

Board Meeting 2/19

8 February 2019 15:00-17:00 SE Asia Standard Time

Venue: <https://global.gotomeeting.com/join/495930357>

Participants

Interim Board

Matthias Bickel	GIZ (Chair)	Louke Koopmans	Mars Food
Jackie Hughes	IRRI (Co-chair)	Paul Nicholson	Olam International
Mark Radka	UN Environment (Co-chair)	Sanjay Sethi	Phoenix Group
Adrian Sym	AWS	Christ Vansteenkiste	Rikolto
Diederik Pretorius	Ebro Foods	Charles Butcher	Syngenta
Jai Sheel Oberoi	LT Foods		

Secretariat

Wyn Ellis	SRP Secretariat	Peter Sprang	SRP Secretariat
Lea Las Pinas	SRP Secretariat	James Lomax	UN Environment

Regrets

Huynh Van Thon	Loc Troi Group	Ladda Viriyangkura	Rice Department, Thailand
Natasha Straker	Westmill		

Invited

Keith Jones	Croplife Asia (alt for Charles Butcher)
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Meeting Report

1. Chairperson's remarks

- The meeting was called to order at 15:00 SE Asia standard time.
- JS Oberoi (Chair) welcomed participants to the inaugural meeting of the new SRP Interim Board.
- Recognizing the results of the election for IB Chairperson, he welcomed Matthias Bickel (MB) and thanked him for agreeing to take up the position. JSO thanked the Interim Board and Secretariat for their support and commitment over the past 8 months, and expressed high expectations for SRP under MB's chairmanship. He then handed over the chair to MB.
- MB thanked the Board for their trust and indicated he would do his utmost to serve alongside a strong and committed Interim Board. In his view, the recent Plenary and General Assembly held in Siem Reap was a great success for SRP and indicated that despite the challenges ahead, the alliance fully deserves to prosper in the coming year.
- With some major decisions pending, he encouraged all Board members to work together to seek compromise in the interests of consensus.

2. Approval of report of last meeting and adoption of agenda

- The report of the last meeting of the Advisory Committee/Interim Board (1/19, 15 January 2019, Annex 1) was approved without amendment.
- The agenda, as circulated, was adopted unanimously.

3. Election of Chair of Interim Board

- WE formally announced the result of the election, which was held by secret ballot from 6-8 February. He congratulated MB and welcomed him as the incoming Chair. On behalf of the Secretariat, he also thanked all 5 nominated candidates for their commitment and extended his appreciation to JSO (Outgoing Chair) for his guidance and statesmanship, as well as all outgoing board members.

4. SRP legal entity

- WE introduced a preliminary analysis (Annex 2) summarizing the two main options under discussion, and their potential financial / legal implications. He also shared an updated analysis of these options, including additional legal forms in 3 jurisdictions (Ireland, Switzerland and Singapore) contributed *pro bono* by Bernadette Bodenmueller, based on her own corporate experience.
- Annex 2 also sets out proposed next steps, timeline and milestones to implement the resolution of the General Assembly on 23 January, which empowered the Interim Board to come to a decision on the optimal legal form by 24 March. He emphasized that the document was intended only as a first attempt to frame the discussion and identify potential issues and requested contributions/corrections from IB members to ensure a robust document.
- JH listed several concerns and factual errors in the document and objected to the language in Section 6.3(3) stating that "SRP governing body would need the right to sue IFS for any unreasonable interference in the grant pooling mechanism." PN clarified that if IFS will collect funds on behalf of SRP, then SRP must have legal rights in order to safeguard its assets. JH clarified that IFS would have a fiduciary duty to hold SRP funds separately from IFS.
- In regard to Section 8.3 of Annex 2 (GIZ Professional staff time) JH requested that the positions of Peter Sprang and planned SRP Executive Director be shown as an IRRI contribution, rather than GIZ, as both posts are hosted by IRRI.
- AS raised a point of principle- that the document discussed legal and organizational setup, rather than governance. Governance should be designed to drive the business model and goals, and the organizational setup should be designed to facilitate these goals. The SRP Standard and the SRP's multi-stakeholder membership are both key strengths, and both require a particular type of organization and governance. He proposed that for context, Annex 2 should include an introductory section on governance, to cover key elements including guidance on SRP's identity and goals. WE clarified that the Strategic Visioning Exercise clarified SRP identity and goals, while governance processes would be a matter for the Statutes and Bylaws.

- Before discussing specific questions, MB requested MR to provide context for the SRP's evolution and position of UN Environment. MR noted that the SRP has evolved from its origins in discussions among 4 organizations to its current institutional membership of 100 organizations across the stakeholder spectrum. This growth has led to challenges in financial administration, particularly resulting from UN competitive procurement rules that generally preclude sole sourcing. UN Environment's ability to execute contracts with for-profit entities is therefore constrained. Overall, the fund management system works but is cumbersome for SRP and not ideal as SRP's interests begin to broaden to include income from commercial activity e.g. training and assurance. A doubling in the SRP membership would present major challenges; meanwhile, the status quo remains manageable for as long as necessary. However, it is clear that alternative modalities are needed to improve efficiency and flexibility.
- JH requested that IB members submit specific questions so that IFS can respond. The following points were raised by IB members:
 - MB regarded the entity as a stepping stone to leverage grant funding to transform and finalize services and achieve organizational sustainability once scale has been reached.
 - AS considered that as a multi-stakeholder standard organization, SRP aims to deliver value to the private sector, and must therefore recoup some of that value. The Thailand entity (Option 1) facilitates this process. SRP needs to develop a business model that goes beyond efforts to access grants and draw lessons from other commodity standard systems, e.g. in provision of services.
 - LK asked whether grants would be subject to VAT under Option 1 (Thailand), and WE responded that grants are tax-exempt.
 - LK also noted that donors require applicants for funds to show at least 2 years of relevant track record. Would SRP's track record reside with IFS as the legal entity in the event of a future independence of SRP?
 - JH confirmed that a newly-established Thai entity would not pass the due diligence process for either IFS nor IRRI and no financial interaction could be conducted in either direction.
 - Following up, MB concluded that this would rule out Option 1b, and asked how would IFS interact with the physical Secretariat in Bangkok? How would funds be channeled for local operations? JH responded that the Secretariat would be 'legally capacitated' to open a bank account in Thailand under the auspices of IFS to manage local costs of Secretariat operation.
 - AS questioned how a local bank account in Thailand could be opened without a legal entity.
 - SS asked how would different revenue streams be treated for tax purposes by the two options? JH clarified that all potential income sources (e.g. member dues, training, licensing, royalties, assurance, certification, conferences and consultancy) would be classed as tax-exempt grants.

- WE asked whether the two options would place a cap on management fees deducted from large grants (under both status quo hosting by UN Environment, and under IFS).
- MB added that Annex 2 is a helpful starting point that needs contextualizing. In the interests of clarity, MR asked all IB members to submit all corrections to Annex 2 by next Wednesday 12:00 Bangkok time. (The document was shared as a Word document to allow use of track-and trace). In addition, MR invited members to identify specific issues to be addressed or further clarified. The Secretariat will then collect all queries and submit to respective proponents for clarification.
- CV inquired whether we are limiting our analysis to the two main options, or whether additional options may be considered. MB clarified the wish of the GA to assess the 2 main options but still allow additional proposals. The IB's task is to come to a final decision by 24 March on Option 1,2, or neither, while in parallel, to invite IB members to submit any new options for consideration. However, only if neither of the two main options proves feasible should the IB review alternatives.

[Action 1: IB members to review and provide inputs to the text of Annex 2 and submit any specific questions regarding Options 1 and 2 by Wednesday 13 February 14:00 Bangkok time]

[Action 2: WE to circulate an updated Annex 2 within next few working days]

5. Retail Group Engagement Strategy (Annex 3)

- WE presented a progress update as follows:
 - WE thanked GIZ for funding a short-term consultancy by Bernadette Bodenmueller (marketing consultant) to develop a Retailer Engagement Strategy for SRP.
 - She has now completed her assignment and her proposal was approved by the General Assembly on 23 January, with a provision that the budget be reviewed to leverage communication and marketing departments of corporate SRP members to cover some components and reduce the cash requirement. Commitments were made by Syngenta and others to contribute to the cash requirement.
 - Fundraising efforts began following the GA, including an email request by CB to corporate members, meetings with Green Invest Asia, Kellogg's and CIRAD, and inclusion of a retailer engagement component in 3 ongoing pipeline proposals (Mars-EU, SWITCH-Asia and UN Environment internal competition for Norway-Sweden bilateral funds).
 - Dialogue with Tesco (UK) has continued, and an agenda has been developed for a Strategy Workshop with leading UK retailers to be held on 29 March in London or Robinson College Cambridge, co-hosted by Kellogg's and co-located with the Cool Farm Alliance Annual Conference.
 - The RE strategy will leverage the value of SRP's key tools by facilitating their uptake among downstream actors. With raised internal and external expectations from some of the world's most important retailer groups, it is

imperative to maintain the momentum we have built by re-hiring BB to lead implementation and coordinate in-kind support from corporate partners. This effort will help ensure a credible narrative and positioning vis-à-vis retailers.

- CB stressed this will be a challenging task, but the clear message from the membership is that this is essential to SRP's success and external credibility.
- LK agreed, emphasizing it is crucial to bring retailers on board. Even with a reduced member dues level of \$5k, this remains challenging, and clarity is still needed on claims and costs. We certainly need to look at a B2B approach, rather than on-pack claims. It was acknowledged by all that on-pack claims will require a long lead time to operationalize.
- PN expressed the view that without governance we may not have a common vision. He considered it premature to seek cash funds but had no objection to in-kind support at this time. He agreed that B2B approaches were preferable to on-pack logos, especially until intellectual property ownership of assets created, and liability issues can be resolved.
- SS suggested that retailer engagement could be safely paused for a few months until funds are available.
- Given the importance of this work, JSO urged the IB to agree to proceed even in the absence of complete information. He proposed to re-hire BB using available resources from ad hoc contributions and proceed with retailer engagement to build our knowledge and understanding. LK agreed, noting that retailers will also take time to mobilize.
- MB commented that though we need clarity on who will hold SRP assets, pausing is not the appropriate response. With significant momentum already built and growing expectations externally, we need to communicate that SRP is evolving and that a new entity is under development.
- With CB reiterating Syngenta's commitment to offer 20k in support to re-hire BB for the coming period, it was agreed to proceed as proposed.

[Action 3: WE to send job description for BB to CB and discuss modality]

6. 8th Plenary Meeting and General Assembly

- WE briefed the Board on event highlights, summarized in Annex 4, and Outcomes of the General Assembly (Annex 5). Documentation including all presentations have been circulated to all participants. The event was well-received and was successful particularly at the political level, with bilaterals held between UN Environment and FAO Assistant Director General and Regional Director for Asia-Pacific (Kundhavi Kadiresan), IRRI-FAO, FAO-private sector.
- IRRI also held a bilateral meeting with the Minister of Agriculture, Forestry and Fisheries (MAFF), H.E. Veng Sakhon, who presided over the opening ceremony.
- The Cambodian Government was well represented with the Minister of MAFF accompanied by Dr Ngin Chhay, Director General of the Directorate General of Agriculture, representatives of the Ministry of MOWRAM and the Deputy Governor of Sem Reap Province all in attendance.

- Cambodian SRP partners announced their intention to establish a National Chapter for SRP in Cambodia, chaired by Dr Ngin Chhay. The National Chapter will develop National Interpretation Guidelines for the SRP Standard v 2.0.
- PN requested metrics for success (what was the potential maximum target attendance, how many members participated, from what stakeholder categories, and who were the no-shows?) There is a need to agree on the level of ambition, and to target key members/institutions with an aim to meet their needs and expectations.
- WE indicated that an analysis is in preparation and commented additionally that there is a need to differentiate the Plenary from the paid Global Sustainable Rice conference.
- CB commented on the richness of the agenda and the range of different SRP work areas covered in the programme. Presentations were of a high quality and rigorous, and the FAO dialogue was very useful. In terms of stakeholder engagement, he was impressed with diversity of attendees and opportunities for networking.
- SS asked if live streaming could be considered for future events. LLP reported that the Secretariat has previously explored this possibility and noted that the Plenary meeting is a once-a-year opportunity for members to meet and interact face-to-face. In addition, the SRP Conference provides a revenue stream through registration fees. Live streaming would disincentivize physical participation at both the Plenary and Conference events.
- LK noted a shared sense of accomplishment among members and stakeholders and proposed that more prominence be given to featuring these achievements (e.g. farmers reached, country presence and other targets realized).
- AS felt the format was somewhat repetitive but very constructive. The quality of discussions was high, with an impressive level of interaction and government engagement.
- IB members agreed that more time should be allocated for the General Assembly to allow meaningful discussions.
- MB thanked all members for their feedback and congratulated the Secretariat for a positive event outcome. WE expressed thanks to event partners WCS, IFC and IRRI Cambodia for their support, as well as LLP/PS and Joren de Neve (intern).

[Action 4: LLP to conduct a review of SRP events' objectives and target outcomes]

7. Secretariat Operations

- WE reported that the SRP Annual Report 2018 (Annex 5) has been circulated and provides a comprehensive 114-page overview of SRP's programmes, activities and impacts during 2018.
- Noting the under-resourcing of the SRP Secretariat, MB offered an update on GIZ support for SRP human resources, including allocated time of GIZ staff members for SRP activities (Annex 2 refers). He also provided an update on contract extension for PS under the GIZ-CIM programme, as well as potential GIZ-IRRI support to regularize WE's Executive Director position through the same scheme.

- MR confirmed that SRP has sufficient funds from member dues to extend current contracts for WE and LLP for a 6-month period (from April-October 2019), and cover additional funds to cover SRP contribution to PS salary costs to Q3.

[Action 5: Secretariat to prepare updated SRP organizational chart]

8. Any other business

- Additional comments and suggestions were raised as follows:
- AS requested to include business model development on the agenda of the next Board meeting, and requested more time to review documents prior to meetings;
- In view of the different groups operating within the Secretariat, and the aim to reorganize and replace Working Groups with Technical Committees, PN requested an organization chart to map out structure and support needs;
- In relation to the review of Legal Entity options, DP asked about IFS Board composition, since basic information could not be found e.g. via a website. PN and CB added that a KYC approach will be a prerequisite or any contractual or financial relationship with IFS. Whilst a full due-diligence exercise is not needed, publicly available documents for IFS should therefore be requested and shared with the Board.

[Action 6: WE to request pertinent IFS documents from AJ Poncin, IFS Executive Director]

Annexes

Annex 1: Meeting Report – Interim Board 1-19 15 January 2019 (approved)

Annex 2: Proposal for Legal Entity: Comparison of governance options / operational costs (1st draft)

Annex 3: Retailer Engagement Strategy: Summary and Progress Update

Annex 4: Event Highlights and Key Outcomes – 8th SRP Plenary Meeting, Siem Reap

Annex 5: General Assembly Outcomes – SRP 8th General Assembly

Annex 6: SRP Annual Report 2018