

**REPORT OF THE STANDING COMMITTEE**  
**MEETING OF THE ASSEMBLY OF PARTIES**  
**November 23-24, 2015**

## **Introduction**

This report is submitted by the Standing Committee to the Assembly of Parties for its annual meeting on November 23-24, 2015, in accordance with Article VI(3) of the Establishment Agreement and Articles II(2) and XIV of the Rules of Procedure of the Standing Committee.

## **Composition of the Standing Committee**

In accordance with Article VI(3) of the Establishment Agreement, the Standing Committee shall be comprised of the President of the Assembly, who shall be its Chair, the Assembly's two Vice-Presidents, the representatives of two Parties who shall be elected by the Assembly in alternate years each for a two-year term (the ad hoc members), and the Chair and Vice-Chair of the Board of Advisers.

In 2015, as decided by the 2014 Assembly of Parties, the Standing Committee was composed of:

- Kuwait as President of the Assembly;
- Italy as *ex-officio* Vice-President of the Assembly;
- The United States as Vice-President of the Assembly;
- The Netherlands as *ad hoc* member of the Standing Committee;
- Mozambique as *ad hoc* member of the Standing Committee;

as well as the following two members of the Board of Advisers, serving in their personal capacity and not as representatives of governments or organizations:

- Ambassador Ertuğrul Apakan, Chair of the Board of Advisers; and
- Professor Jan M. Otto, Vice-Chair of the Board of Advisers.

## **Meetings of the Standing Committee**

Article VI(1) of the Rules of the Standing Committee provides that it shall hold at least three meetings annually at the invitation of the President or at the request of the Director-General

or a member of the Standing Committee. In 2014, the Standing Committee held meetings on:

- March 19, 2015
- July 24, 2015
- October 5, 2015
- October 22, 2015 (resumed session)

All meetings were chaired by Kuwait, with the exception of the resumed session of October 22 which was chaired by the United States. All members of the Standing Committee regularly attended Committee meetings.

The members of the Audit and Finance Committee (AFC) were invited to attend all Standing Committee meetings as observers. The Chair participated in all meetings and provided the AFC's advice and views to the discussions.

### **Preparing and reporting on Standing Committee meetings**

As in past years, the President relied on the IDLO Secretariat to organize the meetings. Draft meeting minutes were prepared by the Secretariat and coordinated with Standing Committee members prior to finalization and approval. All meeting minutes and annexes were circulated to all Member Parties.

### **Interactions with the Director-General on administration and management of the Organization**

In 2015, the Standing Committee continued to monitor implementation of IDLO's 2013-2016 Strategic Plan and the progress toward financial stability, programmatic growth and operational and staffing improvements.

During 2015, the Director-General attended all meetings of the Standing Committee and provided the Committee with updates on IDLO's programmatic implementation and new initiatives in the program pipeline; financial developments; as well as specific management issues to be addressed by the Standing Committee as they arose.

Other members of IDLO's senior management team also regularly reported to the Standing Committee, providing updates and more detailed information and answering questions on specific issues coming under the purview of their respective departments.

Highlights from the Director-General's reports, which focused on the implementation of the third year of IDLO's Strategic Plan, include:

- Progress in the implementation of IDLO's programs
- The significant expansion of IDLO's programmatic work to achieve a more balanced portfolio
- Increased quality program implementation to an estimated 28 million euro, up from 24.3 million euro in 2014. At the same time, the average program portfolio grew from 81.5 million euro in 2014 to an estimated 91 million euro in 2015.

- The signing of a multi-year agreement with Sweden in June, which will provide around 1 million euro a year of unrestricted funding for the next four years.
- The adoption of new policies and guidelines, based on international best practice, to disburse grants and manage implementing partners, in support of IDLO's new implementing partner model of program delivery.
- The drafting of criteria for the selection of programs to be delivered with funds from unrestricted contributions (Self-Funded Programs).
- IDLO's advocacy at the UN which helped to build consensus on the inclusion of an access to justice goal in the 2030 Agenda, and to promote the importance of the rule of law in development effectiveness.
- Increased interest in IDLO by both potential donors and members leading to the completion of the acceptance of membership of Pakistan, Mongolia, Kyrgyzstan and Honduras.
- Completion of the set-up of the Branch Office in The Hague, established in late 2014, which is now fully operational, and the opening of a regional office in Amman.
- Ongoing organizational reform to strengthen IDLO's management capacity, including developments with regard to the CIP (Continuous Improvement Program).

## **Financial matters**

The Standing Committee closely followed the implementation of the 2015 budget through financial reports submitted by the Chief Operating Officer. Additionally, representatives from the Audit and Finance Committee participated in all Standing Committee meetings.

The Standing Committee commends IDLO for securing a multi-year agreement with the Swedish Development Cooperation Agency (Sida) (completed following extensive discussions with Sida and an audit conducted by Ernst & Young), as well as a generous additional voluntary contribution from Italy, and for initiating new resource mobilization efforts, while continuing to implement quality programs at a higher rate than the previous year.

The additional voluntary contribution as well as adjustments to the staff budget indicated a substantial surplus forecast at the end of 2015.

Pursuant to Article 2(b) of the Rules of Procedure of the Audit and Finance Committee (AFC), the AFC met on May 28 to review the 2014 consolidated IDLO Financial Statements prepared by IDLO and reviewed by the External Auditors, Ernst and Young (EY) Rome. The 2014 Management Letter reported a significant improvement in internal process and controls since the 2013 Audit. The letter reported that each of the internal control risks identified previously were now rated either green or amber, indicating that risks have either been addressed or that they have been reduced because a mitigating solution has been identified and work is progressing on its implementation. The AFC subsequently recommended the SC approve the Financial Statement.

In the July SC meeting, the Chair of the AFC reported on the outcomes of the financial statements and management letter. He also raised the issue of banking arrangements and the steps being taken to switch from a bank with a triple B- outlook to a more stable bank.

In September and October, the AFC reviewed the proposed Budget for 2016 and provided extensive feedback to the SC at its meetings and in writing through an Executive Summary Report from the Chair of the AFC.

## **Decisions and endorsements of the Standing Committee at its 2015 meetings**

### **1. Approval of Financial Statements and External Audit Report 2014**

The SC approved the IDLO 2014 Financial Statements as reviewed and recommended by the AFC and noted the 2014 Management Letter which provides a positive report on the progress achieved to date and the work plan in place to address the recommendations of previous audits, via written procedure.

### **2. Continuation of the current External Auditor**

The SC agreed to continue the engagement of the current External Auditor, Ernst & Young Rome, for a further 12 months according to the current Terms of Reference as approved by the Standing Committee at its meeting of 17 July 2014.

### **3. Engagement with Member Parties and non-Member Parties (“observer status”)**

At the SC meeting of March 19, 2015, the Director General presented a document on “Engagement with Member Parties and non-Member Parties (“observer status”)”, which had been prepared in response to a request from the SC at the October 2014 meeting. The document proposed three options to help expand financial and political support for IDLO. SC members endorsed the option which proposed informal ways for the Standing Committee to engage with non-Members in the broader context of the overall efforts to strengthen IDLO’s relations with Member Parties.

### **4. Guidelines on the Criteria for Self-Funded Programs**

During October, the Standing Committee approved the Guidelines on the Criteria for Self-funded Programs by written procedure.

### **5. Guidelines for Working with Implementing Partners**

During October, the Standing Committee approved the Guidelines for Working with Implementing Partners by written procedure.

### **6. Review of reserves**

At the resumed Standing Committee meeting on October 22, the Standing Committee agreed to review IDLO’s reserves policy in 2016.

### **7. Draft 2016 Annual Management Plan and budget**

During its October 5 meeting the Standing Committee discussed the draft Annual Management Plan and Budget. At the October 22 meeting (resumed session), the Standing Committee decided to commend the draft Plan for approval by the Assembly of Parties.

Following discussion on a number of issues related to the budget (see also the section on *Financial matters* above), the Standing Committee decided to commend to Assembly of Parties the approval of the budget, subject to further elaboration of the financial impact of the closure of the Justice Training Transition Program in Afghanistan, which should be more accurately reflected in the budget; the proposal to access funds from surplus/reserves for financing Self-Funded Programs; the expected recovery rate of programs, which should seek to avoid using unrestricted funds to supplement program costs; and an analysis of staffing information, including staff costs and the proposed vacancy rate. The Standing Committee further decided to recommend to the Assembly to delegate authority for approval of the above elaboration of the final IDLO 2016 Annual Budget to the Standing Committee, following consultations with the Audit and Finance Committee and upon the proposal of the Director-General taking into account expert financial advice from within and outside of IDLO.

## **Conclusion**

2015 has been another year of growth and progress for IDLO, as the Organization continues to expand the quality and reach of its program activities and enhance its international visibility. The 2030 Agenda for Sustainable Development, adopted at the UN Summit in September, is generating a new, positive momentum for law and development which in turn creates major new opportunities to further advance IDLO's mission. As the organization embarks next year in the elaboration of a new Strategic Plan for 2017-2020 that should seek to fully seize these opportunities, the SC intends to accompany closely these processes on behalf of the Assembly, and to continue to lend its support to the organization's effort to adapt to the challenges ahead and to further strengthen its contribution and impact.