

Advisory Committee-Interim Board Meeting 1/19

15 January 2019 15:00-17:00 SE Asia Standard Time

Venue: <https://global.gotomeeting.com/join/969227365>

Participants

| | | | |
|--------------------|------------------|----------------------|--------------------|
| Jai Sheel Oberoi | LT Foods (Chair) | Charlie Butcher | Syngenta |
| Diederik Pretorius | Ebro Foods | Matthias Bickel | GIZ |
| Jackie Hughes | IRRI | Paul Nicholson | Olam International |
| Mark Radka | UN Environment | Louke Koopmans | Mars Food |
| James Lomax | UN Environment | Christ Vansteenkiste | Rikolto (VECO) |
| Wyn Ellis | SRP Secretariat | Peter Sprang | SRP Secretariat |
| Lea Las Pinas | SRP Secretariat | Hammad Naqi Khan | WWF Pakistan |

Regrets

| | | | |
|---------------------|---------------------|--------------------|---------------------------|
| Rab Nawaz | WWF Pakistan | Ladda Viriyangkura | Rice Department, Thailand |
| Huynh Van Thon | Loc Troi Group | Ha Chu | Bayer |
| Elizabeth Hernandez | Corteva AgriScience | | |

Meeting Report (Draft)

1. Chairperson's remarks

- J S Oberoi (Chair) welcomed participants and requested a focus on key decisions ahead of the SRP General Assembly in Siem Reap on 22-24 January.
- WE informed that resolutions from this meeting would be tabled at the GA would be circulated to AC/IB members by Friday for further circulation to the membership ahead of the GA meeting.

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

- The report of the last joint meeting of the Advisory Committee / Interim Board was approved.
- WE proposed deferring Agenda Item 5 due to lack of time.
- Agenda as amended was adopted unanimously.

3. SRP 8th Plenary Meeting and General Assembly

- LLP briefed the meeting on preparations and the programme (Annex 1). The event as attracted considerable attention and is now fully subscribed. Registration has now closed at 130 participants.
- FAO Regional Director Kundhavi Kadiresan and the Minister of Agriculture, Forestry and Fisheries, H.E. Veng Sakhon, will deliver keynotes on Day 1.

- Documentation for General Assembly participants will be circulated on Friday 18 January, following resolutions of this meeting concerning legal entity, dues structure, Secretariat organization and election process (Agenda Item 4).

4. SRP 8th General Assembly Agenda Items

4.1. Legal Entity

- JH briefed the meeting on additional input from IRRI's legal counsel in Singapore (Annex 4 – draft Stakeholder Agreement), which was shared and discussed with the Governance Task Force at its meeting 1/19 on 14 January.
- The IRRI Foundation Singapore (IFS) is registered under the Companies Act. Under the IFS, SRP would be set up as a legal entity with its own board which would report to the IFS board. Emphasizing the close alignment among all stakeholders, JH raised the possibility that IFS may invite the Chair of the SRP Board to participate with Observer Status on the IFS Board. The SRP Board would thus be able to act with full autonomy; the IFS Board would not concern itself with SRP's operations in any way, except in the event of legal or reputational issues.
- An estimated 3 months would be needed to secure official approval of application to create the SRP entity and register the name in Singapore.
- Further clarification is sought on the legal liability and fiduciary duties of board members and liability insurance requirements, while JH confirmed there is no implication for Secretariat location.
- Recurring costs are limited to annual audit costs. JH indicated that administrative overheads charged by IFS would depend on what services SRP requires; the rate would be a matter for negotiation. (IRRI's own administrative overhead is 15.67%, while pass-through funds attract a lower rate).
- WE summarized the second option – a Not-for-profit member Association (NPFA) registered in Thailand. MB stressed this is not a GIZ proposal.
- The NPFA differs from IFS in its cost structure (no administrative overheads, with office support / administrative services executed directly by the SRP Secretariat). Income from member dues would therefore be applied directly to services without deduction.
- NPFA offers flexibility through wide discretion in drafting statutes. Oversight would rest entirely with the SRP Board. There is no requirement for Thai nationals on the Board, and foreign entities may join the entity directly as members.
- Comments on the NPFA were as follows:

- HNK: always better to have an independent body for a commodity standard. If hand-holding is required then IFS could be an interim option towards full independence. IRRI oversight is provided in both options.
- LK: Political risk in Thailand as NGOs are not favoured.
- CB: Favours the independence granted by NPFA.
- WE: Important to differentiate SRP's identity (defined by its leadership and members) from the legal form. From an external perspective, the operations and effectiveness of any commodity platform is of more interest and significance than its legal personality.
- JH: Concern over NPFA and time needed to establish operational office including financial and audit structures. She noted that IFS already has all the necessary structures in place.
- KJ: In response to MR's question in regard to any existing NFPAs in Thailand, KJ pointed to the Thai Association for Innovation in Agriculture (Thailand's CropLife representative) and the Asia-Pacific Seed Association (APSA).
- MR: UN Environment wants to maintain a close supporting relationship with SRP and would be ready to continue to provide the Secretariat service as an interim measure.
- JSO: For IFS, the costs are higher, with a lower degree of autonomy. However, as IFS board would not be interested in micromanagement, what is the degree of autonomy required for the SRP Board under IFS?
- MB: Administrative overheads leads to inefficiency in applying member dues, particularly when funds are transferred repeatedly. In the Thai case there would be no overheads.
- JK: In response to HNK question regarding potential conflict of interest where the two organizations might compete, JH confirmed that IFS does not operate as a business and there is no COI.
- JSO informed the meeting of the outcome of the Governance Task Force, noting that it was unable to conclude with a clear recommendation to the Interim Board as further information is needed to inform a recommendation. He proposed presenting overviews of both proposals to the GA and allow an open discussion on the understanding that no decision would be made at the GA itself.
- MR agreed, adding that the GA should be asked to entrust the IB to take a decision within a month. JSO stressed the need for an early decision by the IB.

[Action: WE to revise the comparison (Annex 5) in light of new information]

[Action: WE to organize video link and organize presentations to GA in liaison with JH and Thai law firm]

4.2. Integration of AC/IB and election process (Annex 6)

- WE proposed a normalization of the internal governance structure of the Advisory Committee and Interim Board, in the interests of efficiency, transparency and legitimacy. The GA presents an opportunity to establish the Interim Board as a single elected steering committee for the SRP, until establishment of a legal entity allows a statutory Board to be legally constituted.
- A decision is required because of the implication for the forthcoming election of Advisory Committee members. He summarized two options (Annex 5) for the election process.
- JL raised the need for discussion on the composition of the IB. CV responded by proposing that the current composition as agreed by the Visioning Exercise be retained, as this board serves only in an interim capacity.
- DP proposed Option 2 as this maximizes representation and legitimacy. This was agreed unanimously, on the understanding that composition would be reviewed later on.
- CB proposed selection of Option 2 (full election of all elected seats on Interim Board) and was seconded by JL. The motion was carried unanimously.

[Action: WE to proceed with call for nominations, following process in Option 2]

4.3. Dues structure 2019

- The Secretariat conducted an analysis of current dues levels and proposes maintaining the current structure and contribution levels, but with the introduction of one additional membership category- retailers and certification bodies. This is intended to broaden membership to include these important stakeholder categories.
- The proposed dues structure for 2019 is presented below.

Proposed SRP Annual Member Dues Structure 2019

| No. | Member Category | Annual Member Dues (USD) |
|-----|---|--------------------------|
| 1 | Governmental bodies, UN/International organizations, local NGOs, farmer/farmer groups, private companies (SME) (US\$<10m) | - |
| 2 | International NGOs, International research institutes, *Food retailers, *Certification bodies | US\$ 5,000 p.a. |
| 3 | Private companies State enterprise (US\$ 10-100m T/O) | US\$ 10,000 p.a. |
| 4 | Private companies, State enterprises (US\$>100m T/O) | US\$ 20,000 p.a. |

**Proposed additional member categories*

- Proposing the motion to accept the motion, JSO was seconded by PN. The motion was carried unanimously.

4.4. Secretariat organization

- WE referred to the Strategic Visioning Exercise recommendation to increase Secretariat capacity and reorganize functions to reflect emerging needs.
- MR/MB explained the offer by GIZ/BMZ to make use of the GIZ Integrated Expert (CIM) arrangement to provide a 2-year contract to the SRP Coordinator, with IRRI as the host organization contracting with GIZ. 70% of salary costs would be borne by the German Government, with the remainder provided by SRP. This is the same arrangement under which Peter Sprang (SRP Technical Coordinator) is currently employed.
- MR clarified that the change will not be affected by the choice of legal entity and will not affect Secretariat hosting arrangements at UN Environment.
- MB informed that IRRI needs to submit its request to the German Government by the end of January. The proposed job description/TORs/KPIs will be shared with the Interim Board for approval.
- WE noted the urgent need to increase Secretariat capacity, including administration. However, it was felt this should be deferred pending decision on legal entity.

Annexes

Annex 1: Preliminary Programme, SRP Plenary / General Assembly (for info)

Annex 2: Draft SRP Annual Report 2018 v 18 Jan 2019 (for info)

Annex 3: SRP Financial Statement Q4 2018 (for info)

Annex 4: Draft IFS Stakeholder Agreement

Annex 5: Proposal for Legal Entity: Comparison of governance options (for discussion)

Annex 6: Proposal for integration of AC and IB (for decision)