

REPORT OF THE STANDING COMMITTEE

Meeting of the Assembly of Parties

November 6, 2014

Introduction

This report is submitted by the Standing Committee to the Assembly of Parties for its annual meeting on November 6, 2014, 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. In conformity with the said provisions, this report addresses, among others, the following issues:

1. Interactions with the Director-General and IDLO senior management on the administration and management of the Organization, including IDLO's financial status;
2. Monitoring of the implementation of the 2014 budget; and
3. Decisions and endorsements undertaken by the Standing Committee in 2014.

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 2014, as decided by the 2013 Assembly of Parties, the Standing Committee was composed of:

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

- April 14, 2014
- July 17, 2014
- October 2, 2014

All meetings were chaired by the United States and, with only one exception, all members of the Standing Committee regularly attended Committee meetings. It should be noted that the Representative of Kuwait travelled to Rome at his government's expense in order to participate in such meetings, while the Chair of the Board of Advisers travelled from Turkey and Ukraine and the Vice-Chair from the Netherlands.

In addition, the members of the Audit and Finance Committee were invited to attend all Standing Committee meetings as observers and to contribute to the discussions, as well as to report on their review of IDLO's Management Plan and Budget for 2015. Finally, the President exercised its authority to invite a number of other observers to attend Standing Committee meetings over the course of the year. The Standing Committee received briefings on IDLO's work in the Middle East, including Yemen, and on policy advocacy on the post-2015 development agenda.

Preparing and reporting on Standing Committee meetings

As in past years, the President relied on the IDLO Secretariat to organize the meetings, including the preparation and dissemination of the relevant background documents for all meetings in 2014. The Committee thanks the Secretariat for its efficient, professional assistance in preparing and disseminating all meeting invitations, draft meeting agendas, and background documentation that were distributed by the Secretariat, on behalf of the President, to the Standing Committee members (and Audit and Finance Committee members) in advance of 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 and members of the Board of Advisers.

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

In 2014, 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 2014, 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, including the Chief Operating Officer (and prior to her appointment, the Director of Finance and Administration), representatives of the Office of the General Counsel and the Directors of External Relations, Programs and Strategy and Innovation 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 second year of IDLO's Strategic Plan, include:

- Strict and judicious control of spending that will result in a balanced budget for 2014.
- Increased quality program implementation to an estimated €24 million, up from €21.4 million in 2013. At the same time, the program portfolio grew from €79 million in 2013 to an estimated €87 million in 2014.
- Improved financial sustainability for IDLO: unrestricted funds increased from €3.8 million in 2013 to a forecasted €6.3 million in 2014.
- Raising the profile of the Organization and its relevance to rule of law debates through its policy advocacy work, in particular at the United Nations in New York, on the post-2015 development agenda.
- Increased interest in IDLO by both potential donors and members.
- Ongoing organizational reform through strengthening IDLO's management capacity, a review of the largest field operation, and the successful opening of the Branch Office in The Hague in April.
- IDLO's dedicated staff continued to deliver high standards of performance and effectiveness.

Budget monitoring and implementation

The Standing Committee closely followed the implementation of the 2014 budget through briefings provided by the Director-General, the Director of Finance and Administration, and, following her appointment, the Chief Operating Officer. Additionally, representatives from the Audit and Finance Committee participated in all Standing Committee meetings, particularly on agenda items that involved matters that could affect the finances of the Organization.

The Standing Committee again commends IDLO for its judicious use of existing resources while simultaneously initiating new resource mobilization efforts. At the same time, the Organization continues to implement quality programs at a higher rate than the previous year. The projected balanced budget for 2014 is in line with the guidance provided by the Standing Committee and demonstrates the importance that both the Standing Committee and Director-General and her senior team place on strengthening the financial stability of the Organization.

Decisions and endorsements of the Standing Committee at its 2014 meetings

1. Approval of Financial Statements and External Audit Report 2013

At its meeting of April 17, 2014, the Audit and Finance Committee Chair presented the Committee's report, including the Committee's review of the Management Letter and preliminary Audit Opinion and Financial Statements from the external auditors Ernst & Young which, at the time of the meeting, were pending completion. Upon finalization, the Audited Financial Statements and Audit Report were reviewed by the Chair of the Audit and Finance Committee and then approved electronically by the Standing Committee in June 2014.

2. Endorsement of the extension of external auditors Ernst & Young

In line with the Assembly of Parties' delegation of authority to the Standing Committee to appoint IDLO's auditors, the Standing Committee endorsed the extension of Ernst & Young as IDLO's external auditors during its July 17, 2014 meeting. This followed the recommendation from the Audit and Finance Committee at the April 14, 2014 meeting to review the terms of reference to ensure that Ernst & Young's scope was sufficient to assess the Organization's financial controls in detail and in line with international best practice.

3. Endorsement of Severance Pay Schedule

During its April meeting, the Standing Committee agreed that IDLO should continue to use the same severance pay schedule used since 2010.

4. Endorsement of the Audit and Finance Committee's work plan

At its July 17, 2014 meeting, the Standing Committee formally agreed to the work plan of the Audit and Finance Committee.

5. Endorsement of the contribution of the Board of Advisors

Also at its July meeting, following a report from the Board of Advisers, the Standing Committee encouraged the Chair and Vice-Chair of the Board of Advisers to continue thinking of ways to clarify the role of the Board of Advisers and maximize its contributions to the Organization.

6. Endorsement of the draft 2014 Annual Management Plan and Budget

During its October 2, 2014 meeting, the Standing Committee endorsed the Organization's 2014 Management Plan and Budget.

7. Endorsement of proposal to explore new ways of engaging interested States

Also at the October meeting, the Standing Committee asked the Secretariat and the General Counsel to creatively explore appropriate new ways in which to engage States interested in the work of the Organization, particularly States intending to initiate domestic procedures to join the Organization's membership.

Conclusion

2014 has been another year of growth and strengthening for IDLO, as it continues implementation of the Strategic Plan for 2013 – 2016.

The Committee has done its best to oversee IDLO during a period of major evolution for the Organization, characterized by positive changes in the senior leadership of IDLO, its improved international visibility, and significant increases in program activity and impact. In preparation for this report to the 2014 Assembly, the Committee is confident in the Organization's ability to succeed in fully meeting the institutional vision set for it in the 2013 – 2016 Strategic Plan.