

International Governance Decisions

This document is the final version of the document discussed at the July and September 2009 Board meetings.

Glossary

WaterAid	All parts of the global enterprise.
WaterAid Members	The WaterAid organisations that raise and distribute funds. NB: the term 'Alliance' which is used to describe the current countries (the UK, the USA and Australia) will be phased out as the new structure is put in place. For the purposes of this document the term 'Members' doesn't refer to the individual or organisational Members of the existing organisations.
WaterAid international	The organisation proposed to own the name and logo, take responsibility for establishing WaterAid organisations in new countries and for regulating their relationships.
International Board	The Board of WaterAid international.
Secretariat	The staff of WaterAid international.
Country Programmes	The countries in which WaterAid Members deliver programmes of work.

Background

WaterAid is embarking on an ambitious Global Strategy for 2009-2015, a key part of which is to develop a global organisation that continues to respond to the water and sanitation crisis. This new Global Strategy will be used by all current WaterAid Members as the foundation of all WaterAid work.

The work on international governance contributes to the delivery of the Global Strategy. The international governance arrangements will set the framework for the long term development of WaterAid, beyond the period of the current Global Strategy and in readiness for an upturn in the global economy.

We believe that WaterAid will have greater impact if it raises and spends funds in many countries of the world. By expanding into other countries of the world to fundraise, influence and deliver we will be able to transform the lives of more people living without access to safe water, improved hygiene or sanitation.

Until now expansion into new fundraising countries has been entrepreneurial and organic. It is proposed that these and future developments are put into a framework that consolidates relationships between current WaterAid Members and provides the foundations for further growth of the international network.

As we expand, the need for common vision, mission and values as well as greater co-ordination of strategy and policy will also grow. We are keen to be proactive and prepare for the opportunities that becoming more global provides. This requires us to create ways of working and structures that will support this global expansion.

The focus of this work is on the model of governance and governance structure for WaterAid as a global organisation. It aims to establish the best way for WaterAid to operate in the future.

The contents of this document were discussed and agreed at the Board Meetings in the UK of the 16 July and the 03 September and December 2009.

Underpinning Principles

<p>Principle 1</p>	<p>Achieving WaterAid’s mission as effectively as possible is fundamental to all we do and the collective global interests of WaterAid are paramount</p> <p>WaterAid has a very clear sense of ‘how we do things around here’. The glue that holds WaterAid together is our ethos i.e. the values, vision, mission and approach – all articulated in the Global Strategy.</p> <p>In establishing WaterAid as a global organisation, it is crucial that WaterAid remains ‘one organisation’, although separate legal entities are required in different countries and WaterAid Members need to be responsive to the local context. However, to maximise the number of people who are able to benefit from safe water, improved hygiene and sanitation, the interests of the collective global organisation will take precedence over the specific interests of any particular country.</p> <p>To support this principle we will have one Global Strategy, common standards and we will always speak with one voice.</p>
<p>Principle 2</p>	<p>WaterAid international will only undertake activities that it will deliver more effectively than WaterAid Members</p> <p>WaterAid will apply the principle of subsidiarity in developing its international network. The overwhelming majority of work will be the responsibility of WaterAid Members.</p> <p>The secretariat itself will be small and will remain so to ensure that it does not become an organisation in its own right.</p> <p>Many global level activities will be undertaken by those member countries that are best positioned to complete the work successfully on behalf of the global organisation.</p>

Principle 3	WaterAid will only have one delivery organisation in each of the regions or countries where services are provided WaterAid will agree criteria for determining where it operates and give one member sole responsibility for delivering programmes in that region or country (see also Decision 20).
Principle 4	The membership of WaterAid international will be countries with the capacity to raise significant funds Membership of WaterAid international is dependent on being able to directly raise significant net income from national sources. The amount required to become a member and other membership criteria will be agreed by the international Board of WaterAid.

Decisions

Control and legal status	
Decision 1	<p>The expansion of WaterAid will be achieved by adopting a federal structure in which member organisations are governed by an international body</p> <p>The international body, is granted responsibility for accepting (and if necessary expelling) Members and for regulating the global organisation in the interests of all of its members.</p> <p>The international body will be called WaterAid international (WAI).</p>
Decision 2	<p>WA international will be controlled by its Corporate Members</p> <p>The corporate Members - i.e. the Members licensed to use the WaterAid name and raise funds - are responsible for appointing Board members (see also Decision 11); agreeing the Memorandum and Articles of Association; and taking any decisions on winding up WaterAid international.</p>
Decision 3	<p>The functions of WA international will be limited to those activities which are essential to maintaining global co-ordination and the most effective delivery of the global strategy</p> <p>The essential functions of the international body will be:</p> <ul style="list-style-type: none">○ To establish criteria for new country Members to join WaterAid○ To license WaterAid Members to use the name and logo○ To approve the global strategy and the process for monitoring and reviewing this○ To take responsibility for developing new Members○ To provide global level co-ordination of plans to implement the strategy○ To gather and aggregate global data on WaterAid's performance○ To approve global standards and ensure adherence by Members for:<ul style="list-style-type: none">○ Operations○ Influencing○ Communications○ Fundraising

	<ul style="list-style-type: none">○ Human resource development and leadership○ Emergency procedures and escalation processes○ To establish criteria and secure agreement on regions and countries where Members can operate○ Take action when any country does not up-hold the reputation of WaterAid or meet agreed standards (see Decision 7).○ Agree the founding Trustees of new country Members.○ To commission WaterAid Members to undertake cross cutting work across WaterAid <p>Where it is appropriate activities will be carried out by WaterAid international through the secretariat. The secretariat <u>will not</u> have responsibility for managing country programmes.</p> <p>It is envisaged that co-ordination will usually be carried out by delegating responsibility for activities through the secretariat to the best placed WaterAid member(s). The responsible member would involve other Members as required. The outcomes from this process would then be for agreement by the international Board. The role of WAI is to facilitate this process and mediate any disputes.</p> <p>WA international will be responsible for securing opportunities for sharing of support services to release economies of scale and enhance co-ordination (e.g. IT, Finance and HR)</p>
Decision 4	<p>WA international will be established as a company limited by guarantee, with charitable status and based in the UK</p> <p>This is the most easily managed legal vehicle for WAI and is appropriate whilst WaterAid in the UK is the largest member of WAI. Other legal forms and jurisdictions could be considered in the longer term.</p> <p>The Memorandum and Articles of Association will establish:</p> <ul style="list-style-type: none">○ The legal purpose○ That 'corporate members' of the Company will appoint Trustees to the charity, augmented by independent trustees co-opted by the Board.○ That the quorum for meetings will be more than half the members

	<ul style="list-style-type: none"> ○ That an EGM can be called by 10% of the members ○ Other 'standard' terms for companies with charitable status
Decision 5	<p>There will be two categories of Members of WaterAid international</p> <p>Whilst new country Members are being established they will be licensed to operate as 'Associate Members'. Associate Members will have 'observer' status on the international Board until their governance, management and fundraising capacity meets agreed criteria when they will be eligible to become 'Full Members'. There will be an agreed timescale for Associate Members to meet these criteria.</p> <p>Full Members will appoint members of the Board and there will be a co-option process for the independent trustees.</p> <p>In the early stages of development it is likely that all full member countries will have a seat on the Board. As the membership grows membership of the organisation and a position on the Board will need to be decoupled to keep the Board to a manageable size.</p> <p>WAI will establish the criteria for new entrants to join the federation and criteria for refusing admission. Criteria will require new (and existing) Members to fully adopt the vision, mission, and strategy of WaterAid.</p> <p>The criteria will lay down expectations about the new Members' capability to raise funds. Existing Country Programmes will be able to join the federation as Members where there is a strong business case and an ability to raise funds.</p>
Licence Agreement	
Decision 6	<p>Relationships between WA international and Members of the federation will be governed by a licence agreement</p> <p>The licence agreement will:</p> <ul style="list-style-type: none"> ○ Articulate a common vision, mission and values for WaterAid ○ Create obligations for Members:

	<ul style="list-style-type: none"> ○ To register in their country as not for profit organisation ○ To comply with agreements of the international Board ○ To operate only in countries and regions where authorised by the international Board ○ To collaborate with, and have mutual respect for, other WaterAid Members ○ To comply with agreed policies and quality standards ○ To comply with planning, budgeting, monitoring and reporting requirements including the adoption of common financial year and accounting standards, evaluations, audits and other procedures agreed and overseen by WAI ○ Protect the name (to stop Members bringing the name into disrepute, damaging the goodwill or taking actions that conflict with the aims of WaterAid) ○ Protect WaterAid marks making WAI the sole and exclusive owner of the name and logo and requiring country Members to use the name properly and adhere to agreed corporate designs ○ Establish a process for commencing and terminating membership ○ Establish a dispute resolution procedure ○ Require Members to brief their Board members and staff to understand the role of the international Board and secretariat
<p>Decision 7</p>	<p>There will be robust and appropriate sanctions for Members who breach the license agreement</p> <p>The success of WaterAid will be dependent on the mutual trust and respect between WaterAid Members and WA international. All involved will have to work to develop and maintain working relationships that promote global interests to achieve the mission.</p> <p>However, where WaterAid Members do not meet the high standards or breach the terms of the license (this could be in upholding the vision, mission and values of WaterAid or in performance) there will be sanctions, set out in the licence agreement, ultimately leading to the revocation of the license and the withdrawal of the right to use the name, logo and brand.</p> <p>Procedures for this will be drawn up and will be detailed in the proposed Governance Manual (see Decision 17).</p>

<p>Decision 8</p>	<p>There will be effective dispute resolution procedures</p> <p>WA international will have effective procedures to swiftly arbitrate on disputes and conflicts of interest. The dispute resolution procedures will only be invoked on issues that are within the remit of WAI. Other disputes will be managed between WaterAid Members, with the secretariat and ultimately the Board playing a mediating role if required.</p>
<p>Governance arrangements</p>	
<p>Decision 9</p>	<p>The purpose of the international Board will be to govern WA international in line with its Memorandum and Articles</p> <p>The Board will focus on delivering top quality governance of WA international and ensuring that it delivers the essential functions set out in Decision 3.</p> <p>The international Board will not have responsibilities for managing WaterAid activities across the globe. Those functions will be performed by the Chief Executives of member countries under the governance of their respective Boards.</p>
<p>Decision 10</p>	<p>The Board of WA international may establish committees</p> <p>Task related committees of the Board will be kept as few in number as possible. It is envisaged that there may be a need for a Standards Committee; a Nominations Committee and an Audit Committee.</p>
<p>Decision 11</p>	<p>The majority of the Board will be drawn from WaterAid Members plus at least 2 independent trustees</p> <p>The Board members of WA international will normally be the Chairs of the Boards of WaterAid Members. Should the chair of a WaterAid member be unable to be the representative on the international Board, that Board can nominate an alternative member of their Board, who would be expected to fit the person specification.</p> <p>Such representatives would be attending with the full authority of the member organisation and mandated to speak on its behalf.</p>

	<p>Independent members will bring an independent and global perspective to the Board and act as a source of expertise on our mission and the contexts in which we work. They would also have a role as arbitrators, mediators and facilitators. They will not represent the interests of any country.</p> <p>The power to co-opt independent trustees will be with the WA international Board.</p> <p>Independent trustees will not be directly connected with organisations that receive funding from WaterAid and must declare an interest should this arise subsequently.</p>
<p>Decision 12</p>	<p>The chair of the international Board will be chosen by the international Board</p> <p>The Board of WAI will choose its Chair through its Nominations Committee.</p>
<p>Decision 13</p>	<p>The Board of WA international will have a maximum of 12 members</p> <p>In the short term it is envisaged that each full member will have at least one seat on the Board of WA international. Since the UK currently raises the majority of the funds the UK will have two trustee representatives on the Board and no decision can be made without these trustees indicating their agreement (as per Article 14.2 of Articles of Association).</p> <p>When the number of WaterAid Members exceeds the maximum size of the Board (12) then a process for electing members will be determined by the Board of WAI in consultation with the Members.</p>
<p>Decision 14</p>	<p>Independent trustees and members who are not country organisation chairs will be selected to serve on the Board of WA international on the basis of skills and experience</p> <p>The founding members and subsequently the Nominations Committee of WA international will agree a person specification for Board members. They will be selected for their skills and experience and assist in bringing understanding of the contexts in which we work to the international Board as well as the expertise as mediators and facilitators.</p> <p>The founding members or Nominations Committee will determine whether individuals proposed to sit on the</p>

	Board meet the skill and experience requirements for membership of the Board.
Decision 15	<p>Board members will have an agreed term of office renewable once</p> <p>Members will normally sit on the Board for two terms of a length that is agreed on appointment and re-appointment and reflects circumstances in relation to their membership of their country Board. Where the ending of service on a national Board isn't co-terminus with the ending of service on the international Board, then the international Board will consider flexibility in extending terms appropriately.</p> <p>WaterAid will work towards ensuring consistency of the length of appointment on all Boards.</p> <p>Board member performance will be reviewed 6 months before the end of their first term and appointment for a second term will depend on delivering high value during the first term of office. Earlier reviews can be carried out in circumstances where conduct or performance is not up to the required standards. Initially some independent trustees will be appointed for varying terms to ensure that there is no sudden exodus of experienced people when the first terms expire.</p>
Decision 16	<p>The international Board will meet a minimum of once per year</p> <p>Initially it may need to meet more regularly until the governance arrangements have bedded down.</p>
Governance Procedures	
Decision 17	<p>WAI will be responsible for maintaining governance procedures</p> <p>These procedures will be set out in a manual that describes the detailed governance arrangements for WAI. It will cover arrangements that are not contained in the memorandum and articles. It will be regularly updated to reflect the changing circumstances of WA international.</p> <p>It will include:</p> <ul style="list-style-type: none"> ○ The role of the Board and its committees ○ The role of the Chair ○ Job descriptions for Board members

	<ul style="list-style-type: none"> ○ A Code of Conduct for Board members ○ A schedule of delegations to the secretariat ○ Procedures for agreeing standards ○ Arrangements for disciplining Members ○ Criteria for terminating membership ○ Arrangements for ensuring good relationships between Chief Executives of member organisations ○ Induction arrangements ○ Conflict of interest policy ○ Expenses policies ○ An appraisal procedure for the Board ○ An appraisal procedure for individual Board members ○ Other matters determined by the international Board ○ Audit procedures ○ Dispute resolution
<p>Decision 18</p>	<p>There will be a review of governance arrangements after 3 years, or earlier as required</p> <p>Recognising that circumstances change, a thorough review of all the governance arrangements will be commissioned by WA international for the end of the third year of operation of WAI. This review will consider whether the UK should relinquish its majority voting rights, based on the proportion of income raised by Members other than the UK.</p>
<p>Funding</p>	
<p>Decision 19</p>	<p>WAI will be funded by its Members</p> <p>The costs of establishing and running WAI will initially be met by WaterAid in the UK, Australia, and the US. From October 2010 the costs will be met by its full Members in proportion to their gross income.</p> <p>WA international will not have its own fundraisers, will not fundraise in competition with its Members and will not develop its own income stream.</p> <p>Full Members will pay an investment levy that will be used as ‘restricted funding’ for investing in new</p>

	<p>WaterAid Associate Members. The levy will be agreed by the international Board on an annual basis. This budget will be managed by the Secretariat, but in practice it will be delegated (at least in the interim) to WaterAid in the UK as the member with the capacity to undertake this work.</p>
<p>Delivery of the Global Programme</p>	
<p>Decision 20</p>	<p>Members will be given responsibility for delivering WaterAid’s programme in each part of the globe</p> <p>WA international will be responsible for developing, maintaining and reviewing criteria for opening new Country Programmes and taking final decisions on which member will lead delivery in each country. This will take into account the need for WaterAid to maintain coherent regional management structures.</p> <p>If a member raises funds for a region or country where it is not operational, these would have to be spent through the country that had operational responsibility for that region or country.</p> <p>WaterAid Members will be allowed to operate within their own country boundaries, where appropriate, in line with the agreed global criteria for programme operation.</p>
<p>Decision 21</p>	<p>WA international will be responsible for co-ordinating fundraising from international sources</p> <p>WaterAid member countries will raise funds from the public and national sources. The international Board will be responsible for agreeing which countries will be responsible for raising funds from multi-lateral government funds and multinational corporate funds. WAI will become proactive in allocating responsibility for managing particular funders to particular countries based on skills and experience, supporting collaboration between Members and in resolving any disputes.</p> <p>WAI will build upon the existing ethical fundraising policy, establishing clear standards on sources countries can fundraise from and sources with whom WaterAid would not wish to be associated. Development of this approach will be delegated to a WaterAid member. A working group will manage this until October 2010.</p>
<p>Transitional arrangements</p>	

Decision 22	<p>The proposals in this paper will be implemented in the timetable in the Appendix</p> <p>Implementation of this timetable will enable WA international to have its Board in place for March 2010 and staff in place by October 2010 at the latest. The hand-over of authority will take place in a series of steps after October 2010 (to be agreed now these decisions have been agreed).</p> <p>In the intervening period, the establishment of WAI will not distract from the ongoing delivery of WaterAid work. Nothing will stop or slow down whilst we are in this transition process.</p> <p>In the transition period, the Boards and Executive of each WaterAid will ensure that all other Members are alerted to any activity that may have a global impact.</p>
Decision 23	<p>The Board of WA international will initially have 8-9 members, until the 3 year review (see Decision 18)</p> <p>The Board at the launch of WA international will have 8 or 9 members (1 each from USA, Australia, Sweden and India, 2 from the UK and 2 or 3 independent members). As per Decision 4 Sweden and India will initially be Associate Members</p> <p>The initial Board will include the Chief Executive of WaterAid in the UK as an observer.</p> <p>It is envisaged that virtually all WA international decisions will be taken by consensus. However, in recognition of its size and responsibilities, the UK will have a majority of the voting rights for any decision that came to a vote, at least until the governance review agreed at Decision 18.</p>
Decision 24	<p>The release of WaterAid's name and logo currently owned by WaterAid in the UK will be assigned to WA international at the earliest opportunity once there is a functioning Board in place.</p> <p>Improper or inappropriate use of the name, logo and therefore the brand could lead to long term damage to WaterAid's reputation that would severely affect its ability to operate successfully.</p> <p>WaterAid in the UK currently owns and controls the name and logo i.e. the intellectual property of WaterAid.</p>

	<p>The UK Board has a duty to ensure that it does not hand over control of assets (including intellectual property) until it is satisfied that WA international is fully established and has the capacity to manage the licence arrangements, brand and logo. However, given that the founding members of WaterAid international are also Board members of WaterAid in the UK sufficient safeguards are in place.</p> <p>WA international will become the owner of the WaterAid brand and intellectual property and will license its use by WaterAid Members (see Decision 6).</p> <p>Members of WaterAid in the UK will need to be alerted to this proposed transfer and this will be done at the AGM in 2009.</p>
Decision 25	<p>The first chair will be selected by mutual agreement with the current Chairs of WaterAid license holders</p> <p>The first Chair of the international Board will be the Chair of WaterAid in the UK, this will be for a one year term. After 1 year the international Board will revisit the issue of who should be chair of the international Board.</p>
Decision 26	<p>The initial operating regions and countries are agreed by the UK Board and will be ratified by the WA international Board when it is established.</p> <p>It is proposed initially that:</p> <ul style="list-style-type: none">• WaterAid in the UK has management responsibility for the current 3 recognised regions in Africa and 1 in South Asia.• WaterAid in Australia has management responsibility for South East Asia and the Pacific Region.• WaterAid in India, once independently established, delivers in India, retaining links into the Asia regional structure.• WaterAid in America will have management responsibility for the Latin America and Caribbean region. <p>Subsequent decisions on operational responsibility would be taken by WA international.</p>

*As agreed by the WaterAid Board in the UK in their 2009 July and September meetings. Finalised 29.09.09
Amendments following Dec 2009 WAI Steering Group*