

Board Meeting, June 22nd, 2011

Meeting: AADK Board Meeting Date and Time: 22.06.11 3pm – 8pm

Present: Dines Justesen (DCJ), Helen McEachern (HMC), Berit Asmussen (BAS), Steen Folke (SFO), Amalie Bosdatter (Alternate # 2) (ABO), Arvid Aagaard Jensen (AAJ), Hans Beksgaard (HBE), Tea Fromholt (alternate #1 TFR), Asmae Badr-Ibrahim (ABI) and Trine Pertou Mach (TPM).

From the Secretariat: Frans Mikael Jansen (FMJ), Kirsten Devantier (KID), Claes Amundsen (CAM), and Lea Sofia Simonsen (LSS).

Guest: Claus Witt and the official auditors from KPMG for point 7

Absent: Elsebeth Krogh, Kirsten Bruun, Karen Jørgensen and Nis Benn

Minute-taker: Lea Sofia Simonsen

Meeting was held in English and the minutes were approved in English.

Agenda:

1. Welcome and approval of the agenda
2. Approval of minutes from the board meeting on 06.04.11
3. Discussion and Approval of Mandate for Steen Folke at AAI General Assembly 2011
4. Presentation on the new AAI International Secretariat Structure – Helen McEachern
5. Plan for AADK Evaluation and Strategy Development Process
6. Annual Council meeting September: 1. Discussion of ideas of agenda, 2. Discussion on Political Rolling Plan 2011-2013, 3. Constitutional Changes
7. Final Approval of 2010 Accounts
8. Orientation on status of 2011 Budget
9. Feedback on the AADK Action Day and Council Day
10. Any Other Business

1. Welcome and approval of the agenda

Trine Pertou Mach welcomed the board to the meeting, and introduced the board to the new AADK Director of Communication and Fundraising. TPM ascertained that the board had enough members present to level decision-making authority.

% **The board approved the agenda.**

2. Approval of minutes from the board meeting on 09.02.2011

% **The board approved the minutes without changes.**

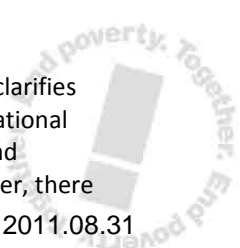
3. Discussion and approval of mandate for Steen Folke at the AAI General Assembly

Steen Folke gave a presentation to the board regarding the more politically relevant points for AADK on the AAI General Assembly agenda, such as the final draft of the AAI international strategy, the Resource Allocation Framework draft, and various motions. In this presentation, SFO presented the overall introduction to these points, the various positions that AADK could possibly take during the voting, and his perspective on the optimal position for AADK. The intention of this presentation was to provide the board with a political overview of the processes behind these points, as well as the possible positions and political consequences during the assembly voting process. The board would decide the final voting position for AADK.

- AAI international strategy draft: This draft had moved forward positively in very open and participatory rounds, and the draft being presented in July showed considerable improvements from the AADK perspective, particularly in terms of the link between local work and international advocacy and campaign, epitomizing the local to global linkages desired. However, it must still be noted that the strategy still encompasses all of the same activities as in the previous strategy, meaning that the scope has not been focused significantly. However, the focus within the key change promises and the significant prioritization which matches with AADK political priorities has made this a favourable strategy.

% **The board approved voting in favour of the AAI international strategy.**

- RAF: AADK must argue that the Resource Allocation Framework is a necessary framework, as it clarifies rules and regulations within AAI and allows for a transparent financial process within the international network. The RAF draft has additionally moved forward positively in the participatory sharing and commentary rounds, and the present draft is significantly improved in the eyes of AADK. However, there



are still concerns linked to AADK's ability to see itself within the current RAF structure which pays into the AAI International Secretariat through unrestricted funding. This is due to our significant institutional funding and more minimal unrestricted funding in relation to the majority of organisations within AAI, who have a structure of generally more unrestricted funding due to child sponsorship programmes. These unrestricted fund requirements provide an obstacle for AADK (as well as similarly structured AA members, i.e. Nivas) for the next few years, as they do not allow for budget relieving to be used to a degree that would enable AADK to provide the amount of funds required by the RAF. Additionally, p. 13 in the RAF cites that if budget relieving is to be used, then it must show a direction of moving towards unrestricted funding. Additionally, all budget relieving possibilities are very strictly defined and are restricted from up scaling their activities. These particular clauses would be difficult for AADK to comply with, due to its current structure of institutional funding through the Danida framework for programme activities.

Board discussion

The board is clear that it is supremely difficult to find a framework that would be optimal for the very different forms of funding used by the various AA members, and that the framework was made to be as suitable to the needs of AAIS and with the understanding that this framework will allow all members to work towards more contributions – transition from AAIS being reliant on only 2 members, to being funded by many,

SFO proposed therefore, that AADK abstain from voting on this agenda point – as the RAF is currently not in the best interest of AADK and we must demonstrate our concern, but is still a necessary framework for AAI overall.

% The board agreed upon a 2-part decision:

- i. SFO is given a mandate to present an amendment to the RAF, undertaken in political dialogue with the AADK Chair and Treasurer. If the amendment is not approved, then SFO is given a mandate to abstain on this vote, thus providing a political message of reservation regarding the framework.
 - ii. However, the status of the vote will implicate the mandate: in the unlikely occasion that RAF will not pass the assembly, then SFO may vote in favour of the RAF if there is occasion to provide amendments/footnotes to clarify areas of reservation. However, this vote in favour can only be made in political dialogue with the AADK Chair and Treasurer.
- LTTFP: Helen McEachern presented the Long Term Funding and Financial Plan to the board, as this framework had not yet been sent out to members for voting – the purpose of the LTTFP is to assure AA members that the AAI strategy is in fact fundable. This plan was developed through a lengthy process with the reference groups, modeling income both present and future, which indicated a shortage of unrestricted funds. Therefore, the AAI board has now agreed that AAI must grow in order to overcome the obstacle of this shortage. This leads to 4 core strategy level dependencies:
 - The AAI reserve policy, which is currently at a 3 month level, will shrink down to 2.6 months until 2014.
 - Child sponsorship will become less restrictive and be dependent on country-level links rather than community level.
 - Grow the smaller AAI markets, i.e. invest more in fundraising at AA member level.
 - Ensure systems improvement in M & E (investment)
 - I.E. communication systems and support to capacity building
 - Restructuring at AAIS will save money, to allow for more investments in order to grow as a federation.

Board discussion

The board agreed that it was useful that this plan is becoming a priority for AAI. If the LTTFP is not acceptable, then the international strategy must also change.

- 4 Motions
 - Affiliation of Nigeria and Sierra Leone: SFO informed the board that there were some reservations and conditions linked to the affiliation of both countries, in terms of obstacles with their governance systems. However, if the conditions of their affiliation review were fulfilled, then SFO is in favour of approving affiliation as it is in AAI's best interests to have additional Southern affiliates.
 - New policy on Local Rights Programme Engagement and Phase-out policy: This policy involved a new and more flexible phase out policy and SFO is in favour.
 - 2 new AAI board openings: 2 board openings within the AAI board, with the following requirements: financial skills and from the Americas. Two candidates have been earmarked: Kibuga Kariitdei (former AAI Kenyan Treasurer) and Adrian Zapata (Former chair of AA Guatemala).
 - Representation from Country Programmes: SFO believed that there was an accountability problem if there was no representation from the country programmes at the AAI GA, and after

addressing it at the AAI Governance and Board Development Committee meeting, 4 CP representatives would be attending the GA.

% **Board in agreement.**

4. Presentation on the new AAI International Secretariat Structure – Helen McEachern

Helen McEachern gave a brief informational presentation on the newest AAI International Secretariat restructuring, which had been sent out by AAI CE Joanna Kerr in the preceding weeks. Previously, AAI senior management had functioned on a tri-matrix system: Theme, function and region, which had previously been shown to have a high transaction cost and the possibility of creating bottlenecks in the system. Therefore, the concept behind this restructuring process was to find solutions for the following problems:

- How to integrate the local, national and international?
- How to integrate communication and political campaign?
- How to ensure greater coherence and interdependence, rather than the creation of silos?
- How to ensure the Secretariat is more cost-effective and decisive?

The answer is the new structure, which eliminates the regional management system and rather provides a 6-tiered international senior management system under the Chief Executive and board: Director of Country Coordination, Director of Programmes, Director of Fundraising and Market Development, Director of Organisational Effectiveness, Director of Operations and Director of Institutional and Staff Development. For more information on these roles, the Reorganisation of Senior Leadership team document is available on request.

All in all, this will be a difficult period for the Secretariat, as all Secretariat staff is subject to changes, reductions and altered scales. The hope is, that once the structure is in place, AAIS will move further away from managing programmes and closer to finding a process to allow country management of international campaigns.

Board discussion

The board agreed that reorganization is always a difficult process, but that the structure looked very promising. Additionally, the board was in agreement that the decision to eliminate regional management seemed optimal.

5. Plan for AADK Evaluation and Strategy Development Process

This agenda point was primarily targeted at discussing the planning process for the involvement of the Council in the development and approval of the forthcoming AADK strategy process, as well as orienting the board on the External Evaluation process.

In terms of the AADK strategy process, there had been a discussion on the problems associated with the current placement of the Council election and annual meeting cycle in terms of the AADK strategy development process plan – as the strategy process called for a final approval of the AADK strategy by May/June 2012 and the current Council political calendar called for new elections in April 2012 and the annual Council meeting to be held at the end of September 2012. As it would be optimal to allow the entire Council, which has been involved in the AADK strategy process throughout 2011 – 2012, to be the Council to approve the AADK strategy at the Annual Council meeting, there was some discussion on how to accomplish this.

Board discussion

The board agreed that a united and informed Council should be the political organ to approve the 2012 AADK strategy, and approved the following process:

- AADK strategy draft should be in place by Jan/Feb
- Council Day to discuss AADK strategy draft should be held in March
- An extraordinary AADK Annual Council meeting should be held May/June to approve the AADK strategy
- Council election should be moved to later in 2012 (June/July)
- The ordinary AADK Annual Council meeting should still be held at the end of September

FMJ presented the EU tender process involved in finding consultants for the AADK external evaluation process, which is scheduled to be held October/November 2011. There will be a steering committee, consisting of Joanna Maycock, a Danida head of office, FMJ and a board member, who will ensure that AA and Danida stakeholders are a part of the formalised approval process. FMJ also presented the scope for the evaluation, which at this point remains confidential due to the requirements of the EU tender process. At a later date, the TOR and scope of work can be made available upon request.

Board discussion

The board was in agreement with the process, and felt that it was very positive that the two main stakeholders would be involved in the approval process. There was some discussion amongst the board, however, of whether the scope of work was targeted enough, as the evaluation has a large scope of interest. FMJ noted that while the scope of work is large, it is focused on the most specific targets of interest and upon areas upon which AADK wants more information or acknowledgement of progress. Additionally, the external evaluation also reviews and documents the relationship with AAI, through evaluation of People4Change and Training4Change. It was agreed that other areas should perhaps be taken up in self-evaluation, rather than this external evaluation.

% **The board approved the TOR for the external evaluation.**

% **The board approved the revised time plan for the involvement of the Council in the AADK strategy process as indicated under board discussion, and agreed that a more detailed process**

plan for actual involvement of the board and the Council should be placed on the agenda for the board meeting in August.

6. Annual Council Meeting in September

TPM presented this agenda point as an open discussion of the programme of the Annual Council meeting, as well as an approval of the establishment of a board workgroup to plan the Council meeting in collaboration with the Secretariat.

Board discussion

The board agreed that the previous discussion regarding the revised political calendar for the Council and its election cycle should be presented to the Council at the Annual Council meeting, to ensure that this change in process is transparent and approved by all.

The board also agreed that the scope of the programme should include:

- Discussion of the scope of the AADK strategy
- Formal approval of the board approved 7-point AADK in AAI paper discussed at the Council Day
- The political process plan for the approval of the AADK strategy in 2012
- Thematic workshops

% **The board approved the following:**

- **A 2 day Council meeting, which would consist of thematic workshops as well as inspirational elements: i.e. AAI new structure, strategies in other AA countries, focus on Training, Sustainable Development and Campaign.**

For possible strategic discussion and decision:

- **The dual citizenship of AADK**
- **Self-evaluation of AADK by its Council**
- **Main elements and strategic decisions in the new AADK strategy**
- **Danish Development Assistance policy**
- **The Council would be asked to formally approve the usual aspects in the AADK Annual Council meeting agenda, as well as the 7 Point AADK in AAI framework and the Political Process Plan.**
- **The following board members are in the Council day working group: Dines Justesen, Nis Benn, Amalie Bosdatter and Arvid Aagaard, in collaboration with Secretariat (FMJ/LSS)**
- **The Council meeting working group will meet at the beginning of August, and present a programme proposal at the August board meeting for final approval.**

7. Final Approval of the 2010 AADK Accounts

Kirsten Devantier and the AADK official external auditors from KPMG, who performed the audit on the AADK 2010 accounts, presented the final accounts and audit report to the board. Though there were still some final proof reading to be done between the language versions, as both the financial statement and the long-form audit report were issued in both English and Danish, KID and KPMG would make the final language adjustments after the final approval by the board.

KID presented the financial statement for 2010, noting that this had been an eventful year due to the merger with AAI. Additionally, KID noted that the AADK accounting policy had also undergone a change in 2010 due to the affiliation with AAI, as AADK now had to incorporate AAI accounting policy with the AADK financial statement. (This is further explained in the accounting note within the financial statement) This change in accounting policy means that AADK now has to capitalize its equity, rather than expense it – which has created an apparent large shift in the equity balance from 2009.

Claus Witt and the KPMG auditors offered the long-form audit report, noting that there were no substantial/important remarks on the 2010 accounts, so the board could sign right away on the unqualified audit report. KPMG noted the essential changes in 2010, i.e. Country offices now merged with AAI no longer present on the Danish balance sheet, but AADK still in control of country programme funds through the framework agreement. Additionally, KPMG noted that there were 2 cases to follow up on: Lack of documentation in the closure of the Sudan country office, and currency exchange obstacles in Tanzania. KPMG noted the following challenges in 2010: unsettled tax case in Zimbabwe and the final settlement of the Borgergade rental dispute in AADK's favour.

FAC input

Dines Justesen, on behalf of the Finance and Audit Committee (FAC), noted that FAC had discussed the accounting changes due to the merger and the equity jump which resulted in 2010 due to the merger changes. The board had previously asked FAC to look into how the existing provisions should be transferred over to the equity balance; KPMG had recommended that all provision be reflected within the 2010 Accounts. The provisions have now been transferred into the equity balance in the 2010 Accounts, whereas they had previously been reflected in AADK accounts under "provisions"; this will now be normal accounting practice. Additionally, FAC had discussed the presentation of the accounts, and noted that it was important to present the key figures from the framework agreement to determine the work being done in the South; however, it is also important to split up the activities

undertaken in DK to give more understanding to how the national funds are being spent. Additionally, FAC expected that the English and Danish versions would be synced up by the final presentation.

Board discussion

The board was satisfied with the audit report and the financial statement, but asked for more details regarding the cases to follow up on, such as Sudan and Tanzanian outstanding issues. KPMG noted that while these cases should be followed up on, they were not of grave concern to the accounts as the amounts in question were not overly substantial. KID noted that in the case of Sudan, there was documentation, but do to the problems in closing down the offices that this documentation had not as of yet been audited and therefore the case was still outstanding. The board noted particularly that one of the positive results of the AAI affiliation process had been the establishment of the FAC, which ensured that a treasurer and a committee worked with the Secretariat and was able to maintain the proper overview on accounts and budgets on a continual basis.

% **The board approved the Final 2010 Accounts, on the provision that the final accounts would be edited and finalized, including provision of language uniformity between the English and Danish accounts.**

% **Revised 2010 Accounts to be sent out to board, once final.**

8. Orientation on status of 2011 Budget

FMJ provided a brief overview on the current status of the 2011 Budget, noting that there was no budget revision underway and that the budget was still on-track within original prognoses. The areas noted in the April meeting to watch, such as the salary budget and Ravnsborggade, were now being stabilized and back on track.

These were the following highlights of the orientation:

- The salary budget was stabilized
- Ravnsborggade property would be part of a 1-year pilot process with DIS, where AADK would rent out dormitory space to exchange students. Additionally, AADK will continue the negotiation process with Norden regarding rental prices in the beginning of August.
- Fundraising: This area is still not at the optimal level, due to the deficit incurred from the AADK National Collection, but it is clear that in the short-term, the High Value Fundraising will be the path forward; projects on-going.
- Global Contact: FMJ presented the 300.000 DKK additional budget proposal which had been approved by the board in theory at the December 2010 board meeting. This additional budget would be focused on marketing adverts and webpage investments, in order to retain GC's competitive edge in the youth travel market and be provided from the investment reserves. The plan also indicates the re-payment process to last over 2 years.

Board discussion

The board was pleased with the status of the budget, but did note that more specific cost centers would be useful to gain more accurate budget overviews. FMJ noted that finance is currently working on presenting a new management tool to provide truer reflections of the status of each cost center area.

The board noted that they would like to see a business plan for GC at a later date, to note how this cash infusion for communication purposes has impacted sales and improved market share.

% **The board approved the 300.000 DKK additional budget for Global Contact, taken from the investment reserves.**

9. Feedback on evaluation of 2011 AADK Action Day and AADK Council Day

The board was presented with the feedback from the evaluations of the 2011 Action Day and AADK Council Day, to discuss the success of the weekend, as well as to discuss any and all suggestions from improvement and learning from the weekend.

On an overall level, it was deemed clear that people were quite satisfied with the weekend and gave positive evaluations for both activities, but one lesson learned was that members wanted more details regarding AADK and AAI: the structure and purpose of both organisations and understanding of how to attain more influence and involvement.

Board discussion

The board was quite positive regarding both activities and in terms of the feedback provided, but noted that there were a few persistent areas which need to be noted and discussed:

- Why did AADK merge with AAI?: To balance this question, every year during Action Day or Council Day, AADK should provide a workshop on AAI to make it more accessible to AADK members.
- Language and definition of abstract development terminology: It is important to provide a very clear and detailed framing of all documents prior to Council meetings, to avoid duplication it would be wise to provide an overview of already broached Council discussions, and production of a glossary for development terminology would be very helpful and make documents more accessible to all.
- Due to the breadth of the Council, there is a very diverse level of experience and development knowledge with the Council members. This means that balance in discussion is hard to attain unless different types of introductions and knowledge-framing are provided. Access to information from AADK and AAI must be more accessible.

It was noted that the Council day allowed for a very diverse level of discussions, and the introduction to AADK provided by the Secretariat was exceedingly informative and should have brought all Council members' levels of understanding regarding the organisation to a higher level. It seemed that all Council members were constructively engaged throughout the day and was a first step to equipping the Council to approve the AADK strategy in the Spring.

Some board members noted that it could be an idea to create creatively produced introductory material for new Council members. Not all people are able to digest the information provided in a presentation, but would more positively benefit from multiple levels of information. Some suggestions provided: develop a brochure on AADK's history (merger process and post-merger) linked to Mellemfolkeligt Samvirke's history. There were also various suggestions to different models of basic AADK introduction processes for the Council members during Council day, to ensure a better division of information. The main question remained: how to best structure the information for Council members, as much of it is already in place but perhaps not framed well enough.

In terms of the Action Day, there was some discussion of the level of turn out from ordinary members and a lack of synergy between the various volunteer groups throughout the day. FMJ noted that the concept behind Action Day is to provide an opportunity for dialogue between ordinary members and volunteers in AADK to have a dialogue and engage with Council members. There was some discussion that there could perhaps be a need to re-think the structure of this day.

10. Any Other Business

- **The next board meeting is moved to Wednesday, August 24th at 3 pm.**
- **SFO asked that the In-house AADK Climate process be presented at the August board meeting, to ensure that concrete outputs are in place by the 2011 Council meeting.**
- **An AADK member, Lars Josephsen, has asked that there be provided a platform to allow for discussion of the internal AADK organisation for members – such as mails to Action Magazine and so forth. For follow up.**
- **Berit Asmussen oriented the board that a new game, called Rough Ride, had been developed by an AADK member, and that this might be a tool for the Secretariat to follow up on.**