and complexity.

The essence of the Secretariat's role is in facilitating, enabling and coordinating the members to deliver the Vision 20/20 strategy, rather than in directly delivering the strategy itself. This enabling role 'trumps' other objectives if and when a potential dilemma arises on which direction the Secretariat should take. This understanding of the Secretariat's role underpins other commentary in this report:

- The International Director's role needs to rebalance towards management of the Secretariat, as its complexity grows; this may primarily need to come from an adjustment in expectations of travel.
- The coalition needs to develop more robust protocols for development of agreed positions (which representatives can then reliably communicate) and for situations in which representatives need to move rapidly on topics on which the coalition does not yet have agreed positions.
- Where Secretariat presence or candidacy jeopardises its reputation as coordinator and 'honest broker', it should focus on coordination – even if this means missing opportunities to represent.
- The Secretariat should *both* ensure effective international advocacy *and* build national coalitions' capacity to advocate at national level; there is not an either/or choice here but clearly depends on resources available.
- The Secretariat has clear added value, in the realm of capacity building, when it contributes needs analysis; organising; and creation of exchange platforms. In terms of content for capacity building, it should draw as far as possible on members' expertise and experience – except in the area of how to build coalitions effectively, where it has its own distinctive competencies which should be shared.
- The Secretariat should avoid becoming a grant-maker to members or national coalitions. Joint fundraising with national coalitions is an option; but needs clear criteria and guidelines to ensure it is done appropriately, and only when appropriate.
- Substantial further development of governance is needed in PWYP. While substantial progress has been made in the last two years, at present its under-development results in the Secretariat taking more of a leadership role than it likes or should; ultimately, it is the servant of the members – and of the governance structures in particular.

3. Operational Review: Separation from the Open Society Foundations: Options and Approaches

3.1 The OSF Arrangement

OSF has hosted PWYP's International Secretariat since its formation (with one short break from the arrangement). The Secretariat has grown from one Coordinator to a staff team in London of 7; throughout, it has operated in legal and administrative terms as a team within OSF. PWYP is not registered as a legal entity; it is legally a part of OSF.

This means that OSF provides line management for the Coordinator and then International Director. It formally employs all London staff, who are on standard fixed term OSF staff contracts and operate within its human resources policies. PWYP's financial administration functions in the same way as any other OSF team, with the OSF Finance Department administering all income and payments, and commissioning external audits. OSF's London office provides office space, reception and mail facilities. OSF provides all ICT equipment, including both landline and mobile phones, laptops and other computer equipment; these are serviced by OSF's IT department, which also provides software (including licenses) and support for all PWYP's IT needs. OSF's legal department oversees all PWYP's contracts with donors, consultants and other suppliers, advises PWYP on other legal matters, and requires compliance with OSF's legal frameworks and guidelines.

For most of PWYP's existence, all of these services were provided without charge, and OSF has also provided a grant to PWYP in the form of an internal transfer. Since 2012, some work has been done to cost some of the services to PWYP, and to charge for them. In 2014, a total of just over \$150,000 was charged, covering rent and utilities, office support (catering, mailing, events), IT and telecommunications, training and hardware. No charges were made for financial administration and management, for HR support or for legal advice. In 2015, it is expected that some of these will be charged for, with a commensurate rise in OSF's 'grant' to PWYP.

As the legal owner or guardian of PWYP, and as a prominent member, OSF liaises with a sub-group of the committee to ensure oversight of the International Director.

3.2 The Strategic Case and Options for Change

The arrangement with OSF has been of immense value to PWYP, nurturing it through its infancy and growth. It has enabled the Secretariat to remain slim and focused on the development of the coalition and the priorities of campaigning, without investment of staff resources in basic administration and financial management. There is a strong belief, across the membership interviewed for this review, that PWYP has now reached a stage of maturity at which a separation is due. So, apart from OSF's own strategic decision to ask PWYP to find new arrangements, there are reasons for the coalition to look at alternatives anyway.

The principle concern of interviewees is related to identity. Without a legal identity, the profile of PWYP is considered to suffer more generally. With a central role in its field, PWYP now needs – according to these interviewees – to be able to brand itself more comprehensively. While in campaigning itself, PWYP can use its own brand – and has done so very effectively already – in fundraising in particular it suffers from having to apply for grants as a unit of OSF. Since most donors know OSF as a wealthy grant-maker itself, this requires regular and difficult explanation. This is felt most keenly by those making grant applications, on the Secretariat but also amongst some national coalitions; but is also considered complex and unhelpful by OSF personnel themselves.

A related profile challenge is that OSF, being an active advocate itself and well known as a vehicle of George Soros, has its own profile and brand. Two interviewees (only two, despite prompting of others) had found that the close association and overlapping identity between OSF and PWYP was problematic in advancing PWYP's advocacy agenda.

While being part of OSF in legal terms has been of immense value to PWYP in many ways, it has meant that the practicalities of 'ownership' of the coalition by its own members have not had to be worked through. For a coalition as large as it is, PWYP has a seriously underdeveloped structure for direction-setting, oversight and ownership by its own members. This is (partly at least) because there has been no legal need to establish governance structures; OSF has provided the formal governance. There is no evidence from the interviews that this has been internally problematic; in some networks this type of arrangement can result in some members feeling that the 'lead agency' dominates policy formulation or skews strategic directions, and there was no evidence of this here, and some evidence that OSF had been very diplomatic in the ways in which it assured itself on its own liabilities without dominating the coalition's agenda-setting. But the existence of the OSF arrangement has contributed to the fact that coalition governance structures are not well developed. Some members expressed positive enthusiasm – and optimism – for the idea that the members would need now to step up to the plate and take governance responsibility.

In the Secretariat itself, there is wide recognition and appreciation of the extent to which OSF covers many of the functions which, in other circumstances, staff would need to take on themselves. However, there are also strongly felt and understandable concerns that the systems and procedures within OSF are designed to suit a very different organisation from PWYP, and are often over-elaborate, cumbersome and sometimes slow-moving for a coalition that has to be ready to be fast-paced and speedily reactive to external events. A small organisation needs good systems; but they could be greatly simplified, and decision making could be considerably faster, if PWYP were not part of OSF. This is a view also held by several of the OSF personnel interviewed for this review.

Related to this is the fact that contractual terms and conditions for Secretariat staff are better suited to a large, international institution than to a small, UK-based unit supporting an activist coalition.

So there are strategic, coalition-development and practical reasons for seeing OSF's request for PWYP to move on to be timely and appropriate. The question is: what should PWYP move on to?

There are two basic options available:

- Find a new host, probably from amongst PWYP's other international members, but possibly a different organisation from outside of the PWYP membership;
- Register independently as an organisation.

Asked about these two options, almost all interviewees within PWYP, and many beyond, believed that the second was preferable. A small number expressed no in-principle preference, saying that the best option would be the most practical.

The case for independence rested on two primary considerations. Firstly, it would enable PWYP more completely to develop its own external profile. This was seen as a benefit by some national coalition leaders, particularly those who felt that their campaign positioning was affected by association with OSF. There were widely perceived to be problems with any alternative hosting arrangement in terms of public positioning: each primary international member of PWYP has its own profile, which – despite of course substantial overlap with PWYP on the issues central to the coalition – is distinctive and occasionally potentially problematic.

The challenge of fundraising profile would not be resolved, either, by an alternative hosting arrangement, and in many cases could be worsened. PWYP is, in practice, in direct competition with many of its larger members for donor funds (which is not the case with OSF); interviewees could anticipate circumstances in which both PWYP and its new host would want to apply for a grant from the same source, and if the PWYP application were made in the name of the new host, the host's own application may not be viable (or vice versa).

Secondly, there was a widespread belief that 'we're ready for it': that the coalition has developed well enough to be in a position to take on the responsibilities of being an independent entity, in which members take genuine responsibility for ownership and responsible governance.

In addition to these perspectives from members, Secretariat staff believed that the practicalities of running the organisation would be simplified and streamlined in an independent organisation, and were hesitant about adapting to another organisation's systems.

This review concludes that the broad thrust of interviews, almost amounting to consensus, towards establishing PWYP as an independent entity, is correct, and recommends that PWYP move in this direction.

One clarification is important here: if PWYP registers, it should be the *international coalition* that is the new organisation, and *not* the international Secretariat as in some sense a separate entity from its coalition. It is vital for coalition development that members have genuine ownership of the registered body; and a Secretariat that develops a legal direction separate from its membership is liable over time to develop a separate identity as well, which ultimately would damage the coalition's future.

3.3 Registration as an Independent Organisation

If PWYP decides to register as an independent organisation, as a global network it has almost complete freedom on where to register. This review has explored options, taking into account decisions made by other international networks and federations.

The basic principle from which PWYP should start is enshrined in its strategy: practise what you preach. It is important for an international coalition advocating for transparency and accountability to demonstrate that it is willing to be accountable and transparent itself. So the option for the easiest and least demanding registration (which requires virtually no reporting) is not appropriate for PWYP. This rules out the Netherlands and Switzerland, options chosen by some international federations.

PWYP could take the option of registering in the South, in particular Africa where the coalition is already strong. This could usefully demonstrate that PWYP is determinedly not a coalition dominated by the North, but is southern-centred. There are two disadvantages in this option: firstly, a growing number of African governments are placing increasingly illiberal restrictions on the operation, resourcing and governance of civil society organisations registered in their countries; it would be unhelpful for a campaigning coalition to run the risk of restrictions of this sort. Secondly, registration can provide access to funding streams that are geographically specific; registration in either the US or a country within the European Union opens up (for the former) US foundation options or (for the latter) European Commission funding, which might otherwise be difficult to access.

Since the Secretariat is present in London, and likely to remain there for some time (see 3.5 below), it is recommended that PWYP registers in the UK. This should include registering both with Companies House as a company limited by guarantee, and with the Charity Commission as a charity. The Charity Commission has an active regulatory role, and a set of requirements that demand transparency on strategy, progress towards objectives and both sources and destinations of resources, so PWYP would be required to be transparent and accountable. This option would enable access to EU grant streams.

Registration in the UK enables access to EU funds. However, it also excludes fundraising from some US foundations, and from other regional bodies such as the African Development Bank. PWYP may, at some point in its future, want to consider how it can then best access these. Two options are possible: to register in multiple countries, with a US and an African sister organisation (which would add to the complexity of governance); or to apply for resources in partnership with the national coalitions that fit the geographical criteria of potential donors. This, though, is not an urgent priority.

If PWYP registers in the UK, it would need to allow approximately three months for registration to be processed and completed by the Charity Commission. Companies House takes substantially less time (a matter of days), so PWYP would be able to function as an organisation very quickly.

3.4 Governance of the Independent Organisation

An independent PWYP will need a formal governance structure. At present, the Global and Africa Steering Committees steer, but ultimately the responsibility and liabilities for PWYP lie with OSF. In an independent organisation, there will need to be a Board of Trustees which takes formal responsibility for ensuring the coalition has, and follows, a strategy, and does so within the law and regulations and with a prudent approach to finances.

To create a Board of Trustees, the membership as a whole will need to take some decisions about its composition, and how to ensure that the members have confidence in its role and are able to hold it to account for its decisions and actions. At least the following questions need to be considered and answered in order to set up a viable and effective structure:

- The Board needs to be small enough to function efficiently, meet cost-effectively and make decisions reliably; but it also needs to be composed in a way that gives all members confidence that their perspectives on issues are reflected in discussions and taken into account in decisions. What size should the Board be? Which voices need to be present for members to be confident in its decisions?
- Some global networks and alliances function with a dual-level governance structure: a small Board of Trustees to take the statutory decisions for the coalition; and a wider body, that is more broadly representative, for discussion of policy, advocacy and strategy matters. The latter does need to be advisory to the Board, rather than decision-making; but terms of reference can be set so that members have confidence in both. This enables the network to engage a wide range of voices in discussion of the matters about which most members want a say; while retaining a small enough body for statutory decision making. Is this a way in which PWYP could/should ensure both ownership and efficiency?
- For confidence and accountability, people making governance and strategy decisions need to be (s)elected by the membership; and need to be held to account in some form of members' assembly. What is the electorate in PWYP? The national coalitions? The coalitions plus the international organisations? All 800 members? On the basis of one member, one vote; or weighted according to some measure of their

importance and/or size? How frequently should assemblies take place, given that the norm of an Annual General Meeting is prohibitively expensive? Are there virtual ways of enabling members to participate directly in elections and other aspects of governance that would normally happen at assemblies?

- The Board of Trustees needs to have good governance skills. If the Trustees are (s)elected from amongst the members, how will PWYP ensure that it has the right skills on the Board to ensure it can function effectively? Some Boards reserve some places for co-option, to fill skills gaps after each election; others provide members with a list of skills and experience required in a good trustee, and rely on the members to elect wisely. How should PWYP approach this?
- A global network registered in the UK does not need to have any UK nationals on its Board. However, it can be useful to have someone present, who has experience and knowledge of UK regulators' approaches to governance, finance and accountability. Is this something PWYP would want? If so, how would it (s)elect such a person?

All these questions need answers before a Board of Trustees can be put in place. This will require a process of consultation and decision making within PWYP, which will take some time. However, various aspects of transition from OSF to independence (see below) will require the existence of the independent organisation, at least on paper, before they can be fulfilled. So PWYP may need to put in place a transitional Board, perhaps selected from the Global and Africa Steering Committees, to be the Trustees until such time as the members can (s)elect on the basis of agreements on how this should be done. It is understood that a global strategy meeting in May 2015 may provide such an opportunity.

3.5 Location and Office Accommodation

It is feasible for the Secretariat of PWYP to be based anywhere – or indeed, not to have a base at all, but with home-based staff located in different parts of the world. The options for this were explored, for this review, in discussion with Secretariat staff both during individual interviews and in the meeting on preliminary findings.

With many other changes needed in the transition from OSF, and with many recent changes in the Secretariat, it is important that – at least in the medium term – there is as little disruption as possible to the staff team. For this reason, it is recommended that the Secretariat headquarters should be in London. This will help ensure that staff are not obliged to leave the organisation because of location changes.

Beyond the medium term, it would be feasible to change the location of the Secretariat, or to function as a widely-distributed distance-managed team. There are, anyway, several Regional Coordinators already in post, so diverse locations and distance management are already a reality. It is suggested that PWYP should take an increasingly flexible approach to staff location, so that it can focus on attracting the best personnel available for its work; but that at

least in the medium term, and possibly into the more distant future, a hub location remains valuable for staff cohesion.

OSF has made it clear that remaining in the OSF building in London is not a practical option. While there are advantages to being amongst other personnel who share PWYP's ethos and vision, there are anyway very mixed views amongst the staff about the appropriateness for a campaigning organisation of such a central, expensive-looking base.

So a move to another location in London is a requirement. There are three basic options, within which there are many variations:

- Moving into the office space of one of PWYP's members, paying rent and service fees;
- Moving into vacant office premises without services;
- Moving into a serviced building, alongside other companies or organisations, in which (for example) internet cabling, reception services, shared meeting rooms and copying facilities, etc are provided; within this there are two sub-options:
 - A commercial building with primarily commercial clients;
 - A building designed for civil society organisations and/or start-up social enterprises.

For the first option (sharing with a PWYP member), this review has explored only two possibilities, neither of which would be feasible. However, there may be other possibilities, and since it has potential advantages and would be likely to be cheaper to organise in the short term, it is recommended that PWYP explores the option further.

Vacant office premises are significantly cheaper than a serviced building. This would require considerably more preparation work during the transition period, as all facilities would have to be organised and contracted in by PWYP; while the option should not be ruled out, this is a significant disadvantage for a small Secretariat with limited administrative and institutional management capacity.

The third option – a shared, serviced building – is the preference of Secretariat staff, as it potentially provides a more congenial atmosphere within which to work for a relatively small staff team. It also has the benefit of providing many services which would otherwise have to be found – and paid for – elsewhere. For a Secretariat that has functioned to date with all of these facilities provided, and which therefore has limited current capacity for facilities management and administration, this makes sense, providing the opportunity to remain small and streamlined as a unit. This review has explored several possibilities, both commercial and civil society based; details of contacts are in the Annex; several possibilities are realistic and some would be excellent. Monthly rental and service charges for 700 square feet or 70 square metres in a serviced building cost approximately £3,000 per month, or £36,000 per year.

It is suggested that PWYP hires an office search and move consultant; seeking office space can be extremely time-consuming, and there are specialists in all the requirements of organisations in both searching for and moving into office space. Revenue Watch Institute paid £2500 for a search consultant, but this did not include the office move itself.

3.6 Financial Management

Of the range of services currently provided by OSF that PWYP will need to organise, financial management and administration is the only one that this review considers should be handled entirely in-house by the Secretariat. The only financial function that will need to be outsourced is that of external audit; an annual budget of £10,000 would be adequate.

The number of transactions in PWYP's finances is not large, but there are times when speed is crucial; and with increasing complexity of funding sources, in-house handling will enable increasingly sophisticated coding to ensure that restricted funds are used responsibly and to the maximum.

This will require additional staffing. Advice during interviews suggests that a part-time bookkeeper would be able to handle the processing and recording of incoming and outgoing transactions; one interviewee suggested that the ideal recruit could be someone with parenting responsibilities at each end of the day, who could work a few hours in between.

In addition to the bookkeeper, the Secretariat needs someone who can take management decisions, can think strategically about resources alongside a Treasurer, and can advise the International Director on finances. This, taken alone, is not a full-time role; but – as in many other smaller organisations – the role could also take lead responsibility in the Secretariat for the organisation and oversight of other support functions. In the US, this would be a Chief Operating Officer role – a position proposed by a number of interviewees; in the UK and Europe, it is more commonly known as Finance and Administration Manager.

PWYP will need to create its own financial policies and procedures. One of its members – Global Witness – has offered to share its handbook of policies and procedures; it is recommended that this – possibly alongside other examples – should be taken and adapted as the basis for a PWYP handbook, so that policies and procedures do not have to be created from scratch; it will, of course, need to be adapted to PWYP's particular needs.

The costs to an independent PWYP of financial management, therefore, would be the salary of a bookkeeper; part of the salary of a Finance & Administration Manager; and the cost of an external auditor.

3.7 Human Resources

In moving away from OSF's umbrella, the Secretariat will need to transfer the employment of all London staff from OSF contracts to contracts with the newly-formed PWYP charity. UK employment law covers these circumstances through the Transfer of Undertakings (Protection of

Employment) regulations (TUPE), which essentially require the new employer to provide the same terms and conditions as those which covered employees with their previous employer. Since there are several terms and conditions that both PWYP and staff would like to vary, there will need to be a period of negotiation to ensure that staff are protected through any variations.

The Secretariat is not large enough to justify employment of a HR specialist, even on a part-time basis. So it is recommended that PWYP outsources support for HR management. The Finance & Administration Manager should be responsible for oversight of the outsourced function; the Bookkeeper can provide back-up administration.

Outsourced services can vary from a full service, including drafting of all documentation (policies, procedures, contracts, handbooks, letters), staff training if desired, 24-hour advice, employer indemnity insurance (provided the advice is followed), and in some cases cloud-based add-ons for monitoring leave, sickness absences etc; or it can be tailor-made to the organisation's needs.

A full outsourced service, including all documentation, costs in the region of £400 + VAT, or almost £500, per month. Outsourcing for advice, but dealing with handbooks, contracts etc in-house would cost about £250 + VAT, or £300 per month. So, for £6,000 or £4,000 per year, most HR functions can be covered.

On top of regular monthly charges, at least one company offers a flat rate for setting up the entire HR system, including contracts, HR policies and procedures, and on-line monitoring systems, at £5,000.

If the fully outsourced option is not taken, it is recommended that the Finance and Administration Manager becomes an Affiliate Member of the Chartered Institute of Personnel and Development (CIPD), which provides the necessary legal updates and examples of good practice. PWYP would then also need to create its own HR Manual; Global Witness is willing to share its own HR Manual, from which appropriate modifications could be made.

3.8 IT & Telephony

OSF anticipate some work, but no delays or problems, in separating PWYP's files and software from those of OSF and preparing them for migration into a new PWYP system. In previous cases of separation, OSF has donated existing equipment, including laptops and mobile phones, to the separating organisation, and they would anticipate doing the same with PWYP. OSF were also clear that they would be able to support creation of new software licenses and phone accounts.

To set up, and then maintain, a new PWYP IT set-up, an outsourced company is clearly required. Costs vary between cloud-based and server-based systems, with the former marginally more expensive to operate and with greater set-up costs. Since PWYP needs a system that enables at least Regional Coordinators to access all aspects of the system, and possibly also

enables password-based access for coalition members, a cloud system would probably be more convenient and effective for its needs.

Initial consultation time and setting-up costs should be budgeted at about £2,000. Construction of a database could be added to this work, but would be separately costed. Recurring monthly charges for maintenance and 24-hour support would be approximately £750, or £9,000 per year.

While OSF will provide existing laptops and other equipment as part of the separation arrangements, PWYP will need to budget for replacements over time. Equipment for 15 staff members (including Regional Coordinators), replaced every three years, is estimated to cost on average approximately £15,000 per year.

Telephony should be budgeted at £10 per month per handset; assuming 15 handsets, this would cost PWYP £1800 per year.

3.9 Legal Advice

PWYP currently has an arrangement, through Thompson Reuters Foundation, for pro bono legal advice, in addition to the support of the legal department of OSF. Both, however, are due to come to an end before PWYP becomes fully independent; and PWYP will need independent legal advice for some aspects of the separation from OSF, when discussions between lawyers for each party will be needed (for example, for TUPE).

PWYP is exceptionally well placed to find further, and more permanent, pro bono legal support. This consultant is aware of a number of similar arrangements for organisations that have a degree of profile, and an agenda that is of active interest to the legal profession. While pro bono support in some other support areas can be problematic (when the organisation's needs – not being paid for – tend to be deprioritised by the pro bono provider), this is not a problem experienced in the legal profession. It is recommended that all contacts and avenues are pursued to find pro bono support, and there is a reasonably good chance of success.

However, prudent budgeting should include an amount for legal advice, in case pro bono support is not forthcoming. Actual amounts would depend on usage, but £10,000 per year should be more than adequate to cover PWYP's needs.

3.10 Staffing Implications: Roles & Functions of the International Secretariat Part 2

Section 2 of this report outlines some perspectives on the roles and functions of the Secretariat, and concludes that – while it is part of OSF – the current and planned staff positions in the Secretariat are well attuned to the needs of the coalition. When it separates from OSF, some further changes are needed.

The International Director's role changes from that of team leader within a much larger organisation (who, of course, has many leadership

responsibilities in the global coalition), to a chief executive officer (CEO) of an independent organisation. This carries significantly more management and leadership responsibilities, with reduced access to support and supervision from a line manager, and direct accountability to a Board of Trustees. These changes need to be recognised in a refreshed job description.

Plans are already under way to change the Africa Programme Manager position into a Programmes Manager post, taking line management responsibility for Regional Coordinators and the two policy process Officers. This should enable the International Director to step back from some of her current direct line-management engagement in programme work.

Alongside this, as suggested in 3.6 above, this review recommends creation of a post of Finance and Administration Manager. This post should cover responsibility for financial management, fundraising, human resources, facilities, IT and office management. It should include management of the Bookkeeper, the Finance and Fundraising Officer (whose job description may need revision in light of these other changes), and possibly the Programme Assistant.

Part of the research for this review has been to gather some sample job descriptions for the Finance and Administration Manager, which are separately available as an Annex to this report. Parallel to these are sample job descriptions for the CEO, from which PWYP can draw in refining the role of the International Director. Relatively minor changes to these would be needed, to make them appropriate to PWYP's situation.

This suggests, then, that the Secretariat is led by a small Management Team consisting of the International Director, the Programmes Manager, and the Finance and Administration Manager. This combination should be adequate for effective line management of programmes work, effective management of the institutional functions that will be necessary after departure from OSF, and a focus for the International Director on strategic leadership, strategic coalition development, leadership of the Management Team and line management of its members, and representation (for both advocacy and fundraising).

The proposed part-time Bookkeeper should have a job description that primarily focuses on financial administration, but includes administrative support for other functions in Finance and Administration. The Programme Assistant job description is currently under review; it would be useful to align this with the other additional and changing roles in the Secretariat.

Regional Coordinators are currently on consultancy contracts or are employed by local hosts because of constraints on OSF employment contracts at their dispersed places of work; all would prefer to be on the payroll of PWYP after the transition from OSF. This would be a sensible option, but does create the requirement that a new HR Manual would need to be adaptable to different employment law in different countries, and salary scales would need to be adaptable to different national circumstances – significantly adding to the complexity of the HR function.

These are the changes considered necessary to enable the Secretariat to function effectively for the coalition after separation from OSF. In terms of cost, they amount to two additional posts (one part-time), and possible changes to other salaries arising from changing levels of responsibility.

3.11 Net Costs of Running an Independent Coalition

The various staff posts, rentals and services outlined in this section carry the following costs per year in running an independent coalition. This is, at this stage, a crude first estimate; PWYP would be wise to include a substantial contingency in its planning for unforeseen changes and additional costs.

Item	Cost (£ sterling)
Rent & related services in serviced building	36,000
Audit	10,000
Human Resources outsourced services	6,000
CIPD membership	200
IT services	9,000
Telephony	1,800
Equipment replacements	15,000
Legal advice	10,000
Finance & Administration Manager	60,000
Bookkeeper	25,000
Total	173,000
<i>Less current OSF charges \$155,000 @ 0.58</i>	90,000
Net total	83,000
<i>Plus contingencies @ 20%</i>	16,600
Working net budget	99,600

So, for PWYP to function effectively as an independent coalition, it needs to secure new income of approximately £100,000 per year to cover the (largely) new overheads. This could come from a number of sources:

- OSF may be willing to recognise its savings in staff time (in the legal, HR and finance departments, for which it does not currently charge) through an increase in its contribution
- Other existing donors, during interviews for this review, indicate a willingness to recognise 'more realistic overheads' in their future contracts
- Future funding applications need to be based on full-cost-funding budgets.

This combination needs to be put in place over the coming twelve months, so that by summer 2015 the Secretariat is in a position to function effectively in independent mode.

3.12 Transition Arrangements

OSF has specified that PWYP should aim to be independent of its arrangements by August 2015 at the latest. A substantial amount of work is needed to be ready for the change; and much of it will carry significant costs. The remaining sections of this report outline the main components of that

work, and estimates of the associated costs. The following, at least, needs to be done:

Registration:

- Identify lawyer to support the registration process
- Decide and develop content of Memorandum and Articles of Association (constitution)
 - Decide extent of member consultation on content of constitution, consult members
- Decide on interim Board of Trustees, and means and timetable for replacing them with a Board (s)elected by members
- Register with Companies House
- Register with Charities Commission
- Set up bank account

Governance:

- Consult members on governance structure
- Decide governance structure
- Consult members on election frameworks and Assemblies
- Decide election frameworks and Assemblies

Office space:

- Identify office search consultant
- Search & identify office space
- Plan office preparation (cabling, furnishing etc)
- Plan and execute office move

Financial management & donor contracts:

- Develop all policies & procedures needed for a new organisation as a Financial Management Manual
- Work with OSF to isolate and make available PWYP historical accounts
- Decide a level of reserves appropriate to PWYP's turnover; work with donors to establish how this will be created
- Work with OSF to finalise PWYP accounts, transfer records and assets
- Inform current donors of impending changes
- Negotiate and arrange transfer of donor contracts from OSF to PWYP
- Decide approach to new donor applications: when and how to set up PWYP rather than OSF as signatory of applications and party to contracts

Human resources management:

- Decide whether to use the comprehensive outsourced HR service
 - If not, acquire Global Witness HR Manual and modify
 - If so, identify HR service organisation and hire
- Engage legal support for TUPE
- Engage with London staff team on modifications to OSF terms and conditions
- Engage with Regional Coordinators on transfer from consultancy to employment terms; decide a phased transition
- Develop contract of employment

IT & telephony:

- Work with OSF on isolation of PWYP files and systems
- Arrange with OSF for transfer of equipment, software licenses and phone contracts
- Engage outsourced IT support to set up PWYP systems, security, IP address
- Ensure office space has cabling requirements for internet, phones
- Purchase supplementary equipment
 - AV equipment
 - Routers
 - Firewall
 - Switches

Staffing:

- Develop job descriptions for Bookkeeper and Finance & Administration Manager
- Adapt job descriptions for International Director, Funding & Finance Officer, Programme Assistant for consistency
- Advertise & recruit for Finance & Administration Manager, Bookkeeper

A first-draft timeline for this work is in the Annex. This suggests that, with careful planning, sufficient funds and some good fortune, it should be feasible to complete the transition within the 12 months available.

3.13 Management of the Transition

This is a complex range of projects, each element of which requires expertise and a fine attention to detail; and each of which interfaces with other elements. Given the shortage of management and administrative capacity in the Secretariat, it is recommended that a Transition Project Manager is hired, probably on consultancy basis, at the earliest opportunity, and given responsibility for project management of the entire process. The International Director will need to line manage the position closely.

Much of the process also has potentially important impacts on the coalition as a whole. It is recommended that the Global and Africa Steering Committees create a small Transition Sub-Committee to oversee the process on behalf of members.

Finally, OSF personnel, drawing on their experience of other similar transitions, have recommended that OSF also appoints a project manager for their side of the transition process. Sequencing and scheduling are critical, and dispersed responsibilities across a range of departments need coherent oversight. Equally, PWYP's Transition Project Manager needs to have one person with whom to liaise at an overall level.

3.14 Transition Costs

The costs of the transition are estimated to be approximately as follows. A significant contingency should be included.

Item	Cost (£ sterling)
Legal advice: registration, TUPE, lease, contract transfer	10,000
Office search consultant	2,500
Office preparation (furniture, cabling, connectivity)	10,000
Office move	2,000
HR systems, contracts, manual, set-up	5,000
IT & telephony equipment & installation	10,000
IT consultancy: systems set-up	2,000
Transition project manager (consultancy basis)	30,000
Sub total	71,500
Add contingency @ 20%	15,000
Total transition costs	86,500
Add establishment of reserves*	200,000
Total resourcing required	286,500

* Reserves estimated at approx 3 months of unrestricted expenditure (assuming expenditure of \$2.5m or £1.45m, of which 50% is unrestricted)

3.15 Conclusion: Main Decisions at the Global Steering Committee & Africa Steering Committee meeting, 10-11/8/14

The Global Steering Committee and Africa Steering Committee held a joint meeting on 5-6 August 2014 to discuss the contents of this report. Their main decisions were:

- To form an independent Publish What You Pay, as recommended in section 3.2
- To register the organisation in the UK, as a Company Limited by Guarantee and a Charity, as recommended in section 3.3
- To develop the governance structure for the newly-registered organisation, consulting the membership and Global Steering Committee at appropriate stages
- To set up a Transition Committee to oversee the process of transition from PWYP's status as an initiative within OSF, to an independent organisation; the Terms of Reference for the Transition Committee are below.

Transition Committee: Terms of Reference:

The transition committee will:

- Review the draft PWYP governance manual and the draft Articles of Association and provide comments prior to the transition committee meeting
- Attend in person one transition committee meeting (date TBC) to review the draft PWYP governance manual and draft Articles of Association and provide further comment and feedback as necessary on these documents and other relevant aspects of the transition

progress at that stage; approve a one-pager drafted at the meeting by the consultant which will be sent to PWYP members for consultation

- Be available by email to the consultant once feedback from members and GSC/ASC has been received and synthesised into the draft governance manual and job descriptions
- Review and sign-off on revised job descriptions (GSC will also review and sign off)
- Receive monthly updates *by email* from the secretariat on transition progress (following monthly meetings between secretariat, transition project manager and consultant) and comment as necessary/required