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Organisation Internationale de Droit du Développement

IDLO/ASSEMBLY R.2/2011

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ANNUAL MEETING OF THE ASSEMBLY OF PARTIES OF THE INTERNATIONAL DEVELOPMENT LAW ORGANIZATION ROME, ITALY – 17 NOVEMBER 2011

Proceedings of the Assembly of Parties *[Certain closed sessions summarized]*

In accordance with Article 4 (2) of the Rules of Procedure of the Assembly of Parties, the Annual Meeting of the Assembly of Parties (the “Assembly”) was held at the headquarters of the Food and Agriculture Organization of the United Nations (FAO) on 17 November 2011. Representatives of the IDLO Member Parties were present at the meeting, as set forth in the list of attendees attached hereto as Annex A.

1. Opening (*closed session*)

The Representative of the President of the Assembly, the United States of America (the “President”), welcomed the Representatives of the Member Parties and Professor Alfredo Tadiar, Chairman of the Board of Advisors, to the annual meeting of the Assembly of Parties.

The President congratulated Mozambique, Peru and Turkey for completing their process of accession to the Agreement for the Establishment of IDLO and welcomed them as new Member Parties of IDLO. She noted with enthusiasm that the IDLO family has now grown to 26 Member Parties which shows an increasing interest in the Organization’s mandate and operations.

The President determined that there was a quorum to begin the meeting, with a majority of the Member Parties present.

2. Adoption of the Agenda (*closed session*) *[minutes redacted]*

Noting that there were no objections, the President declared the agenda attached hereto as Annex B approved.

3. Report of the Standing Committee (*closed session*)

The President thanked all the members of the Standing Committee for their valuable work and active involvement on the Committee over the past seven months. She recalled that in accordance with Article 14 of the Rules of Procedure of the Standing Committee, the Standing Committee had submitted to the Assembly for its consideration a report on its work since the previous ordinary session. A copy of the report is attached hereto as Annex C.

The President reminded the Member Parties that the Standing Committee had started working with a new membership composition as of 23 March 2011, however the report covers also the period between November 2010 and March 2011 when the Standing Committee still included the Netherlands in its former capacity as President and Colombia in its former capacity as *ad hoc* member. The President noted that the report did not require Assembly approval. Seeing that there were no comments, the President then moved on to the next agenda item.

4. Election of the IDLO Director-General (*closed session*) [*minutes redacted*]

The President highlighted that the Assembly had an important duty to discharge, being the appointment of the IDLO Director-General which was prompted by the resignation of Ambassador Badini as Director-General in November 2010. The President provided the Assembly with an overview of the Director-General selection process, which was launched at the Assembly extraordinary meeting of 23 March 2011, as follows:

- On 23 March 2011 the Assembly agreed on a Memorandum on the Selection Process of the IDLO Director-General (the "Memorandum") which sets out clearly the application of the necessary steps under the Governance Rules of the Organization for the selection process.
- Since March 2011, the President has pursued the implementation of the Memorandum's steps in accordance with the Rules.
- Accordingly, soon after the March Assembly meeting, a procurement process was launched in accordance with IDLO Procurement Rules as a result of which the UK based firm Heidrick & Struggles was selected as the Human Resources Advisor ("HR Advisor") for the selection process.
- The HR Advisor in close consultation with the Board of Advisers drafted a job description for the position which was circulated for comments to the Member Parties before adoption. Once the job description was finalized, on 16 May 2011, the President issued the final job description inviting Member Parties to submit candidates for the position and simultaneously published a call for candidatures on the Economist and the IDLO website. All applications were submitted directly to the HR Advisor.
- Following the deadline for the submission of candidatures on 31 August 2011, the President informed the Member Parties that 103 applications had been submitted. The President then notified the Member Parties and the Board of Advisers of all candidatures received for the position of Director-General informing them of all the names of the candidates. In addition, the HR Advisor provided all the members of the Board of Advisers with the CVs and applications of all candidates through a password-protected web database.

- In accordance with Step 7 of the Memorandum, following two teleconferences held on September 23 and September 28, the Board of Advisers, in consultation with the HR Advisor, prepared a short-list of 7 candidates who meet the criteria derived from the job description and so advised the President.
- The President immediately sent the short-list to the Standing Committee for its review. The Standing Committee did not express any comments on the shortlist.
- Therefore, on the evening of September 30, 2011, the President communicated to the Member Parties and the Board of Advisers the short-listed candidates along with their CVs.
- Subsequently, interviews of the short-listed candidates were held on October 10 and 11 2011 at IDLO Headquarters. One of the seven candidates had in the meantime withdrawn from the process, leaving six candidates for the interview process.
- With the agreement of the Board of Advisers, a “restricted committee” of four Board Members conducted interviews with the candidates on October 10 and 11. At the same time, the President also arranged for Representatives of the Member Parties to interview the candidates over the same days.
- Pursuant to the Rules of Procedure of the Board of Advisers, the Board held its annual meeting on the afternoon of 11 October 2011 following the interviews of the shortlisted candidates. As a result of this Board meeting, in accordance with the rules, on 28 October 2011 the Board delivered to the Assembly of Parties an Advisory Opinion regarding its assessment of the six interviewed candidates.
- Later, one of the six interviewed candidates withdrew from the selection process. Consequently, the Assembly had now before it five candidates for the Office of Director-General in the following alphabetical order:
 - Mr. Amady Ba;
 - Ms. Irene Khan;
 - Mr. Fabian McKinnon;
 - Mr. Brian Leo Treacy; and
 - Mr. Antonio Vigilante.

The President noted that the Member Parties had come to the end of the selection process, during which every effort had been made to comply with the Rules and respect the legitimate concerns of the Member Parties. The President expressed appreciation to the Standing Committee, all the Member Parties and, most importantly, the Board of Advisers for their co-operation and their respective roles in the Director-General selection process. In particular she thanked the Chairman and the Vice-Chairman of the Board of Advisers for collaborating to ensure that the process had run smoothly so that the best interests of IDLO could be served.

The President stated that the Member Parties had the opportunity to consider the Advisory Opinion of the Board and were now well-placed to make an informed decision as to who should be selected to serve as Director-General of IDLO.

Ms. Irene Khan was elected as new Director-General of IDLO, after two secret ballots pursuant to Article 30 (4) of the Rules of Procedure of the Assembly of Parties, by a majority of twelve (12) votes following which Resolution No. 01/2011/Nov was adopted, as follows:

In accordance with Article VI (1) (D) (c) of the Agreement for the Establishment of the International Development Law Organization and Articles 28 and 30 of the Rules of Procedure of the Assembly of Parties;

Recalling the Memorandum on the 2011 Selection Process of the IDLO Director-General as agreed by the Assembly at its extraordinary meeting of 23 March 2011;

Considering that the Assembly of Parties has been presented five shortlisted candidates for the Office of Director-General in the following alphabetical order: Mr Amady Ba; Ms Irene Khan; Mr Fabian McKinnon; Mr Brian Leo Treacy; and Mr. Antonio Vigilante;

Considering that the Member Parties have had an opportunity to interview the shortlisted candidates and the Assembly took note of the Advisory Opinion of the Board of Advisers dated 28 October 2011; and

Having proceeded to a secret ballot as set forth in Article 30(4) of the Rules of Procedure of the Assembly of Parties;

The Assembly of Parties hereby elects Ms. Irene Khan as the Director-General of IDLO for a four-year term of office expiring on 31 December 2015 under applicable terms and conditions as set out in relevant IDLO Staff Rules and Regulations; and

Resolves that:

- a) The Director-General shall receive a gross annual salary of € 155,282 to be increased, subject to available funding, by 2.5% per year.*
- b) The Director-General shall be entitled to all other allowances and benefits accruing to staff members of the Organization in the Professional and higher categories.*

The Assembly of Parties further resolves that the terms and conditions of appointment of the Director-General shall be governed by the relevant IDLO Staff Rules and Regulations, subject to the provisions of the contract of employment to be signed by the President of the Assembly of Parties on behalf of the Organization and by the Director-General elect, in accordance with Article XVI (3) of the Rules of Procedure of the Standing Committee.

5. Election of the *ad hoc* Member of the Standing Committee (closed session)

The President recalled that the term of Burkina Faso as the *ad hoc* member of the Standing Committee had come to an end; therefore, she thanked Burkina Faso for its contribution on the Standing Committee. The President thus noted that the Assembly

was required to appoint a new *ad hoc* member of the Standing Committee for a one-year term.

The President announced the candidature of Ecuador to the position. There being no other candidatures, the Assembly adopted by consensus Resolution No. 02/2011/Nov as follows:

In accordance with Article VI (3) of the Agreement for the Establishment of the International Development Law Organization, Article 28 of the Rules of Procedure of the Assembly of Parties, and Article V of the Rules of Procedure of the Standing Committee; and

Noting that the term of Burkina Faso as the ad hoc member of the Standing Committee is now expired;

The Assembly of Parties hereby resolves to appoint Ecuador to serve as the ad hoc member of the Standing Committee for a term of office of one year, expiring at the annual Assembly meeting of November 2012.

The Representative of Ecuador expressed his appreciation for this appointment by consensus and his country's commitment to work with the Standing Committee to address issues of major concern and help the Organization grow further.

6. Election of Members and Chairs of the Audit and Finance Committee (closed session)

The President reminded the Member Parties that the term of the current members of the Audit and Finance Committee (AFC) had expired. The President thanked China, Kenya, Senegal and the Netherlands for their commitment and hard work on the AFC and especially Jordan in its capacity as Chair of the Committee. The President noted that, under the Rules of Procedure of the AFC, the terms of these members could be renewed for another year and that, in all circumstances, the Assembly had to appoint three or five members of the AFC for a one year term including a Chair.

Accordingly, the President announced that China, Jordan, Kenya and the Netherlands, had submitted their candidature as they wished to continue to serve on the AFC while the Philippines had volunteered for membership on the Committee.

The President further declared that the Netherlands had put forward its candidature to serve as Chair of the AFC. Therefore, the following Resolution No. 03/2011/Nov was adopted by consensus:

In accordance with Article 28 of the Rules of Procedure of the Assembly of Parties and Article 2 of the Rules of Procedure of the Audit and Finance Committee; and

Noting that the terms of the members of the Audit and Finance Committee have now concluded but may be renewed;

The Assembly of Parties hereby resolves to appoint for a one-year term expiring at the annual Assembly meeting of November 2012 the following Member Parties to serve on

the Audit and Finance Committee: China, Jordan, Kenya, the Netherlands and the Philippines; and

Further resolves to appoint the Netherlands as Chair of the Audit and Finance Committee.

**7. Election of Members of the Board of Advisers (closed session)
[minutes redacted]**

The President reminded the Assembly that the terms of the following members of the Board of Advisers had concluded: (1) Dr. Hussein A Hassouna; (2) Professor Heinrich Neisser; (3) Professor Jan Michiel Otto; (4) Maître Pascal Roux; and (5) Judge Marie Thérèse Traore. The President thanked all these members for their commitment and hard work during these past years on the Board of Advisers and especially Maître Roux who in his capacity as Vice-Chairman of the Board had been a very active member of the Standing Committee.

The President noted that the Assembly was called to appoint five members of the Board of Advisers for a four-year term to fill in these vacant positions and stressed that the Board members serve in their personal capacities and not as representatives of governments or organizations.

The President noted that, there being four (4) candidates for membership on the Board, the number of nominees fell short by one (1) of the five (5) vacancies on the Board of Advisers. There being no objection in the Assembly on the election of the four nominated candidates, the President requested the Secretariat to distribute a draft resolution which would make provision for the possibility of the Board to operate in a reduced composition of nine members. Therefore, the Assembly approved Resolution No. 04/2011/Nov by consensus as follows:

In accordance with Article 28 of the Rules of Procedure of the Assembly of Parties, Article VI (2) (A) of the Agreement for the Establishment of IDLO as well as Article III of the Rules of Procedure of the Board of Advisers; and

Noting that the terms of Board members Dr. Hussein A Hassouna, Professor Heinrich Neisser, Professor Jan Michiel Otto, Attorney Pascal Roux and Judge Marie Thérèse Traore have now concluded; and

Considering that the Assembly of Parties has been presented the following candidates for membership on the Board of Advisers: Ms. Hongxia Liu, Professor Jan Michiel Otto, Mr. Pascal Roux and Mr. Daniel Rowland.

The Assembly of Parties hereby resolves to appoint Ms. Hongxia Liu, Professor Jan Michiel Otto, Mr. Pascal Roux and Mr. Daniel Rowland to serve on the Board of Advisers for a term of office expiring at the annual Assembly meeting of November 2015;

Further resolves in partial derogation from Article VI (2) (A) of the Agreement for the Establishment of IDLO as well as Article II of the Rules of Procedure of the Board of Advisers to authorize the Board of Advisers to operate in a reduced composition of nine members until the Assembly annual session of November 2012 at which point the Assembly shall determine the most appropriate course of action; and

Requests the Board of Advisers to adopt the necessary amendments to Article IV (1) of the Rules of Procedure of the Board of Advisers with a view to ensure its full consistency with the IDLO Establishment Agreement subject to their subsequent approval by the Assembly.

The Representative of Mozambique asked to be excused from the second part of the meeting. Before leaving, she took the floor to express her Government's great satisfaction for having joined the Organization as a full member. She also noted her appreciation for the good work accomplished by the President and the efforts made by IDLO staff in developing countries such as her own. Finally, she extended her congratulations to the Director-General elect assuring Mozambique's full support to her office. Following this statement, the President decided to break the meeting at 11 am.

8. Approval of the IDLO Management Plan and Budget for 2012

The President resumed the meeting at 11.30.a.m. by welcoming the observers, representatives of the IDLO Management and the IDLO Staff Association and staff at large to this second part of the meeting. The President also thanked FAO representatives for allowing IDLO to hold its annual session of the Assembly in the FAO premises. The Representative of Sudan joined the meeting.

The President noted that the first part of the meeting which was devoted to elections for the IDLO Governing Bodies and which was held in a closed session had been concluded. The President therefore stated that it was her pleasure to announce that Ms. Irene Khan had been appointed the new Director-General of IDLO and she had contacted Ms. Irene Khan who had accepted the appointment.

She then welcomed Mr. Jeffrey S. Waldron (the "Acting Director-General"), who had joined the Assembly for the open session and congratulated again the new Member Parties who had just recently acceded to the IDLO Establishment Agreement and invited them to take the floor.

The Representative of Peru conveyed his Government's pleasure in becoming a member of IDLO and expressed full support to the Organization's mandate in promoting the rule of law and good governance and work on emerging challenges in the development world.

The Representative of Turkey noted that Turkey's cooperation with IDLO dates back to the mid 1980s. He noted that the rule of law is an essential element of economic development and Turkey looked forward to working together with the other Member Parties, the Director-General elect and staff to promote IDLO's mission.

Following these remarks, the President highlighted that one of the main functions of the Assembly is to adopt the management plan and budget for the following year. In this context, the draft Annual Management Plan and Budget for 2012 was now submitted for approval to the Assembly after having been reviewed and endorsed by both the Audit and Financial Committee and the Standing Committee.

The President gave the floor to the Acting Director-General to provide an overview of the Management Plan and Budget for 2012 attached hereto as Annex D.

After congratulating Ms. Khan on her election, the Acting Director-General described the IDLO Management Plan and Budget for 2012 as a document which speaks to the health of the Organization. In particular, it highlights the major accomplishments of 2011 and offers Management's best forecasts for what IDLO can expect to achieve in 2012. He further commented that the plan provides strong proof that IDLO is successfully implementing IDLO's current Strategic Plan and it illustrates the important results the Organization is achieving in IDLO's programming work, both at Headquarters in Rome and in the field.

The Acting Director-General reported that the health of IDLO is stronger now than it has ever been in the recent past, namely because on one hand the Organization's program portfolio has more than doubled in the past year, experiencing growth particularly in Central Asia and Africa, and on the other, because its operational and financial base has been stabilized. Therefore, he noted, despite significant human and financial resource constraints, the Organization performed strongly and made strategic gains within its program and knowledge generation portfolios as well as with its strategic networks.

Moreover, IDLO was able to maintain its high quality delivery reputation while strengthening and integrating its management systems. In particular, he said IDLO has continued to implement successfully its results-based management system through the on-going evaluation of its programs and has strengthened its ability to manage complex programs. Further, he stressed how IDLO has been able to mainstream and integrate the knowledge that is generated by its research and evaluation activities to guide future program implementation. He then emphasized how 2012 will be an important year because it will initiate the development of IDLO's next four-year Strategic Plan under the new leadership of the Director-General elect. He stated that important progress has been made by IDLO across all five Strategic Objectives of the current Strategic Plan 2009-2012 and he forecasted further progress throughout 2012 since IDLO has already secured a substantial portfolio of program work for next year and which is expected to grow even more so in the coming months, particularly in countries where IDLO already has substantial experience.

The Acting Director-General provided some highlights on some of IDLO's hallmark projects under each of the five Strategic Objectives. He concluded in noting that IDLO has a significant global presence with over 45 projects currently under implementation, many of which are in countries where IDLO has successfully established IDLO Alumni Associations. Finally, he noted the high level of interaction between IDLO and its Member Parties illustrating how many of IDLO Member Parties are either donors or beneficiaries of IDLO's programs.

At the request of the Acting Director-General, the Director of Finance and Administration presented the Budget for 2012 in the amount of 15.2 million Euros consisting of 2.9 million Euros regarding Institutional Activities and 12.2 million Euros relating to Program Activities.

The Director of Finance and Administration noted that the budget can also be viewed in terms of internal and external costs. For 2012, internal costs are proposed to be 6.2 million Euros and are intended to be used for Institutional Activities, supporting program activities as well as participating in the delivery of programs. External or direct program costs are proposed at 8.9 million Euros. The level of expenditure is

expected to be at the same level as the budget approved for 2011, but higher than the forecast expenditure for the current year. She also noted that expenditure on institutional activities will remain at the same level but expenditure on program activities, will grow by 20%. She explained that IDLO's internal costs are essentially staff costs, office costs and function-specific costs.

The Director of Finance and Administration clarified that IDLO's budget is considered to be balanced if internal costs are fully funded by revenue received in the same year. Therefore, in 2012 IDLO would need at least 6.2 million Euros in order to balance the budget. She recalled that IDLO has two sources of revenue: (i) unrestricted contributions from Member Parties and other donors; and (ii) recovery from programs. Since the total expected revenue in 2012 is 6.5 million Euros and this figure exceeds total internal costs of 6.2 million Euros, the expected result would be an operating surplus of 298,000 Euros. Accordingly, she stressed that IDLO was pleased to be able to present a balanced budget for the second year in a row representing the beginning of a period of stability.

The Director of Finance and Administration commented that although the Organization is expecting recovery from programs to keep growing, only with an increase in unrestricted revenue can IDLO's stability be fully achieved to enable it to effectively and efficiently execute its mandate and expand the program portfolio even further. IDLO is working to ensure that the upward trend in unrestricted and program revenue continues, but it cannot do it alone without the support of the Member Parties.

The Director of Finance and Administration highlighted that staff costs are by far the Organization's biggest internal cost. Since 2008 staff costs were rising rapidly and then were reduced dramatically in 2011 after the reduction in force exercise, which took place in 2010. She reported that office costs had been reduced as well since 2010 and are proposed to be maintained at a similar low level in 2012, although, she noted, this was not sustainable in the long term if the Organization is to grow in order to support a higher level of program implementation. She then pointed out that although a similar margin between revenue and costs had been maintained over the last three years, the volume of program implementation was steadily increasing. In fact, the Director of Finance and Administration reported that between October 2010 and October 2011, the number of program-related contracts had more than doubled from 19 to 45 and the increase in value associated with these contracts was nearly 13 million Euros or 18 million US Dollars.

The Director of Finance and Administration concluded by saying that the budget, which the Assembly was being asked to approve, represented a conservative but positive outlook for 2012. This was based on less volatile and more predictable figures also thanks to the fact that the vast majority of the programs which were in the pipeline in August 2011 had begun implementation, which will continue in 2012.

In his concluding remarks, the Acting Director-General highlighted some key aspects of the Management Objectives from the draft Annual Management Plan and Budget for 2012, particularly in:

- Improving staff performance and training opportunities;
- Building teamwork, especially as it relates to preparing for the Director-General leadership transition to occur soon; and

- Taking advantage of the generous contribution from the Bill & Melinda Gates Foundation to build an effective Stakeholder Relations and Communications function.

The Acting Director-General took special note of the current opportunities and challenges that he believed IDLO will face in the short-term. He commented that Member Parties and IDLO Management together have a unique opportunity to build upon the tremendous assets that IDLO has right now, including (i) a 30 year track record in Rule of Law assistance with one of the best reputations in the world for delivering high quality results; (ii) one of the strongest international development brands in which IDLO is known for its forward thinking, flexible, and innovative approaches to development work; (iii) IDLO's extraordinary and passionate team of technical and administrative professionals; (iv) IDLO continues to attract world class expertise which it has seen time and time again all year long as the Organization has grown its program portfolio and has hired the necessary experts to carry out this impressive body of work; (v) the fact that the need for IDLO's expertise has never been greater, as is evident by the significant events of the Arab Spring and in other parts of the world; and finally (vi) IDLO's membership continues to grow and the Acting Director-General expressed his appreciation and congratulations to Mozambique, Turkey, and Peru as IDLO's newest Member Parties for 2011.

The Acting Director-General then noted that despite IDLO's positive results under less than ideal circumstances, the burden placed on programs to help finance the core costs of the Organization is unsustainable and the low level of unrestricted funds will continue to weigh heavily on IDLO's ability to respond quickly and effectively to emerging challenges. He described some of these challenges in further detail, specifically (i) the need for the Organization to diversify its operations which currently take place in highly volatile environments; (ii) the importance of identifying a strong financial model for IDLO's core expenses; (iii) the imperative of increasing the Member Party base and their level of engagement; (iv) the impact of the global financial crisis on funds towards international development; and (v) the need not to lose IDLO's focus and core competencies where IDLO brings an added value.

The Acting-Director General recognized the leadership and support provided by the Presidency, the continued partnership with the former President the Netherlands, whose unrestricted support, in addition to its ongoing program leverage funds, he said, is currently the highest of any IDLO Member Party. He also expressed his appreciation to China and the Philippines for their unrestricted contributions in 2011 and to all of the Member Parties who have supported IDLO with program funds, including Australia, France, Italy, Kuwait, The Netherlands, OFID, and the United States.

Lastly, the Acting Director-General praised IDLO staff for their significant sacrifices which have resulted in a stable foundation from which the newly elected Director-General will be able to further build and create a strong future for the Organization. Thus, he thanked all staff for the support and commitment that they have shown and expressed the wish that their passion and focus will continue to guide their efforts in creating a strong and bright future for the Organization.

The Representative of the Netherlands thanked the Acting Director-General and IDLO staff for the results they had achieved during a difficult year and expressed her country's continued financial support to the Organization. She suggested that IDLO in the future could benefit from a wider geographic spread of funds by involving in its

work new countries such as emerging economies like Brazil, Russia, India and China (the BRIC countries). While the Representative of the Netherlands commended IDLO's strategic networks and e-learning programs, she queried whether social media such as Twitter and Facebook might be used by IDLO as a tool to attract new funds and maintain relations with the Organization's alumni worldwide. She queried the Organization's plans to partner with other organizations in tenders. The Representative of the Netherlands recommended more thematic focus on niches where IDLO has developed a historic competence. With regard to new areas of work such as legal aspects of food security, she advised to pursue a greater cooperation with other institutions such as the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP). She expressed the Netherlands' support to the signature of a Cooperation Agreement with IFAD. Finally, she encouraged other Member Parties to join the Netherlands in providing unrestricted funds to support IDLO's budget or restricted funds towards specific projects.

The Representative of Burkina Faso expressed appreciation for the relative financial health of the Organization and congratulated IDLO staff and the Acting Director-General. He expressed his country's pride for being part of IDLO and gratefulness to its staff for their devotion and commitment. Furthermore, he encouraged the Organization and the Director-General elect to continue efforts to strengthen Rule of Law and good governance in developing countries with specific regard to the rights of those most in need. Finally, he noted Burkina Faso's commitment to the implementation of the Management Plan objectives bearing in mind the economic downturn which the world is experiencing.

The Representative of Ecuador commended IDLO and its staff for their work on the IDLO project titled "Legal Empowerment for Food Security and Sustainable Resources Management" in Ecuador and thanked the Government of Italy for its financial support towards this project. He then wished the outgoing Acting Director-General success in his future endeavors.

The Representative of Paraguay thanked IDLO for the success of its project titled "Strengthening Access to Justice and Prosecuting the Crime of Human Trafficking" and stressed the importance of further reinforcing the national criminal justice system to facilitate access to justice for vulnerable people and combat crime in her country.

The Representative of France congratulated the IDLO staff for their efforts in bringing the institution's finances back to health. He then noted that France observes the need to enlarge the scope of some of IDLO's programs such as those regarding the reinforcement of judicial means to fight the violence against women. He noted that other regions in the world would benefit from these IDLO programs.

The Representative of OFID, after commenting positively on IDLO's recent achievements, expressed his support to the approval of the Management Plan and Budget for 2012. Due to time constraints, the Representative of OFID was then obliged to leave the Assembly.

Seeing no other questions and comments, the Management Plan and Budget for 2012 was approved unanimously together with the following Resolution No. 05/2011/Nov:

Bearing in mind Article VI (1) (C) (a) of the Agreement for the Establishment of the International Development Law Organization and Article 28 of the Rules of Procedure of the Assembly of Parties;

The Assembly of Parties hereby adopts the Organization's Management Plan and Budget for 2012 as submitted with the Background Documentation for this meeting on 17 November 2011.

9. Report of the IDLO Secretariat on the Feasibility of the Replenishment Model

The President reminded the Member Parties that at the November 24, 2010 meeting, the Assembly established an open-ended Working Group for interested Parties and the Director-General to present a system that guarantees the financial sustainability of the Organization for consideration by the Assembly at its next meeting. The Working Group reached a consensus on a draft proposal which was submitted for review to the Assembly at its extraordinary meeting of 23 March 2011. The Proposal, without requiring any amendments to the IDLO Establishment Agreement, was aimed at ensuring the financial viability of IDLO. Although the voluntary Replenishment Model described in that Proposal provided a sound basis for developing a system that guarantees the financial sustainability of the Organization, the Proposal needed to be further refined, namely with regard to the costs of its implementation and interaction with the IDLO Strategic Plan 2009-2012. Accordingly, the Assembly in March 2011 entrusted the IDLO Secretariat with the mandate to further elaborate the technicalities of the Proposal with a view to ensuring the feasibility of the replenishment model and to report on the process for going forward at the November 2011 meeting of the Assembly of Parties.

At the request of the President, the Acting Director-General provided a brief outline of the Secretariat's "Report on the Proposal of the Open-Ended Working Group for an IDLO Financing Mechanism pursuant to Resolution No. 2011/02" attached hereto as Annex E. He stated that the Report's conclusions indicate that deploying IDLO's limited resources to implement a Voluntary Replenishment Model would have a significant impact on other fundraising strategies and program development efforts. In addition, according to the Acting Director-General, in order for the Voluntary Replenishment Model to be successful, all Member Parties must be in a position to identify ways in which they will be able to make the financial and in-kind contributions necessary for the Organization to carry out the objectives identified during the replenishment meetings.

Finally, the introduction and implementation of a new financing mechanism for IDLO must take into account with the appointment of the newly elected Director-General and the transition towards a new leadership at a time when IDLO has only recently established a reduced, yet stable and balanced budget. The Acting Director-General commented that, in accordance with Resolution No. 2011/02 adopted by the Assembly on 23 March 2011, the Secretariat's report focuses on the replenishment model; however, it also mentions two alternative financing systems such as an endowment model and a multi-donor trust fund model which require further study. In view of the foregoing, the Acting Director-General recommended that a final decision on the best

financial model for IDLO be deferred until the newly elected Director-General has joined the Organization and to coincide with the preparation of the new Strategic Plan for 2013-2016, such that IDLO's vision of future programming can be taken into consideration with the funding options that may be available to the Organization at the same time.

The Representative of Senegal noted that Senegal was not against the original Proposal for a Replenishment Model, but expressed concern that this model, which was designed rather for financial institutions, would actually suit IDLO's governance and the need to avoid greater discrepancy in the allocation of funds among programs.

The Representative of France stated that he had not read the Secretariat's Report and that France would not endorse any financial mechanism which would lead to compulsory contributions by the Member Parties.

The Representative of the Netherlands reiterated the Dutch support for a financing model in which all Member Parties share the responsibility to fund the Organization. She expressed the hope that the Director-General elect will bring new ideas to find the best solution for adopting a financing model for IDLO.

Following further comments from the Member Parties, Resolution No. 06/2011/Nov was adopted as follows:

Bearing in mind Article 28 of the Rules of Procedure of the Assembly of Parties;

Recalling Resolution No. 2009/02 adopted on 25 November 2009; and

Reiterating the commitment of the Member Parties to the financial sustainability of IDLO and agreement to undertake all necessary efforts to sustain IDLO's yearly budget on the basis of the IDLO Strategic Plan 2009-2012;

The Assembly of Parties hereby takes note with great appreciation of the Secretariat's Report on the Proposal of the Open-Ended Working Group for an IDLO financing mechanism;

Requests the Director-General to take into consideration the Secretariat's Report on the Proposal of the Open-Ended Working Group for an IDLO financing mechanism in the framework of the development of a new Strategic Plan for IDLO to be presented to the Assembly of Parties at their Annual Meeting of November 2012, with a view to improving the financial sustainability of the Organization; and

Requests the Standing Committee to create a voluntary Open-Ended Working Group to consult with the Director-General on funding models.

10. Discussion on Any Proposed Resolutions

The President asked whether any Member Parties would like to propose any resolutions.

The Representative of Senegal proposed to establish a Working Group of Member Parties in charge of reviewing the IDLO Governance Documents with a view to

proposing amendments at the next Assembly meeting which would be aimed at clarifying the current rules. The President noted that since Senegal had not put forward a specific resolution, this matter could be discussed under the following agenda item.

11. Any Other Business

The Representative of France reiterated Senegal's proposal about the creation of a Working Group in charge of reviewing the IDLO Governance Documents.

The President agreed with the need to clarify the Organization's rules and stated that she was willing to be guided by other Member Parties' ideas. Yet, being mindful that the Assembly had just agreed to creating another working group under agenda item 9, the President noted that the proposal presented by Senegal and France had financial implications for the Organization.

The President invited the Member Parties to make use of the Board of Advisers, noting that thanks to its expertise, the Board was well placed to make recommendations for amendments of the Governance Documents to the Standing Committee. The Board could then submit them to the Assembly for its consideration in advance of the next Assembly meeting. The President highlighted that the Assembly ultimately retains the power of approval of any amendments.

In response to a query from the Representative of Senegal, the President noted that Member Parties are invited to make any proposals for amendments of the Organization's rules to the Board of Advisers and the Standing Committee. In this regard, she recalled that the amendment to Article 30, paragraph 4 of the Rules of Procedure of the Assembly was recently adopted by the Assembly following a proposal from OFID.

After concluding the discussion on this matter, a number of Representatives of the Member Parties made statements in support of the Presidency, the Organization, its staff and the newly elected Director-General.

12. Date of the next meeting of the Assembly of Parties

The President proposed the date of 14 November 2012 as the scheduled date of the next annual Assembly meeting.

13. Closure

The President noted that Article 32 of the Rules of Procedure of the Assembly spoke of 'confirmation' by the President of the summary of proceedings of the meeting to be prepared by the Secretariat, but no time period was set for perusal of the draft minutes by meeting participants.

The President suggested that the draft minutes be circulated by the Secretariat to the Member Parties as soon as ready for a three-week period after which period, if no comments were received by the President, the minutes would be considered approved and confirmed by the President in accordance with Article 32 of the Rules of Procedure.

The President thanked once again the outgoing Acting Director-General and IDLO staff for their invaluable commitment, work and achievements in transitioning IDLO through 2011. She also expressed her appreciation for the availability of the Acting Director-General to continue serving in this capacity until such time as necessary for the new Director-General to take office. In this regard, she announced that the President had telephoned Ms. Khan during the coffee break to inform her about her appointment and she replied that she would consider starting working at IDLO prior to 1 February 2012.

The President reminded the Member Parties that the President has the mandate under the rules to sign the contract of employment with the new Director-General. She then thanked Representatives of the Member Parties, Observers, IDLO staff and management, the IDLO Secretariat support staff for their participation and closed the meeting at 1.26 pm.

Annex A : List of Participants

Annual Meeting of the IDLO Assembly of Parties Food & Agriculture Organization of the United Nations (FAO), Red Room Rome, 17 November 2011

Title Name	Surname	Position / Organization	Party
<u>President</u>			
H.E. Ertharin	Cousin	Ambassador & Permanent Representative to Rome-based UN Agencies	USA
Ms. Karen	Johnson	Deputy Chief of Mission, USUN	USA
Mr. Keith	Heffern	First Secretary & Alternate Permanent Representative, USUN	USA
Mr. John D.	Tuminaro	Senior Food Security Officer, US Department of State	USA
<u>Vice-President</u>			
Mr. Nawaf	Al-Mahamal	Legal Advisor, Kuwait Fund for Arab Economic Development	Kuwait
Ms. Fatma	Al-Ebrahim	Attaché, Embassy of Kuwait	Kuwait
<u>Vice-President</u>			
H.E. Pietro	Sebastiani	Ambassador & Permanent Representative to Rome-based UN Agencies	Italy
Ms. Rita	Mannella	MoFA Coordinator, UN Agencies in Rome	Italy
<u>Member Party Representatives</u>			
H.E. David	Ritchie	Ambassador	Australia
Mr. Peter	Rayner	Deputy Head of Mission	Australia
Mr. Toshi	Kawaguchi	Second Secretary	Australia
Mr. Hannes	Machor	Counsellor	Austria
Ms. Maya	Tchavdarova	Legal Expert, Bulgarian MoFA	Bulgaria
Mr. Jean-Baptiste	Kambire	Chargé d'Affaires	Burkina Faso
Mr. Saidou	Zong	Second Counsellor	Burkina Faso
Mr. Wang	Yi	Third Secretary	China
Mr. Wu	Cong	Attaché	China
Ms. Beatriz	Calvo	Counsellor	Colombia
Mr. José Antonio	Carranza	First Secretary	Ecuador
Mr. Francisco	Salgado	Third Secretary	Ecuador
H.E. Mohamed	Farid Monib	Ambassador	Egypt

Mr. Emad Madgy	Kamel	First Secretary	Egypt
Mr. Cédric	Manuel	Second Counsellor	France
Mr. Basel	Al Kayed	Chargé d'Affaires	Jordan
Mr. Asharaf	Khasawneh	Second Secretary	Jordan
Ms. Jane	Bosibori Makori	Second Counsellor	Kenya
H.E. Carla Elisa	Luis Mucavi	Ambassador	Mozambique
Mr. Lourençao	Cumbe	Counsellor	Mozambique
Ms. Bea	ten Tusscher	Director, Human Rights & Good Governance Department, MoFA	Netherlands
Dr. Hanno	Scheuch	Senior Counsel	OFID
Mr. Reza	Djojosugito	Counsel	OFID
Ms. Lorena	Patino	Second Secretary	Paraguay
H.E. César	Ramírez Castillo	Ambassador & Permanent Representative to Rome-based UN Agencies	Peru
Mr. Jorge	Pone San Roman	Alternate Permanent Representative	Peru
H.E. Virgilio A.	Reyes	Ambassador	Philippines
Ms. Leila	Lora-Santos	First Secretary	Philippines
Mr. Cristian	Assogba	First Counsellor	Senegal
Mr. Muawia Eltoun	Elamin Elbukhari	Chargé d'Affaires	Sudan
Ms. Hazar	Sassi	Counsellor	Tunisia
Mr. Erkan Mehmet	Aytun	Counsellor	Turkey
Ms. Makbule	Koçak	Legal Counsellor	Turkey

Board of Advisers

Prof. Alfredo	Tadiar	Chairman
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ANNEX B

Agenda IDLO Assembly of Member Parties Annual Meeting of November 17, 2011 09h00 a.m.

Red Room Food and Agriculture Organization of the United Nations (FAO)

1. Opening *[closed session]*
2. Adoption of the agenda *[closed session]*
3. Report of the Standing Committee *[closed session]*
4. Election of the IDLO Director-General *[closed session]*
5. Election of the *ad hoc* Member of the Standing Committee *[closed session]*
6. Election of Members and Chair of the Audit and Finance Committee *[closed session]*
7. Election of five new Members of the Board of Advisers *[closed session]*
(Coffee break) 11h00 approximately
8. Approval of the IDLO Management Plan and Budget for 2012
9. Report by the IDLO Secretariat on the feasibility of the Replenishment Model and the process for going forward pursuant to Resolution No. 2011/02
10. Discussions on any proposed resolutions
11. Any other business
12. Date of the next meeting of the Assembly of Parties
13. Closure

ANNEX C
2011 Report of the
STANDING COMMITTEE

(as approved by the Standing Committee at its 12 October 2011 meeting)

Introduction

The present report is submitted by the Standing Committee to the Assembly of Parties for its Annual Meeting on November 17, 2011, in accordance with Article VI paragraph 3 of the Establishment Agreement and Articles II paragraph 2 and XIV of the Rules of Procedure of the Standing Committee. In conformity with the said provisions the present report addresses, among others, the following issues:

1. Transition from the former to the current Presidency of the Standing Committee
2. Interactions with the Acting Director-General and IDLO Senior Management on the administration and management of the Organization;
3. Monitoring of the implementation of the 2011 budget;
4. Monitoring the implementation of decisions by the Assembly;
5. Preparations for the annual Assembly meeting of 17 November 2011;
6. Decisions of the Standing Committee at its 2011 meetings

Composition of the Standing Committee

In accordance with Article VI, paragraph 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 representative of one Party who shall be elected by the Assembly for a one-year term and the Chairman and Vice-Chairman of the Board of Advisers.

As mentioned above, 2011 was a year of transition also for IDLO's governing bodies. During the period January 1, 2011 – March 22, 2011, the Standing Committee was composed of:

- The Netherlands as President of the Assembly;
- Italy as Vice-President *ex officio* of the Assembly;
- Burkina Faso, as Vice-President of the Assembly;
- Colombia as *ad hoc* member;

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

- Prof. Alfredo Tadiar, Chairman of the Board of Advisers;
- Mr. Pascal Roux, Vice-Chairman of the Board of Advisers.

At the Assembly of Parties annual meeting of November 24, 2010, the United States of America was elected as the new President of the Assembly and Kuwait as the new Vice-President. The new President and Vice-President formally took on their respective roles at the extraordinary session of the Assembly of Parties, which took place on March 23, 2011.

In accordance with Resolution n°2011/04 adopted at the March 23, 2011 Assembly meeting, Burkina Faso submitted its candidature and was subsequently elected by written procedure as ad hoc member of the Standing Committee for a period that expires at the November 17, 2011 annual Assembly meeting.

The current composition of the Standing Committee is as follows:

- The United States of America as President of the Assembly;
- Italy as Vice-President *ex officio* of the Assembly;
- Kuwait, as Vice-President of the Assembly;
- Burkina Faso as *ad hoc* member;
- Professor Alfredo Tadiar, Chairman of IDLO Board of Advisers; and
- Mr. Pascal Roux, Vice-Chairman of the Board of Advisers.

Meetings of the Standing Committee

Article VI of the Rules of the Standing Committee provides that it shall hold regular meetings at least every two months at the invitation of the President or at the request of the Director-General or a member of the Standing Committee. In 2011 the Standing Committee held meetings on the following dates:

16 February, 2011
21 March, 2011¹
16 May, 2011
20 July, 2011
14 September, 2011
12 October, 2011

The first meeting for 2012 has also been scheduled for January 18, 2012.

Due to the aforementioned transition in the Presidency, the meetings of 16 February and 21 March were chaired by the Netherlands, with the participation also of a representative of the incoming President, the United States of America, in order to ensure a smooth change in leadership.

All members of the Standing Committee ensured regular attendance to the Committee's meetings. In particular, it should be noted that the Representative of Kuwait has travelled to Rome at his own expense in order to participate in such meetings while the Chairman and Vice-Chairman of the Board of Advisers attended meetings via videoconference respectively from Manila and Paris.

Finally, the members of the Audit and Finance Committee were invited to attend all Standing Committee meetings as observers for all finance-related items of the agenda, as well as to report on their review of IDLO's Management Plan and Budget for 2011 and 2012. A Representative of the IDLO Staff Association was also invited to attend all Standing Committee meetings as an observer.

¹ closing session of meeting adjourned from February 16, 2011

Preparing and Reporting on Standing Committee meetings

Throughout 2011, the President continued to rely on the Secretariat of IDLO for the organization of meetings including the preparation and dissemination of the relevant background documents. The Secretariat has supported the President in an efficient and professional way throughout the year and has provided detailed information to the President.

All reports and related Annexes of Standing Committee meetings were sent by the Secretariat, on behalf of the President, to the IDLO Member Parties as soon as they were finalized and approved by the Members of the Committee. They were also sent to the IDLO Board of Advisers and uploaded to IDLO's intranet (*Piazzale*).

Activities/Competencies of the Standing Committee

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

During 2011 the IDLO Acting Director-General attended all meetings of the Standing Committee and provided the Committee at each meeting with an update report on IDLO's programs' implementation and programs in pipeline; a financial update on the period since the last meeting; as well as any pertinent management issues that needed to be addressed by the Standing Committee.

The IDLO Director of Finance and Administration also reported regularly to the Standing Committee, providing more detailed information and answering any queries on the financial updates and other finance-related items on the agenda.

Other members of IDLO's senior management, including the Director of Programs Management and the Director of Research, Policy and Strategic Initiatives, also attended Standing Committee meetings where appropriate in order to supplement the reports of the Acting Director-General with more detailed information on specific activities being undertaken by their departments.

The IDLO General Counsel and Legal Counsel attended all Standing Committee meetings to provide advice to the President and clarify any legal questions arising at meetings.

Some aspects of the ADG reports worth highlighting:

- Strong portfolio of programs in 2011.
- Strict control of spending, combined with the cuts (in human resources and IDLO regional offices) implemented at the end of 2010, resulted in IDLO ending the year with a balanced budget.
- Increase in the number of IDLO Member Parties contributing to the Organization financially.
- Emphasis on program revenue still leaves IDLO vulnerable to fluctuations in funding.

- High level of dedication on part of IDLO staff, who despite the many sacrifices, remain determined to keep the Organization vibrant and performing well.
- Important new partnership agreements signed in 2011.

Monitoring implementation of the budget

The Standing Committee closely followed the implementation of the 2011 budget through briefings provided by the Acting Director General and the Director of Finance. In addition the Audit and Finance Committee participated in the deliberations of all Standing Committee agenda items that involved matters that could affect the finances of the Organization. During the extraordinary time between the November 2010 Assembly of Parties and the March 2011 Assembly of Parties, the Standing Committee heard reports from the Audit and Finance Committee resulting from their bi-weekly reviews of IDLO's cash flow and balance sheets.

The Standing Committee commended the Secretariat for its cost-cutting initiatives while concurrently implementing programs at a higher rate than the previous year. The projected balanced budgets for 2011 and 2012 show that the Secretariat has been extremely responsive to the requests of the Standing Committee and all the Member Parties as they seek a stable and secure future for IDLO.

Monitoring the implementation of decisions by the Assembly;

1. 2011 Director-General Selection Process

At the 23 March 2011 Assembly extraordinary meeting, the Assembly agreed by consensus on the terms of the Memorandum on Agenda Item 10 on the Selection Process for the IDLO Director-General (the "Memorandum").

Although the Standing Committee does not play a major role in the process of selection/election of the IDLO Director-General under the IDLO Governance Documents, this item was included on the agenda of the Standing Committee meeting of May 16, 2011 and subsequent meetings, with the President providing an update report to members on how the process was proceeding in accordance with said Memorandum.

At the May 16, 2011, meeting of the Standing Committee the Committee agreed by consensus to make certain revisions to the draft job description that had been drafted for the Director-General position as documented in the minutes of that meeting subsequently distributed to all IDLO Member Parties.

Following the expiration on August 31, 2011, of the deadline for the submission of candidatures for the position of IDLO Director-General, the President notified the Member Parties and the Board of Advisers of all candidatures received. In addition, in accordance with the rules, the President and the Human Resources Advisor provided all the members of the Board of Advisers with the CV's and applications of all candidates through a password-protected web database.

Pursuant to items 7 and 8 of the Memorandum, a shortlist of 7 candidates selected for interview, which was drawn up by the Board of Advisers in consultation with the HR Advisor, was submitted by the President to the Standing Committee for review just prior to disseminating the list including the candidates' CVs to all the IDLO Member Parties. Out of the 7 shortlisted candidates, one withdrew prior to the interviews.

Pursuant to step 9 of the Memorandum, interviews of the short-listed candidates were then held on October 10 and 11. Upon the agreement of the Board of Advisers, a restricted committee of four Board members conducted interviews with the 6 remaining shortlisted candidates on October 10 and 11 and the Board will deliver an Advisory Opinion regarding the interviewed candidates to the Assembly of Parties. At the same time, the President arranged for representatives of the Member Parties to interview the candidates over the same days.

At its October 12, 2011 meeting, the Standing Committee agreed that the Secretariat shall assist the President in drafting the contract of employment for the new Director-General of IDLO which will be signed by the President, on behalf of the Organization, after the Director-General's election by the Assembly.

2. Submission of the revised IDLO Management Plan and Budget for 2011 at the 23 March 2011 Assembly meeting

At its February 16, 2011 meeting, the Standing Committee took note of the revised IDLO Management Plan and Budget for 2011, which was prepared by IDLO Management following the decision of the Assembly adopted at its November 24, 2010 meeting to defer the approval of this document until the submission by the Director-General of a revised Management Plan and Budget for 2011 at the Assembly extraordinary session of March 23, 2011.

The Standing Committee expressed no objection to the submission of the revised IDLO Management Plan and Budget for 2011 to the Assembly of Parties at its extraordinary session of March 23, 2011, where the Plan was subsequently approved.

3. Submission of the draft IDLO Management Plan and Budget for 2012 to the Assembly for its approval at its 17 November 2011 annual meeting.

At its October 12, 2011 meeting, the Standing Committee reviewed the draft IDLO Management Plan and Budget for 2012 presented by IDLO Senior Management and took note of the endorsement of the Plan expressed by the Audit and Finance Committee. As a result, the Standing Committee agreed that the draft IDLO Management Plan and Budget for 2012 be submitted by the Secretariat to the Assembly of Parties for approval at its November 17, 2011 annual meeting.

Preparations for the annual Assembly meeting of 17 November 2011

In addition to reviewing the Draft Management Plan and Budget for 2012 and endorsing its submission to the Assembly at its November 17, 2011 annual meeting, the Standing Committee assisted the President in preparing the draft agenda for the Assembly annual meeting. The final version was agreed upon by the Standing Committee members at their October 12, 2011 meeting.

Decisions of the Standing Committee at its 2011 meetings

1. Extension of term of appointment of Acting Director-General

Following the resignation of former Director-General Antonio Badini at the November 2010 Assembly meeting, the Standing Committee had agreed to take the following transitional measures in accordance with Article VI, paragraph (3) of the IDLO Establishment Agreement:

- (a) To appoint Mr. Jeffrey S. Waldron, IDLO Director for Human Resources, as Acting Director-General, effective 1 December 2010.
- (b) To initiate, without delay, the process of identifying and selecting an Interim Director-General for appointment as soon as possible, and until the election of a new Director-General at the Assembly of Parties meeting in November 2011.

At its meeting of March 21, 2011 (the closing session adjourned from February 16, 2011), in relation to point (b) above the President confirmed that the Standing Committee had taken the appropriate transitional measures as indicated above. Following the receipt of 12 applications for the position of Interim Director-General, these applicants were shortlisted by the Presidency in accordance with the criteria contained in the aforementioned job description. Only two candidates were found to have all the requisite criteria and one of these two subsequently withdrew his candidacy, leaving just one candidate.

Considering the above, the fact that it would be unreasonable to embark upon an extended selection process for an Interim Director-General, the imminent start of the process for selecting the next IDLO Director-General, and in order to minimize disruption to the ongoing business and management of IDLO as well as to avoid the unnecessary internal upheaval that might result within IDLO from another leadership change, and in view of the excellent results thus far achieved under the Acting Director-General, the Standing Committee agreed by consensus to extend the term of Mr. Jeffrey S. Waldron as Acting Director-General until the next Assembly meeting in November 2011, at which time the next Director-General will be elected.

This decision of the Standing Committee was subsequently communicated to all IDLO Parties in advance of the March 23, 2011, extraordinary session of the Assembly of Parties and was endorsed by consensus at the aforementioned Assembly meeting.

At its October 12, 2011 meeting, the Standing Committee took note that Mr. Waldron's contract of employment with IDLO in his capacity as Acting Director-General is due to expire on November 17, 2011. In view of that, and considering

that the soon to be appointed Director-General of IDLO is not likely to replace Mr. Waldron as soon as November 17, 2011, the Standing Committee agreed that, as a transitional measure in accordance with Article VI, paragraph (3) of the IDLO Establishment Agreement, the President is empowered to extend the contract of Mr. Waldron in his capacity of Acting Director-General until such time as necessary for the complete onboarding of the new Director-General.

2. Selection of new third party administrator for the IDLO Provident Fund

At its meeting of February 16, 2011 the Standing Committee approved IDLO Management's request to appoint a new third party administrator – the firm “Accenture” - for the management of the IDLO Provident Fund.

3. Approval of Financial Statements and External Audit Report 2010

At its meeting of May 16, 2011, the Standing Committee, after hearing the recommendation of the Audit and Finance Committee, formally approved the 2010 financial statements of IDLO and the external auditor's report.

4. Approval of Repayment of Loan from UBS

At the May 16, 2011, meeting of the Standing Committee, IDLO's Director of Finance and Administration gave a brief outline of the nature of IDLO's current loan with UBS and explained the rationale behind recommending repayment of the loan, namely to bring IDLO's investment portfolio more in line with the low-risk principles stated in the Investment Policy. Having heard the report of the Director of Finance and Administration and examined the supporting documents, the Standing Committee approved the proposal and authorized the repayment of the loan to take place as requested.

5. Memoranda of Understanding with other organizations

In the course of its 2011 meetings, the Standing Committee was also consulted on new partnership agreements entered into by IDLO, including the signing of Memoranda of Understanding with the International Anti-Corruption Academy in Vienna, the International Union of Notaries and the South Asian Association for Regional Cooperation in Law.



International Development Law Organization
Organisation Internationale de Droit du Développement

ANNEX D

Annual Management Plan 2012

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Executive Summary

1. 2011 was a year of significant transition for IDLO. The Organization was honored to welcome its new President of the Assembly of Parties, the United States of America, as well as its new Vice President, the State of Kuwait, and who join the permanent ex-officio Vice President, the Republic of Italy. IDLO is equally honored to recognize the strong legacy of leadership left by its outgoing President, The Kingdom of The Netherlands, and its outgoing Vice President, Burkina Faso.
2. IDLO spent much of 2011 managing the impact from the financial, operational, and human resources reductions that the Organization undertook in 2010. These reductions, while essential in order to bring about a balanced budget for 2011, placed a heavy burden on the Organization to put in place viable mechanisms for maintaining and supporting the high level of quality IDLO has always strived for in its program development and implementation activities. Despite this and other structural challenges endured in 2011, the unwavering commitment of IDLO's staff allowed the Organization to remain focused on its mission and propelled IDLO to a position of strength and stability.
3. Most notable in 2011 is the fact that IDLO pursued and successfully grew an impressive global program portfolio and responded effectively to this noteworthy surge in activities through high quality delivery and support. As such, IDLO will be finishing 2011 with an impressive portfolio of work to carry out in the coming months and years.
4. The core strength of IDLO's operations and management systems enabled the Organization to successfully see itself through this transition period and to continue advancing its mission and strategy effectively. The strategic and operational ambitions of the Strategic Plan 2009-2012 remain sound and the current projects under implementation were rigorously designed, competently staffed, and responsibly delivered. This track record, combined with the strength of IDLO's existing capabilities, both in headquarters and the field, will allow IDLO to pursue even stronger programming and implementation results in the coming years.
5. The financial and operational constraints faced by IDLO in 2011 required constant and diligent monitoring of resources and activities. As a result, IDLO expects to finish the 2011 budget year with a modest surplus. The Organization has shown that it is well placed to meet a variety of operational challenges, which are affecting all development agencies around the world, and is prepared to overcome significant obstacles as they arise. Most importantly, IDLO remains proud of its success managing the complexities of delivering an international portfolio of program work that brings real change and measurable impact to its beneficiaries.

6. Evidence of the relevance of IDLO to international legal and development priorities continued to grow. The increasing focus on rule of law in connection with development has allowed the Organization to further develop and strengthen partnerships with a range of stakeholders internationally, thereby extending its impact.
7. IDLO's 2011 Program of Work was implemented consistently with the Strategic Plan 2009-2012. The Organization made progress towards each of its five strategic objectives and gained new insights into the catalytic effects it can have for rule of law and development by realizing synergies between all the strategic objectives. Further to this commitment to learning and results-based management, IDLO was pleased to publish its first Annual Performance Report in 2011 based on 2010 programming results.
8. In 2012, the Program of Work will be conducted in a consistent manner with the Strategic Plan 2009-2012. Broadly speaking, Strategic Objective One (National Strategies and Frameworks) remains a dominant emphasis of the work; however, increased activity and collaboration is occurring between the overall implementation of programs and all strategic objectives. Experience delivering programs, in line with the Strategic Plan, has validated certain assumptions, most notably the value of approaching the rule of law from multiple directions and societal levels. Accordingly, results show that the interaction between the Strategic Plan's five strategic objectives is occurring and generating positive results for the development of the rule of law in beneficiary states. Moreover, these results appear to hold across different substantive areas of the law. Although more evidence remains to be collected, the basic model of legal change IDLO hypothesized in the Strategic Plan appears largely sound and sufficiently robust to guide current and future programming within different substantive program streams.
9. Although the election of a new Director-General in 2011 will result in further transition measures to be carried out in 2012, the Organization expects to maintain its focus on advancing its management objectives, which are critical to enabling continuity and ensuring a shared commitment to its priorities. The 2012 Annual Management Plan sets forth an ambitious agenda of work, and significant effort must be committed to achieve the desired operational and administrative enhancements necessary to operate in a more sustainable manner. However, new funding and resources were secured in 2011 to assist the Organization carry out these essential activities in the areas of resource mobilization and communications.
10. IDLO is proposing a total budget for 2012 of just over €15 million, which represents a 15% increase on the level of activity forecasted under the 2011 budget. Nearly all of the Organization's internal revenues and costs are consistent with 2011, although some variation exists as a result of increases to certain institutional activities related to program development as well as stakeholder relations and communications functions.

2011 Program of Work Accomplishments

External Environment

11. In 2011, the central importance of the rule of law for international development was underscored in dramatic fashion as a result of the series of uprisings in the Arab world. Among the countries experiencing upheaval during this period, the lack of rule of law was cited as a major cause and the development of the rule of law has been cited as a chief priority in the reform initiatives that these countries must undertake.
12. The importance of the rule of law in rebuilding societies which are threatened or broken by conflict remains a frequent topic throughout the United Nations, particularly within the Security Council and Peacebuilding Commission. While virtually all actors acknowledge the fundamental importance of state institutions in the process of recovery from conflict, the role of traditional, customary, and religious-based justice systems in dispute resolution and in the creation of stability continued to gain greater acceptance. Likewise, recognition of the importance of the legal empowerment of poor and marginalized populations continued to grow as many organizations began to devote greater attention to such issues. The outcome of the Millennium Development Goals Summit affirmed the value of human rights, including the right to development, the rule of law, gender equality, and an overall commitment to just and democratic societies for development.
13. In the context of national and regional conflicts as well as natural disasters, the need to uphold humanitarian law as well as human rights standards has been repeatedly demonstrated. With respect to the rights of vulnerable populations, including women and children, supporting gender equality, civic education, and combating human trafficking have become central areas of focus, as has providing access to legal services for people suffering from disease or living with HIV.
14. In the context of the shift of development assistance to regional and local ownership mechanisms, capacity building and technical assistance to strengthen or develop national procurement, anti-corruption bodies, and alternative dispute resolution techniques are critical. In the context of national ethnic, tribal, or religion-based disputes, post conflict and reconciliation techniques are increasingly required to provide the conditions necessary for sustainable legal reform and development. In all of these areas, IDLO's focus on the specific legal dimensions of issues such as these and their inter-relationship continues to gain recognition as an essential component in addressing the issues effectively.

Context

15. In 2011, IDLO conducted its Program of Work consistent with the 2009-2012 Strategic Plan (Strategic Plan). Broadly speaking, Strategic Objective One (National Strategies and Frameworks) remains a dominant emphasis of the work; however, increased activity and collaboration is occurring between the overall implementation of programs and all strategic objectives. Experience in delivering programs, in line with the Strategic Plan, has validated certain assumptions, most notably the value of approaching the rule of law from multiple directions and societal levels. Accordingly, results show that the interaction between the Strategic Plan's five strategic objectives is occurring and generating positive results for the development of the rule of law in beneficiary states. Moreover, these results appear to hold across different substantive areas of the law. Although more evidence remains to be collected, the basic model of legal change IDLO hypothesized in the Strategic Plan appears largely sound and sufficiently robust to guide current and future programming within different substantive program streams.

Program Portfolio Accomplishments

16. A key accomplishment in 2011 has been the continued application of a Results-Based Management system to program activities. The strategic results framework informed the preparation of all projects that are now under implementation.
17. In addition, at the time of writing this document, IDLO's Evaluation function has carried out four program evaluations thus far in 2011. The results of the evaluations and the overall program of work accomplishments will be described more fully in the 2011 Annual Performance Report.

Beneficiaries

18. The model of legal change set forth in the Strategic Plan is based substantially on IDLO's ability to target and reach change agents in different countries. Implementing each of the five strategic objectives entails interaction with different beneficiaries in an effort to catalyze change. Not only does IDLO reach beneficiaries through training, but also through the creation of aid organizations and technical capacity building activities.
19. As of August 2011, IDLO conducted twenty-two courses from which 391 participants benefited. These participants represented forty-one countries and covered seven regions from around the world. In turn, direct beneficiaries of IDLO intervention through their routine work as trainers, judges, prosecutors, defense attorneys, policy makers, and change agents multiplied IDLO's project impact to thousands of indirect beneficiaries across the globe.

Table 1: Gross Numbers of Direct Beneficiaries (January 1, 2011 – July 31, 2011):

Region	Participant Numbers	Percentage Breakdown
Asia	295	75%
Europe	12	3%
Latin America and Caribbean	14	3.50%
North America	4	1%
Pacific	2	0.50%
MENA (Middle East and North Africa)	4	1%
Sub-Saharan Africa	60	16%
Total:	391	100%

2011 Program of Work Across Strategic Objectives

20. In 2011, IDLO’s program of work involved activities across all the strategic objectives. This experience suggests that significant synergies exist between the different strategic objectives and that efforts should be made to capitalize on those synergies. While IDLO Management is confident of the value of both Strategic Objective Four (Networks) and Strategic Objective Five (Knowledge), greater efforts must be made to generate support for future funding opportunities for activities under each in order for them to contribute their full potential.

Geographical Distribution

21. *Figure 1* shows the geographical distribution of IDLO’s programs currently under implementation as well as the high and moderate probability programs in the pipeline. As can be seen in *Figure 1*, IDLO’s current work is heavily concentrated in Afghanistan and South Sudan (representing 41% and 28% of the program values, respectively).
22. However, it should be noted that IDLO’s performance in Afghanistan and South Sudan is an indication of the Organization’s success leveraging up and expanding its existing program portfolio. IDLO expects to replicate this approach in other geographic areas as well. A recent example includes Kyrgyzstan where IDLO was able to leverage its ongoing EBRD Judicial Capacity Building partnership to secure new programs in Central Asia.

Figure 1



2011 Performance Highlights by Strategic Objective

Strategic Objective One (SO1) – National Strategies and Frameworks

23. In 2011, the largest component of IDLO's activities involved work under SO1. General highlights of this work included country and sector assessments, stakeholder consensus building events (including peace dialogues by religious and tribal leaders in Nigeria and research on peace building through integration and citizenship), development of legal and institutional reform action plans (including support to the Ethiopian Federal Justice Organs Professional Training Center (JOPTC)), organizational work plans, and the development of legal instruments. In addition, capacity development continued to represent a significant share of work under SO1.
24. Specifically under SO1, strategic plans were developed for justice institutions in the newly established Republic of South Sudan, including for the Supreme Court, the Ministry of Justice, the Law Reform Commission, and the Legal Training Institute. Additionally, IDLO helped to establish and provided technical assistance to a committee to oversee the process of developing the first Constitution for the Republic of South Sudan.
25. In Afghanistan, IDLO provided assistance in the implementation of the National Justice Sector Strategy, which included developing expansion plans for a specialized unit of prosecutors for crimes of *Violence Against Women*. Furthermore, IDLO led the institutional strengthening of a national legal training institute and the expansion of legal aid services in twelve provinces.

26. IDLO also provided assistance in the development of the first National Status Report in Human Rights in Ethiopia.
27. In 2011, IDLO's e-learning platform has been used in areas of procurement law and health law capacity building.

Strategic Objective Two (SO2) – Legal Empowerment

28. Legal empowerment remained a significant portion of the overall program portfolio, complementing work under SO1. Key outputs under SO2 in 2011 included efforts to increase awareness of rights among disadvantaged and disempowered populations, reducing administrative barriers to realizing rights, strengthening legal services, establishing functioning alternative dispute resolution mechanisms, increasing capacity of informal justice institutions, improving monitoring and reporting of human conditions and human rights violations, and improving knowledge of legal empowerment among actors responsible for drafting strategies.
29. Activities under SO2 have primarily concentrated on the provision of legal services for vulnerable populations. In 2011, IDLO piloted activities relating to girl child victims of human trafficking in India in 2011 and continued to advance its work around legal services related to HIV/AIDS, including launching a new initiative aimed at enhancing the knowledge of intellectual property in order to ensure access to life-saving drugs.

Strategic Objective Three (SO3) – Global Challenges

30. IDLO identified climate change and food security as two global challenges it would increasingly strive to address in 2011. IDLO's work on the Legal Preparedness for Climate Change program involved a series of activities designed to achieve the goal of SO3 to create "effective responses to global issues undermining development, supported by an enabling legal and governance environment." Among the accomplishments of IDLO under SO3 in 2011, the Organization increased awareness among policymakers in forums such as the FCCC Conference in Cancun on relevant legal issues associated with climate change, developed leading publications that provided practical guidance on the legal aspects of mitigating climate change, and identified various legal and institutional reforms needing prioritization in international climate change mitigation efforts.
31. With respect to food security, IDLO worked to increase awareness surrounding critical legal issues associated with food security, particularly in relation to small holder farmers. Engagement in various forums, including the World Bank's Land Tenure Conference and IFAD's conference on small holder farmers and food value chains, among others, have helped IDLO draw attention to the unique legal issues involved in financing and facilitating small holder access to commodity markets.

Strategic Objective Four (SO4) – Networks

32. Numerous capabilities of the virtual IDLO Sharing Network platform became fully operational in 2011, providing, for example, searchable databases for all alumni and registered members of the Sharing Network as well as extensive legal documentation within the topic-specific areas. Thematic workspaces, such as those on Health Law and HIV/AIDS in English, French, and Spanish, and on Intellectual Property provided discussion forums where practitioners worldwide shared knowledge on issues critical to the development of laws and policies in their home countries. The Sharing Network platform offers an important value-add to IDLO's program of work across all strategic objectives by providing a virtual link among development law practitioners who might otherwise operate in isolation.
33. An important section of the online Sharing Network platform is devoted to the Alumni Associations. Each Alumni Association is able to manage its own personalized country-specific space that can be accessed separately, and a number of these spaces are already active. Additionally, an ongoing Alumni Association forum allows Associations to dialogue with each other and share lessons learned.
34. In May 2011, the Sharing Network hosted its first "issue specific" forum. The forum is a web-based discussion designed to provide opportunities for dialogue on cutting-edge issues. It takes place over a two-week period and is led by a Facilitator/Moderator, who may also be joined by other international experts. Documents relevant to the subject being discussed are provided as background resources for forum participants. The first forum in 2011 was a collaborative effort between the IDLO Health Law team and the IDLO Research team who organized a web-based discussion on "Realizing the Human Rights of Sexual Minorities." The event raised awareness and discussed ways in which the legal community can support and promote the Yogyakarta Principles: *A set of principles on the application of international human rights law in relation to sexual orientation and gender identity. The principles affirm binding international legal standards with which all States must comply.*
35. The Alumni Associations also play an integral role in IDLO's Strategic Networks and continue to provide the Organization with the ability to remain closely engaged with beneficiary countries. During 2011, IDLO continued to strengthen Alumni Associations by providing capacity building technical assistance and modest financial support for tailor-made local programming activities that responded to the specific needs in each legal community. Additionally, Alumni and Alumni Associations often represent and endorse IDLO at the highest levels of government within a beneficiary country and increase the Organization's credibility as a development partner for legal and judicial reform initiatives. As an example, the IDLO Alumni Association in Tunisia (ATDD) was instrumental in initiating contact between IDLO and the Tunisian High Commission for the Realization of Revolutionary Goals, Political Reforms and Democratic Transition. Similarly, Mauritanian Alumni and the Alumni Association assisted IDLO in proposing its participation in an EU-sponsored Program for the Training of Justice Sector Personnel in that country. Contacts such as these, in both

the public and private sectors, enable IDLO to acquire the necessary insights and knowledge of the needs and priorities of the institutional stakeholders and to establish the appropriate alliances required in order to design and implement programs for reform and capacity building.

Strategic Objective Five (SO5) – Knowledge

36. IDLO continued to make progress on SO5 throughout 2011 through research, evaluations, and knowledge sharing activities. IDLO deepened its expertise in legal empowerment approaches to development programming through a series of action-oriented research projects and cutting-edge research publications. In 2011, IDLO published three books on legal empowerment and customary justice as well as a series of online research products on the challenge of advancing legal empowerment strategies in respect of various areas of development. IDLO plans to consolidate and share its recognized knowledge in legal empowerment by engaging in discussions with key players, donors, and institutional partners in 2012.
37. In 2011, IDLO launched a *Legal Working Paper Series on Sustainable Development Law on Climate Change* to address key issues related to the United Nations Framework Convention on Climate Change negotiations and implementation. In 2012, IDLO plans to expand the “Working Paper Series” to include a greater number of topics and to actively pursue new funding for this and other publications.
38. In 2011, IDLO also took steps to further consolidate its expertise in the justice and rule of law fields by updating and scaling up IDLO's Rule of Law Assistance Directory and National Justice Strategies Platform.

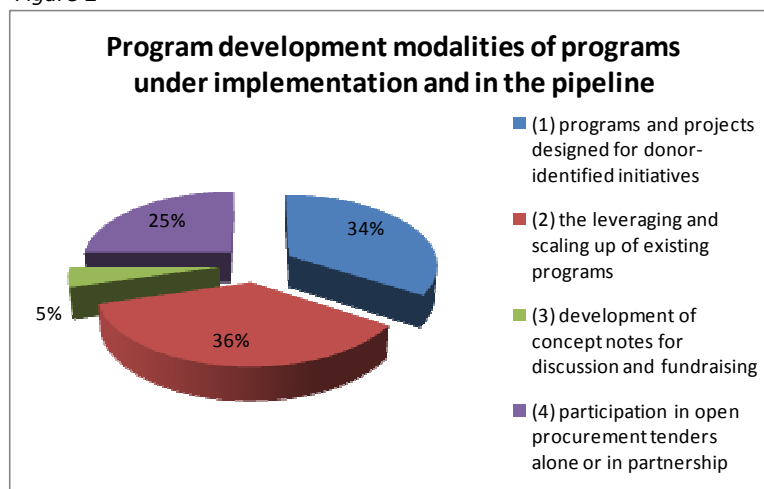
2012 Program of Work

Programming Outlook for 2012

39. The consolidation of country operations and the development of new thematic and regional opportunities will characterize IDLO's programming strategy for 2012. The Organization's programming approach increasingly reflects the actions of governments and international donor agencies to further decentralize their operations to fulfill the objectives of the Paris Declaration on Aid Effectiveness and increasingly rely on international procurement tenders. As a result, IDLO will continue to apply a multi-track approach to program development in an ever increasing demand- and market-driven environment. This development approach includes: (1) programs and projects designed for donor-identified program initiatives; (2) the leveraging and scaling up of existing programs; (3) development of concept notes for discussion and fundraising; and (4) participation in open procurement tenders alone or in partnership with other private and public sector institutions and corporations.

40. New thematic opportunities will also be developed for consideration by Member Parties and public and private donor agencies. Priority will be given to countries where IDLO is well known and where effective Alumni Associations are present. Notwithstanding an increasing focus from donors on country operations and an ongoing country presence in several key multi-donor working environments, efforts will be made to identify regional opportunities to transfer and communicate knowledge and practical experience through leadership and sharing activities.
41. IDLO will also continue its development of unique program concepts to serve as discussion and fundraising tools with a variety of stakeholders, including those in the private sector and with foundations in both the United States and Europe. These projects will reflect gap analyses or bridging opportunities uniquely suited to IDLO's status as an international intergovernmental organization and to its reputation as a non-partisan, technical institution.
42. Program development will continue on both a centralized and decentralized basis, but will be managed through a unified program development cycle and process. Efforts will focus both on leveraging program operations where there is a permanent in-country presence and where there is donor ability to provide directed assistance. Additionally, efforts will continue to focus on the identification of procurement opportunities aligned with IDLO's strategic objectives and programmatic streams. Country operations will be strengthened and staffing decisions taken to identify consultants able to meet both current obligations and also respond locally to new operational or thematic opportunities. Current operations in Afghanistan, Kenya, Kyrgyzstan, and South Sudan will serve as pilots for this approach and these program teams will assist in developing new operational and program development procedures. *Figure 2* illustrates the breakdown of the current program portfolio according to this multi-track development approach.

Figure 2



43. At the time of writing this document, IDLO is implementing forty-three signed contracts totaling approximately €30 million in value. It is projected that the implementation of these programs will generate gross program revenue in 2012 of €12.2 million. The current portfolio reflects an increasing number of larger, more comprehensive, and longer-term contracts from a greater number of donors.
44. The greatest determinant of success in any given country or region continues to be the success of IDLO's past and ongoing program activity in that country or region. As a result, increased efforts will be made to communicate not only the nature of IDLO's current operations, but also the interim- and long-term results of those past activities. Efforts will also be made to further increase not only the number of IDLO Alumni Associations, but also the contributions they make to ongoing activities as well as the development of new initiatives by developing strategic partnerships.
45. Trends in IDLO programming secured through all development methods continue to be closely aligned to regional or sub-regional priorities. Efforts will be made to extend IDLO's operational scope in new markets by sharing regional and thematic work experience on such sub-themes as HIV/AIDS, non-communicable diseases, access to justice, sustainable economic development, promotion and protection of innovation, and the green economy. In this manner, IDLO's reputation in thematic and sub-thematic areas less often associated with its current programming will be internationalized and will facilitate a stronger understanding of the types of assistance IDLO could provide donors on emerging medium- and long-term global priorities.
46. Although a dedicated rule of law trust fund has yet to be created to support rule of law development, the need for rule of law assistance and a systematic approach in this field has never been greater. The "Arab Spring" provides a stark reminder of the importance of a new global mechanism to receive funds and facilitate funding for preliminary fact finding and program design activities to support the rule of law. In the alternative, IDLO's program development activities in several countries affected by this transition have proceeded on a bilateral basis and remain largely determined by traditional donor disbursement techniques.
47. Given the limited availability of unrestricted funding, IDLO continues to be affected in its ability to fully determine programming priorities or quickly respond to emerging programmatic opportunities. Nevertheless, the leading principle for IDLO's program development efforts is to further its Strategic Plan. The need to remain "market-oriented" has not obscured the underlying purpose the Organization seeks to achieve. As the results of 2010 and 2011 attest, IDLO can and will continue to have a significant international development impact for an increasing number of donors and a wide range of beneficiaries at both the national and regional level.
48. Program activities under Strategic Objective Four (Networks) for 2012 will continue to support internet-based peer-to-peer dialogue within the Sharing Network platform among legal professionals around the world across all of IDLO's program themes. Program Directors in each thematic

area within all five of IDLO's strategic objectives are able to use the resources of the Sharing Network platform to bolster and reinforce their own goals and purposes. While the Sharing Network can stand on its own as an independent results-based activity, it will continue to contribute to all of the goals of the Organization through open dialogue on important issues and the sharing of knowledge and best practices among IDLO's beneficiaries. For example, participants in IDLO e-learning courses are able to continue connecting with each other and with IDLO after a formal course ends. In addition, "Hot Issue" discussions will continue to be implemented in 2012, either to support current funded programs or at the request of local partners, including Alumni Associations.

49. IDLO Alumni and the Alumni Associations will continue to be an important resource. Whenever possible, Alumni Associations will be engaged as local partners for program implementation and will be offered assistance for local activities that advance the rule of law, including the ongoing Intellectual Property Development Program funded by Microsoft.
50. For 2012 and beyond, IDLO's training activities, including the ongoing implementation of the Intellectual Property Development Program, will continue to play a crucial role in the range of technical assistance capabilities offered by the Organization. International training courses at IDLO's Headquarters in Rome as well as the delivery of training (especially IDLO's *Training of Trainers* course) in beneficiary countries remain an integral part of the overall program of work in 2012. It will also remain important to ensure that IDLO's training methodology is rigorously applied by IDLO program staff, facilitators, and consultants.
51. Looking forward to 2012, IDLO expects to increase the breadth and quantity of publications on key aspects of the rule of law, access to justice, and legal reform. IDLO will continue to explore ways to generate knowledge and contribute to program design as well as to build on synergies between research and programs, including through the publication of project materials.
52. In 2012, IDLO will also engage in a renewed effort to find external financial support for the Rule of Law platform. IDLO's involvement in the justice and rule of law international agenda will also be consolidated in 2012. In this respect, IDLO plans to conduct empirical research on (1) the implementation of the Paris Declaration of Aid Effectiveness and the Accra Agenda concerning the rule of law, access to justice, and human rights, (2) best practices to improve national ownership, harmonization, alignment, and evaluation techniques, (3) the drafting of a practice manual on strategies for justice sector reform, and (4) the establishment of a "knowledge center" on these issues. IDLO will also ensure the active involvement of leading intergovernmental organizations and promote its image of excellence as a recognized international hub for information on national and international development efforts for justice sector reform and the rule of law.

Management Objectives

Introduction

53. IDLO's eight Management Objectives, as listed in *Annex 1*, remain as relevant for 2012 as they were when they were first developed at the beginning of the 2009-2012 strategic planning process. During this period, a strong focus has been maintained in the areas of *Values, Performance, and Teamwork*. While progress has been made with respect to the objectives relating to *Processes and Procedures*, the formalization and documentation of these outputs has been delayed due to the Organization's priority activities in the areas of program development, implementation, and support in order to raise operational revenues.
54. IDLO had planned to update its resource mobilization and communications strategies in 2011, but it was determined that existing human and financial resources would be better spent on program development, implementation, and support. At the same time, IDLO was successful in securing new funding from the Bill & Melinda Gates Foundation to specifically invest in its Stakeholder Relations and Communications functions for the purpose of building its core capacity in these areas and to establish the systems necessary to increase and diversify its donor base.
55. As described in the 2011 Management Plan, the Organization anticipated challenges related to the two expected leadership changes during the course of the year, including the election of an Interim Director-General at the Extraordinary Session of the Assembly of Parties in March 2011, and then to be followed by a new Director-General to be elected at the November 2011 Assembly of Parties meeting. However, one of these leadership changes, and the consequent resource implications for IDLO, was avoided when the Member Parties requested that the Acting Director-General, a member of IDLO's senior management team, serve throughout 2011. As a result, the ability for the Organization to focus its time and resources uninterrupted during this interim period attests to the resilience and strength of its management systems and to the dedication and commitment of its staff to the Organization's mission.
56. The appointment of a new Director-General at the November 2011 Assembly of Parties meeting will still impact the Organization in 2012. In this context, it is imperative that the Organization maintain its focus on long-term goals and institutional priorities while at the same time preparing the new leadership to effectively manage and execute the Organization's objectives and overall mission.
57. Below is a brief description of the progress made in 2011 with respect to each of the eight Management Objectives. The status of these activities, as shown in *Annex 1*, highlights that many of these priorities have an inherent, ongoing nature and will continue to be a focus for IDLO in 2012.

2011 Performance Highlights by Management Objective

Management Objective One: Values

58. IDLO's first Management Objective is *Values*. The Organization's values and Code of Conduct have and will continue to drive its business practices and internal relationships. As a development assistance partner contributing to legal reform and rule of law, our development work is centered on implementing client-driven, results-oriented, multicultural, and politically neutral assistance programs. IDLO continues to engage effectively with its partners and program beneficiaries through these fundamental principles and practices. Additionally, in 2011, IDLO further defined and adopted organization-wide core competency measurements for staff performance, which include: Technical Awareness; Performance Focus; Results Orientation/Driven; Client Service; Valuing People & Partnerships; Commitment to Innovation; and Practice Management/Leadership.
59. In 2011, IDLO's promotion of its shared values had a positive impact on its work and contributed to its success in establishing sustainable partnerships. This resulted in a significant increase to its global program portfolio and advanced the Organization's mission through the results it achieved in its programming work.
60. In 2011, IDLO also continued to focus on cultivating its staff orientation processes to provide top quality results. Examples of this include launching a "client survey" by the Finance & Administration Department in order to seek feedback on how to improve levels of service in 2012 and the institutionalization of formal orientation and consultation procedures for all new and current field based staff.
61. The Performance Management System, including the organization-wide core competencies to be implemented by the end of 2011, will be a tool to further reinforce IDLO's values in 2012 and beyond, especially as it relates to the manner in which IDLO defines success.

Management Objective Two: Performance

62. IDLO's primary asset is its staff and the extensive capabilities and commitment they bring to the Organization. The Performance Management System, mentioned above, will serve to encourage and support ongoing dialogue between supervisors and staff, especially as it relates to their respective work plans, career planning, competencies, and expectations for individual performance. Recognition and discussion of these topics are inherent in the performance management process and it provides the basis for efforts to recognize and reward exceptional performance. A targeted investment in performance will lead to higher retention rates and strengthen staff talent by providing clear feedback on career advancement opportunities. It will also help to identify the necessary resources for staff to grow in their relevant areas of expertise.

63. In 2012, the full implementation of the newly-adopted Performance Management System will represent a positive transition for staff and the way in which they view their career goals and performance. Career advancement opportunities will be more easily identifiable through this new system and supported by the professional development program already in place. Investments in staff training and development remain crucial for the Organization; however, in a challenging financial period, IDLO may not be able to invest in this area to the extent that it believes ideal. Nevertheless, new levels of accountability and a more rigorous approach to monitoring and evaluating performance will contribute to building a stronger workforce.

Management Objective Three: Teamwork

64. The third Management Objective, *Teamwork*, articulates IDLO's desire to operate as "one team" in service of IDLO's strategy.
65. IDLO Management focused extensively on evaluating the organizational structure throughout 2011 and made adjustments or continued planning potential changes to enhance the effectiveness of the Organization. IDLO's key priority has been to strengthen the resources related to program development and delivery both from Headquarters and from the project field offices.
66. In an effort to build a cohesive team to ensure the effectiveness and well being of project consultants, new consultants have attended enhanced orientation sessions in Rome before being deployed. Field offices have also focused on capacity building by increasing direct involvement in Headquarters activities that relate to their respective areas of work. Efforts have also been made to increase the connection of field staff to core activities undertaken at Headquarters by increasing opportunities for participation in visitor briefings, presentations to staff, and external representation activities.
67. Integration between research, knowledge generation, and programming was also strengthened in 2011 to better leverage limited resources and ensure the consolidation and continuity of IDLO's activities. For example, research on human trafficking and legal empowerment has been effectively integrated into a new programming initiative on human trafficking in Paraguay. At the same time, research and program staff members have been effectively integrated into an increasing number of field activities.
68. Monitoring the effectiveness of the organizational structure and improving the vertical and horizontal integration between all departments and units in IDLO, including project field offices, will continue to be a priority for 2012.

Management Objective Four: Programs & Processes

69. The fourth Management Objective, *Programs and Processes*, articulates IDLO's commitment to continuously improve the design, effectiveness, and delivery of programs to achieve results.
70. In 2011, as it relates to being a results-oriented development organization, IDLO continued to incorporate Results-Based Management principles and practices. This includes the implementation of the Strategic Results Framework, the continued implementation of an Evaluation Policy, the consolidation of results-based program development cycles and design practices, including the alignment of programs outputs and indicators in alignment with the Strategic Results Framework, and the refinement of standard practices and tools for monitoring, evaluating, and reporting on program results. All of these measures have significantly contributed to IDLO's growing credibility in the international development arena and have informed the Organization's own view of best practices throughout its global portfolio of programs.
71. In 2012, IDLO will continue to expand its program portfolio, further improve methods of program delivery, and maximize learning from projects. IDLO will also continue to implement these best practices and further improve efficiency by standardizing these practices throughout 2012. As an example, IDLO will institutionalize a function to exercise quality control on training events, ensuring that IDLO's training methodology is rigorously applied by IDLO managers, facilitators and consultants.
72. IDLO's first Annual Performance Report will be published by the end of 2011 (based on a selection of 2010 program activities). Significant efforts will be made to develop a prototype for effective program monitoring and for the future preparation of Annual Performance Reports, which will allow for its consistent replication annually. Efforts will also be undertaken to ensure that the Annual Performance Report to be produced in 2012 will document results achieved on all program activities.

Management Objective Five: Accountability

73. Accountability is a means by which individuals and organizations take responsibility for their actions so that those who depend on them can be assured there are safeguards in place. This philosophy encourages best practices and prevents or mitigates poor practices or abuses. It further provides for redress for problems that arise and assurances of equitable and fair treatment. IDLO's fifth Management Objective, *Accountability*, articulates IDLO's commitment to ensuring effective compliance and transparency regarding IDLO's rules and procedures as well as its performance goals across the Organization.

74. In 2011, procurement rules for both Headquarters and field offices were reviewed and updated to ensure their adherence to new principles of donors and similar organizations. In 2012, IDLO will further review levels and lines of authority to streamline general decision-making. This effort is expected to include ongoing refinement and revision of internal rules and processes. More specifically, the ongoing detailed review of IDLO's Staff Rules & Regulations and Personnel Handbook is expected to be completed in 2012.
75. Accountability is also closely linked with Objective Two, *Performance*, in that the introduction of the Performance Management System will help to address accountability. Similarly, the improvement of processes and the publishing of the Annual Performance Report outlined above in Objective Four, *Programs and Processes*, will address accountability with respect to the Organization's programs.

Management Objective Six: Resources

76. IDLO's capacity to successfully achieve the vision laid out in its Strategic Plan is dependent upon the Organization securing the necessary funds to implement the activities outlined in its 2012 Annual Management Plan and respond effectively to emerging program priorities. IDLO's sixth Management Objective, *Resources*, highlights the necessity for IDLO to raise resources to meet requirements in an efficient and timely manner. These resources come from two sources: (1) as unrestricted institutional contributions or (2) as programmatic contributions. The latter is a limited resource given that it only generates a form of revenue which is recovered during the implementation of projects and is subject to the volatility of the countries in which IDLO works.
77. The level of unrestricted contributions received over the last three years has not been sufficient to sustain the level of growth and institutional change that was foreseen in the Strategic Plan 2009-2012. As a consequence, a reduction in the workforce and other administrative costs were required in 2010 to more closely align IDLO's expenses with its predicted revenue streams.
78. A proposal for a funding mechanism that establishes stronger financial sustainability for the Organization was presented to the Assembly of Parties by IDLO Management at its Extraordinary meeting in March 2011. Management was requested to further elaborate on this proposal, particularly in terms of its resource requirements, and to resubmit it to the November 2011 Assembly of Parties meeting.
79. The lack of sufficient internal resources has also delayed the development of a new fundraising strategy. However, as noted above, a new grant from the Bill & Melinda Gates Foundation will provide an excellent opportunity to expand the Organization's Stakeholder Relations and Communications functions in order to attract new donors and stakeholders as well as increase support from IDLO's existing base of contributors. The activities foreseen within the context of this targeted grant include a Member Party

Fundraising Program, a Private Sector Fundraising Program, and a series of investments to increase IDLO's visibility and to showcase its accomplishments.

Management Objective Seven: Partnerships

80. Creating and maintaining strategic partnerships will strengthen and expand IDLO's impact by increasing the number of beneficiaries reached as well as leveraging its resources through synergies developed with other actors working in the field of development and rule of law. IDLO's seventh Management Objective, *Partnerships*, outlines the Organization's commitment to developing partnerships which augment and extend IDLO's impact.
81. As of 2011, IDLO has entered into a total of twenty-two (22) partnerships. Each partnership is unique and has the ability to generate different forms of value for the Organization. However, such agreements are intended to establish the basis for cooperation rather than serving as ends in themselves. A number of programs initiated in 2011 are connected with partnership agreements, such as initiatives on climate change in Mexico, agricultural development in Ecuador, E-Parliament initiatives in the Middle East & North Africa region, the completion of the UNCITRAL process, and a re-housing initiative for Haiti.
82. The priority in 2012 will be to continue to translate cooperation agreements into active partnerships involving, in some cases, joint projects between IDLO and these partners. As in previous years, IDLO will continue involving partners in knowledge dissemination efforts.

Management Objective Eight: Communications

83. In order for IDLO to expand and develop, the Organization needs to maximize its efficiency through internal communication as well as raise its profile through external communications strategies. IDLO's eighth Management Objective, *Communications*, outlines the Organization's goal to improve both external and internal communications activities.
84. In 2011, the means of disseminating knowledge and information on its work created in 2010 were maintained. This included proactive website management, electronic newsletters, targeted program press releases and public relations materials, and the Sharing Network Platform.
85. At the same time, a lack of sufficient unrestricted resources has meant that progress on the review and update of IDLO's communications strategy and dissemination activities has been limited. The new grant from the Bill & Melinda Gates Foundation will provide an excellent opportunity to raise the Organization's profile through building in-house capabilities for external communications, optimizing resource planning for proactive and strategic advocacy, and raising IDLO's visibility through various media.

Results Based Budget

Overview

86. IDLO is proposing a total budget for 2012 of just over €15 million (*Table 2*), which represents a 15% increase on the level of activity forecasted under the 2011 budget. Compared to 2011, specific highlights of the 2012 budget include increases to certain institutional activities related to Stakeholder Relations and Communications functions, using the targeted grant received from the Bill & Melinda Gates Foundation. Additionally, program implementation activities are expected to increase by 15% compared to the level forecasted for 2011.

Table 2

2012 Budget by Activity					
Expressed in Thousands of Euros					
Activity	2011		2012 Proposed	Variance	
	Approved Budget	Forecast		vs 2011 Budget	vs 2011 Forecast
Institutional Activities*	2,617	2,610	2,998	15%	15%
Program Support	2,010	1,273	1,464	-27%	15%
Program Delivery	1,340	2,211	1,770	32%	-20%
Program Direct Activities	9,967	7,127	8,968	-10%	26%
Total Program Activities	13,317	10,611	12,202	-8%	15%
Total Budget	15,934	13,221	15,200	-5%	15%

* Institutional Activities are non-program related activities. The value reflected in this table includes all Function Specific costs plus the value of staff time involved in those activities. (See *Annex 2* for further details.)

87. Institutional Activities are what distinguish IDLO from profit-driven service providers who only act as implementing agencies for programs. By maintaining its commitment to Strategic Networks, including the Alumni Associations, and by carrying out important knowledge generation activities related to the rule of law and international development, the learning from IDLO's activities can inform IDLO Member Parties in their own rule of law policy work and programming. As such, the strengthening of IDLO's core functions is vital to enhancing its unique organizational identity and to facilitate the servicing of Member Party priorities.
88. IDLO's total budget of €15.2 million can also be viewed in terms of internal and external costs as shown in *Table 3* below. It should be noted that the internal costs are being maintained at similar levels as those in 2011 while direct expenditures on programs, which are classified as external costs in *Table 3* below, are expected to increase by 26% compared to the forecast for 2011. This illustrates that with virtually no increase in internal expenditures in 2012, IDLO expects to successfully carry out a significant increase in program implementation activities. The relationship between internal costs and the activities of the Organization is further illustrated in *Annex 2*.

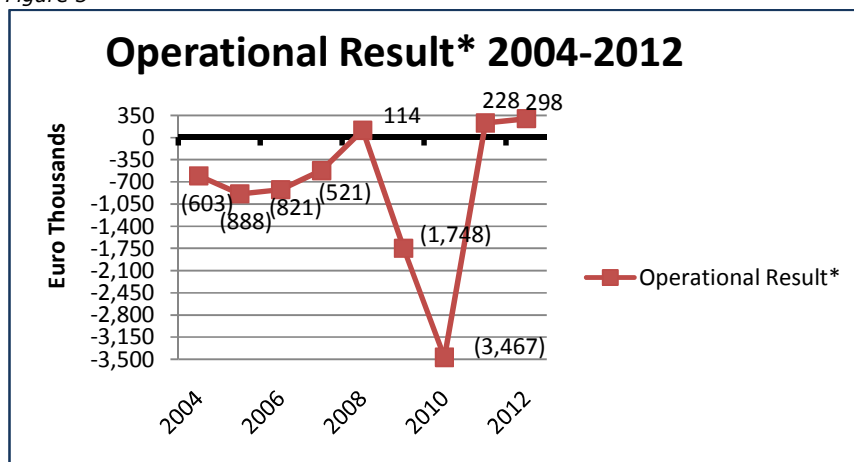
Table 3

IDLO Internal & External Costs <i>Expressed in Thousands of Euros</i>					
Type	2011		2012	Variance	
	Budget	Forecast	Proposed	vs 2011 Budget	vs 2011 Forecast
Internal Costs	5,969	6,093	6,232	4%	2%
External Costs	9,967	7,127	8,968	-10%	26%
Total Budget	15,936	13,220	15,200		

Balancing the Internal Budget

89. In accordance with IDLO's financial operating model, IDLO is not requesting the Assembly of Parties to approve expenditures of funds that have already been received, but rather to approve costs based on forecasts for revenue that have yet to be received. Given that the majority and largest of IDLO's programs are implemented in conflict, post conflict, or post disaster countries, this puts IDLO in a precarious situation if the revenue estimates derived from the implementation of programs cannot be realized due to unforeseen circumstances in the field that negatively affect the forecasted pace of project delivery.
90. The external costs shown in *Table 3* are entirely funded by program contributions; however, internal expenditures are funded from program contributions only to the extent that they can be recovered from the implementation of such programs. As a result, there are internal costs related to program development, governance, strategic networks, research, communications, and resource mobilization that cannot be directly charged to program budgets and which need to be funded by unrestricted contributions.
91. IDLO is only able to present a balanced budget when revenue derived from program implementation and unrestricted contributions are sufficient to cover internal expenses. *Figure 3* below shows that the forecasted result for 2011 with a surplus of €228,000 and the proposed budget for 2012 with a surplus of €298,000 together bring IDLO into a multi-year, stable, and balanced budget environment which has not been achieved in the last eight years. This recently established stability provides a basis upon which IDLO Management and the Member Parties have an opportunity to operate with a strong focus on the Organization's mission.

Figure 3



* Results from Operations do not include Investment Portfolio gains or losses. 2011 and 2012 are forecasted figures.

92. IDLO is presenting an internal cost budget as shown in *Table 4* that is in line with secured or highly likely revenue streams for 2012. An operating surplus provides a necessary buffer against any unforeseen events that may affect program implementation. If such events do not occur and the expected program revenue level is reached, the surplus can be transferred into the Investment Portfolio to re-build IDLO's reserves to further improve the Organization's future stability.

Table 4

IDLO Internal Cost Budget			
Expressed in Thousands of Euros			
Description	2011		2012 Proposed Budget
	Approved Budget	Forecast	
Internal Cost Budget			
Staff Costs	3,910	4,176	4,194
Office Costs	1,509	1,367	1,368
Function Specific Costs	550	550	670
Total Internal Costs	5,969	6,093	6,232
Covered by the Following Revenue			
Unrestricted revenue	2,850	2,838	3,307
Program Revenue	3,322	3,483	3,223
Total Revenue	6,172	6,321	6,530
Operating Result	203	228	298

93. It is useful to compare total costs against revenue sources as presented in *Table 5* below. The same operating surplus of €298,000 can be seen, but the data include both internal and external costs presented by activity.

Table 5

Comparing Total Costs to Revenue					
<i>Expressed in Thousands of Euros</i>					
Activity	2012	Unrestricted Revenues	Program Revenue	Total Revenue	Surplus/ (Deficit)
	Costs				
Institutional Activities	2,998	3,307		3,307	309
Program Support	1,464		1,453	1,453	(11)
Program Delivery	1,770		1,770	1,770	-
Program Direct Activities	8,968		8,968	8,968	-
Total Program Activities	12,202				
Total Budget	15,200	3,307	12,191	15,498	298

94. The operating result trend shown in *Figure 3* above indicates that IDLO's financial stability is expected to improve in the immediate term, but it is important to consider the outlook for 2013 in order to underscore that resource mobilization efforts must remain a top priority for IDLO Management and Member Parties. The outlook in *Table 6* below reflects only what is known today about IDLO's unrestricted funding and revenue derived from the implementation of programs. This predicament demonstrates that due to the insufficient level of predictable and multi-year commitments for these types of revenue, the Organization's ability to strategically plan for its future is limited and can only be accomplished on a year-to-year basis.

Table 6

IDLO Internal Cost Budgets		
<i>Expressed in Thousands of Euros</i>		
Description	2012	2013
	Proposed Budget	Outlook
Internal Cost Budget		
Staff Costs	4,194	4,278
Office Costs	1,368	1,395
Function Specific Costs	670	683
Total Internal Costs	6,232	6,357
Covered by the Following Revenue		
Unrestricted revenue	3,307	2,305
Program Revenue	3,223	1,951
Total Revenue	6,530	4,256
Operating Result	298	(2,101)

95. The forecasted shortfall of €2.221 million for 2013, as seen in *Table 6*, which is based on maintaining the current expenditure levels (with a 2% increase for costs) and on a secure or probable revenue stream, demonstrates the importance of two key issues. First, a focused and consistent use of internal resources dedicated to stakeholder relations, resource mobilization, and communications in such a way that IDLO can maintain, or even increase, sources of unrestricted revenue is crucial to the Organization's future. Second, the immediate allocation of internal resources to program development is essential in order for IDLO to continue to develop its program pipeline so that it can maintain revenue derived from program implementation in the future. While IDLO Management believes that sufficient unrestricted and program revenue will be realized in 2013, the figures used in the forecast, which are based on what is certain now, demonstrate the lack of predictability and inherent instability of IDLO's funding model.
96. It should be noted that, due to IDLO's recent track record of converting pipeline programs into implementation, assisted by the fact that the Organization has been mindful of maintaining its current level of program development capacity, albeit limited, it is highly likely that the program revenue for 2013 will be more than what is shown in *Table 6*. However, the fact that the predictable unrestricted revenue is 30% lower than 2012 is of greater concern and needs to be addressed through a concentrated resource mobilization effort.

Unrestricted Revenue

97. The current forecast of unrestricted revenue that IDLO is expected to receive in 2011 is €2.838 million as shown in *Table 7* below. The budget of €3.307 million proposed for 2012 foresees existing Member Party contributions to continue, but also includes the multi-year contribution received in 2011 from the Bill & Melinda Gates Foundation as well as an amount for expected new contributions as a result of new, concentrated efforts on resource mobilization activities throughout 2012.

Table 7

Unrestricted Revenue			
<i>Expressed in Thousands of Euros</i>			
	2011	2012	2013
Source	Forecast	Proposed	Outlook
Secured/Probable unrestricted revenue from:			
Member Parties	2,785	2,740	2,140
Non Members	53	467	165
New Contributions		100	?
Total Unrestricted Revenue	2,838	3,307	2,305

98. The estimates for unrestricted revenue shown in *Table 7* above are based on the continued support from Member Parties which have historically contributed unrestricted funding over the past two years and include the Government of Italy, the Government of The Netherlands, the Government of the United States of America, the Government of the People's Republic of

China, the Government of the State of Kuwait, and the Government of the Philippines.

99. In 2011, IDLO Management has been successful in securing non-member contributions, notably the three year grant from the Bill & Melinda Gates Foundation earmarked to improve IDLO's Stakeholder Relations and Communications functions, and from the Microsoft Corporation for the Intellectual Property program and a software donation valued at \$768,000. These contributions, combined with the Member Parties' efforts to target and enlist new Member Parties to join IDLO, are expected to generate new contributions in 2012 and beyond. The level of potential new unrestricted funding is difficult to predict with certainty at this early planning stage, but the proposed budget for 2012 includes a conservative figure of €100,000. *Table 7* above illustrates that the resource mobilization efforts will need to be intensified in order to maintain the unrestricted contribution levels in 2013.

Program Revenue

100. *Table 8* below illustrates how the estimated revenue generated by program implementation has been calculated. The expected level of recovery in 2012 from those programs that are currently funded and already under implementation is estimated to be €2.338 million. Together with the estimated recoveries of an additional €885,000 from program implementation which are already in the pipeline and are expected to begin implementation in 2012, the total recovery that IDLO expects to receive from gross program revenue is estimated to be €3.223 million.

Table 8

2012 Program Revenue & Recovery Forecast				
<i>Expressed in Thousands of Euros</i>				
Source		Gross Program Revenue	Recovery Rate	Program Revenue Recoveries
On-going projects	A	8,661	27%	2,338
<u>Pipeline programs @ September 2011</u>				
High probability		2,663		
Medium probability		1,752		
Low probability		3,047		
Total Pipeline value		7,462		
Assuming only high probability + 50% medium probability will convert into contracts	B	3,539	25%	885
Grand Total	A+B	12,200		3,223

101. In the preparation of the budget for 2012, the potential for programs in the pipeline to be converted into committed programs for implementation has been closely reviewed and, in order to present a prudent and conservative budget for 2012, the proposals in the current pipeline have been classified according to their probability of being awarded and implementation commencing in 2012. The €3.539 million of gross program revenue seen in

Table 8 above, to which a recovery rate of 25% has been applied, represents only the value of those programs in the pipeline with a high probability, plus 50% of those programs that fall into the medium probability category: €2.663 million plus €1.752 million x 50%, respectively.

102. A project pipeline is a living document representing the status of the Organization's ongoing program development efforts. It frequently changes depending on the evolving circumstances of donor or beneficiary requirements. The list of programs in the pipeline which support the figures used for the 2012 budget is based on IDLO Management's best estimate and on the information available at the time of preparation of the budget. Implementation of programs in developing countries, especially post conflict countries, is volatile and unpredictable. Therefore, the surplus forecasted for 2012 will act as a buffer against potential variations that may arise.

Internal Cost Details

103. The total internal cost budget of €6.232 million proposed for 2012, shown in Table 9 below, is 4% higher than the 2011 approved budget and 2% higher than the €6.093 million forecasted actual expenditures for 2011. The internal cost reduction measures initiated in April 2010 have been effective in lowering expenditure levels by 28% from €8.4 million in 2010 to €6.093 million in 2011, and this level will be generally maintained throughout 2012.

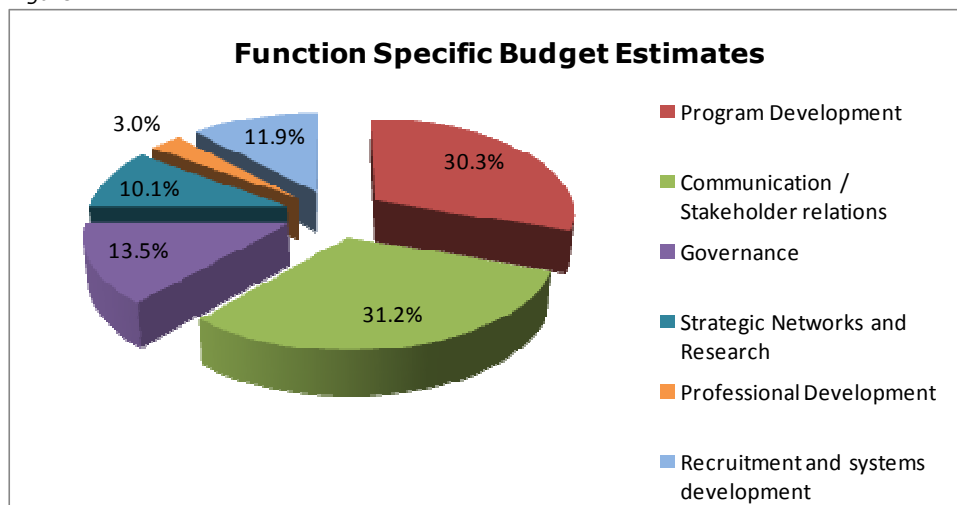
Table 9

IDLO Internal Costs 2011 and 2012 <i>Expressed in Thousands of Euros</i>					
Description	2011		2012 Proposed	2012	
	Budget	Forecast		% Var Proposed to Budget	% Var Proposed to Forecast
Internal Costs					
Staff Costs	3,910	4,176	4,194	7%	0%
Office Costs	1,509	1,367	1,368	-9%	0%
Function Specific Costs	550	550	670	22%	22%
Total Internal Costs	5,969	6,093	6,232	4%	2%

104. The addition of a Stakeholder Relations Manager, and two communications positions (funded through the Bill & Melinda Gates Foundation grant) and the retirement of one staff at the end of 2011 will result in a net headcount increase in 2012 of two positions, bringing the total core staff to 63, which does not include project consultants. Staff costs related to these positions are expected to be 7% higher than the 2011 budget, but at the same level as the 2011 forecasted result.

105. Office and Other Support costs in the 2012 budget are expected to remain at the same levels as those in 2011, although there will be changes in individual expenditure lines. Rent, utilities, and cleaning expenses are all expected to decrease in 2012 due to the fact that IDLO will no longer lease the residence building attached to its Headquarters and which has been used for housing participants for past training courses. In response to donor demand, IDLO has turned its focus to activities in the field, rather than a high volume of training workshops in Rome; therefore, the economic benefit of maintaining the residence was significantly reduced.
106. Interest on the Credit Line will no longer apply in 2012 because the loan from UBS was fully repaid in June 2011.
107. These combined decreases will be offset by increases in the level of telephone costs, which were under-budgeted for in 2011 as well as additional insurance costs and the monthly fees for the new Provident Fund administrator. See *Annex 3* for details.
108. Function Specific costs represent the discretionary portion of the budget that is provided to the Department heads across IDLO to support its institutional activities. It should be noted that only non-staff costs are included in the total Function Specific amount of €670,000. The chart in *Figure 4* indicates how these funds might be spent and that the emphasis in 2012 will be on program development as well as on communications and stakeholder relations activities.

Figure 4



Capital Budget

109. The proposed capital budget for 2012 is €152,500 and is classified into Information Technology and Building Works, and Furniture & Equipment, as shown in *Table 10* below, and in more detail in *Annex 4*.

Table 10

IDLO 2012 Capital Budget Proposal
Expressed in Thousands of Euros

Description	Amount
Information Technology	44
Building-works, Furniture & Equipment	109
Total	153

110. In June 2011, the Microsoft Corporation confirmed its software donation to IDLO consisting of an extensive list of office and infrastructure related software valued at \$768,000. In order to be able to utilize this software, it is necessary for IDLO to purchase a number of new servers and to engage outside consultants in order to install many of the products. These expenditures will not only allow for the upgrade of the document management software, SharePoint, but it will facilitate the upgrade and integration of IDLO's ERP system, Navision, thereby creating a streamlined data and information management system.
111. With respect to Building Works, IDLO occupies only a portion of the building which serves as its Headquarters and, as of 2012, will occupy even less space because part of the ground floor and basement will be returned to the landlord along with the residence building which had been used to house Rome-based training participants in the past. These changes necessitate the repositioning of certain utilities and the cost of these represents more than half of the Building Works costs included in the capital budget. The remainder is made up of replacement of furniture and equipment as well as the upgrade of certain items to be in compliance with building regulations.

Annex 1: Management Objectives

Status	Management Priorities by Management Objective
	MO1 - Values
≈	Reinforce values through core competencies & Performance Management System
≈	Explicit focus on cultivating orientation to service (beneficiaries, donors, internal units)
	MO2 - Performance
√	Implement Performance Management System
	MO3 - Team
≈	Monitor and evaluate effectiveness of organizational structure
≈	Continue to strengthen level of engagement between management and staff
≈	Improve integration between research & knowledge development and programming
≈	Develop mechanisms to assist field staff to be more effective
	MO4 - Programs & Processes
≈	Complete business process review of program management and delivery
≠	Standardize field operating manuals
≈	Improve program monitoring and field office reporting mechanisms
√	Expand IDLO's consultant database
≈	Emphasis on integrating research and evaluation information into program development
√	IDLO's first Annual Performance Report to be published
	MO5 - Accountability
≈	Clarify lines and levels of authority, including related internal rules & procedures
≠	Complete update of Staff Rules and Regulations
≠	Takes steps to reduce IDLO's environmental footprint
	MO6 - Resources
≠	Formalize IDLO resource mobilization strategy
≈	In collaboration with Member Parties to revise IDLO's funding mechanism
	MO7 - Partnerships
≈	Translate existing agreements into active partnerships
≈	Operationalize MOU with UNDP Peacebuilding Fund
	MO8 - Communications
≠	Review and update IDLO's communications strategy
≈	Strengthen internal communications between management & staff and across units
Legend:	
√	Completed or expected to be completed by 31 December 2011
≈	Ongoing from 2011
≠	Delayed

Annex 2: Linking Activities to Cost Types

In accordance with the results-based approach to management, the total budget of €15.08 million shown below can also be broken down into the specific cost categories and/or program activities, which were initially defined in 2009: (1) Institutional Development and Management; (2) Program Support; (3) Program Delivery; and (4) Direct Program Costs. These activities aim to align the budget with IDLO's 2009-2012 Strategic Plan, as outlined in the previous sections of this document.

Internal costs, totaling €6.232 million in 2012 will be used for Institutional Development and Management, Program Support, and Program Delivery.

2012 Budget by Internal & External Costs		
Type	2011 Budget	2012 Proposed
Internal Costs	5,969	6,232
External Costs	9,967	8,968
Total Budget	15,936	15,200

Staff Costs	4,194
Office Costs	1,368
Function Specific Costs	670
Total internal Costs	6,232

2012 Budget by Activity		
Activity	2011 Budget	2012 Proposed
Institutional Activities	2,617	2,998
Program Support - 12%	2,010	1,464
Program Delivery	1,340	1,770
Program Direct Activities	9,967	8,968
Total Program Activities	13,317	12,202
Total Budget	15,934	15,200

€6.232m
(Internal Costs)

€3.234 m recovery
from programs

Function Specific Costs (non-staff)	
Program Development	203
Communication/ Stakeholder relations	209
Governance	90
Strategic Networks and Research	68
Professional Development	20
Recruitment and systems development	80
	670
Value of staff time spent on institutional activities	2,328
Total Institutional Activities	2,998

Annex 3: Office & Other Support Cost Details

IDLO Office & Other Support Cost Budget 2012			
Description	Approved Budget 2011	Proposed 2012	Variance
Cellular Phone	28,000	45,000	61%
Cleaning Services	77,000	60,000	-22%
Electricity, Water and Refu	88,000	60,000	-32%
General Costs	2,000	4,000	100%
Insurance	17,000	60,000	253%
Internet	21,600	21,600	0%
IT Maintenance	8,000	15,000	88%
Mail & Shipping	1,000	3,000	200%
Maintenance	35,000	35,000	0%
Photocopying	23,000	30,000	30%
Printing	17,000	17,000	0%
Professional Services	66,000	74,600	13%
Rent	527,000	400,000	-24%
Security	15,000	40,000	167%
Stationery Supplies	18,000	20,000	11%
Telephone	27,000	40,000	48%
Transportation	10,000	8,000	-20%
Subtotal	980,600	933,200	
Bank charges	8,500	9,000	6%
Depreciation	490,000	426,000	-13%
Interest on Credit Line	30,000	-	
Subtotal	528,500	435,000	
TOTAL	1,509,100	1,368,200	-9%

Annex 4: Capital Budget Details

Description	Cost
Information Technology	Euros
Hardware	
Server	15,000
Workstations (5)	7,000
Laptops	2,500
Printer	1,500
Software	
Software renewal (mailstorage, faxaway, GtomyPC, Antivirus, On conference)	5,000
Software purchase	3,000
WEB / SOFTWARE DEVELOPMENT	
Sharepoint Upgrade (2003+2007 to 2010)	10,000
Sub-total Information Technology	44,000
Building-works, Furniture & Fittings	
Fire doors replacement	10,000
Electricity meter and fiber optic cables move from Via Veniero to Viale Vaticano	30,000
Electrical cables move from underground floor to 1st floor	10,000
Electrical cables move from underground floor to 1st floor	20,000
installation of roof to protect AC machinery on top floor terrace	2,000
shutters replacement	3,000
installation of new water meter	10,000
Architect fees for electrical cables move, water and electricity meters move	10,500
VC equipment upgrade	5,000
Office furniture	5,000
Office equipment	3,000
Sub-total Building-works, Furniture & Fittings	108,500
TOTAL	152,500



ANNEX E

Report

on the

**Proposal of the Open-Ended Working Group
for an IDLO Financing Mechanism**

Pursuant to Resolution No. 2011/02

Submitted:

October 2011

BACKGROUND

1. Resolution No. 2010/03 was adopted by the Assembly of Parties in November 2010 and provided for the establishment of an Open-Ended Working Group for interested Member Parties and the Director-General to present a system that guarantees the financial sustainability of IDLO at the Extraordinary Meeting of the Assembly of Parties held on March 23, 2011.
2. At the Extraordinary Meeting of the Assembly of Parties in March 2011, the Open-Ended Working Group presented a document, title "Proposal of the Open-Ended Working Group for an IDLO Financing Mechanism" (the "Proposal") (*Annex A*), which outlined the mechanisms for a Voluntary Replenishment Model and included numerous options for how Member Parties could contribute both financial and in-kind support to IDLO.
3. After considering the Proposal at the Extraordinary Meeting of the Assembly of Parties in March 2011, the Member Parties adopted Resolution No. 2011/02, which entrusted the IDLO Secretariat with the mandate to further elaborate the technicalities of the Proposal with a view to ensuring the feasibility of the Voluntary Replenishment Model and to report on the process for going forward at the November 2011 meeting of the Assembly of Parties.
4. The primary considerations which were viewed as requiring further elaboration of the technicalities of the Proposal in order for IDLO to effectively implement the Voluntary Replenishment Model included:
 - The requisite financial and human resources;
 - The requisite level of engagement of Member Parties; and
 - The timing of introducing the Voluntary Replenishment Model, or any other alternative financing mechanism, prior to the arrival of the newly appointed Director-General and at a time when IDLO has only recently established a reduced, balanced budget.
5. While this Report addresses these considerations, it should be taken into context along with the Proposal submitted to the Assembly of Parties in March 2011 (*Annex A*). To further assist the Member Parties in their deliberations on both this Report and the Proposal, and before any final decision is taken to adopt a new financing mechanism for the Organization, it is useful to highlight two potential alternatives to a Voluntary Replenishment Model. As such, this Report provides information on the three models listed below for a new financing mechanism for IDLO. However, in accordance with Resolution No. 2011/02, the Voluntary Replenishment Model is the only model which is considered and described in greater detail.
 - Voluntary Replenishment Model
 - Endowment Model
 - Multi-Donor Trust Fund Model

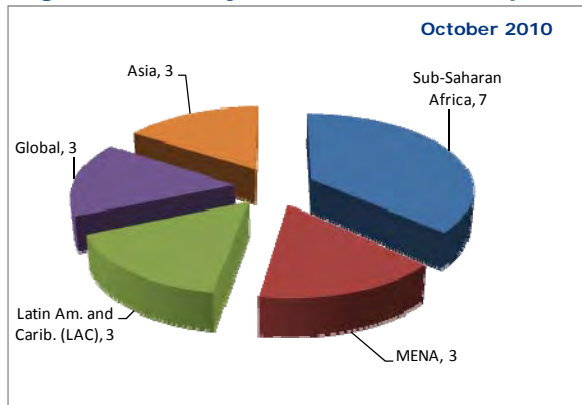
CONTEXT

6. In further understanding the significance of selecting a financing mechanism that would strengthen the financial sustainability of IDLO, it is necessary to take note of the context in which the Organization carries out its work relative to its Strategic Plan 2009-2012 (the "Strategic Plan"). In other words, a new financing mechanism is not meant to simply address budgetary concerns with respect to the Organization's operations, but rather to create an enhanced mechanism for IDLO's Member Parties and IDLO Management to effectively and successfully execute on its mandate.
7. Recent world events, such as the Arab Spring, have brought critical insights into the importance of the rule of law. These events have highlighted the necessity of the expertise that IDLO has established and has validated the interrelationship between Law and Development.
8. The Arab Spring in particular has brought significant attention to constitutional and institutional reforms that could potentially lead to the consolidation of the rule of law, one which is based on equality under the law, the separation of powers, free and fair electoral processes, and the independence of the judiciary system. Also paramount to IDLO's mandate is the transparency, openness, and meaningful public participation in these processes as well as the fight against corruption.
9. However, without a proper financing mechanism that enhances the predictability, stability, and flexibility of voluntary funding, IDLO is at risk of performing less efficiently, less effectively, and less coherently in its program and operational activities. Additionally, the Organization will be increasingly restricted in how it can develop its future program portfolio in line with the Strategic Plan as approved by its Member Parties and in line with its mandate as set forth in the IDLO Establishment Agreement. It should be noted that the next Strategic Plan 2013-2016 will be prepared next year and the Organization would benefit from an active participation from the Member Parties in its development.
10. The key issues emerging from this deliberation on a viable financing mechanism for IDLO, and taking into account global trends in funding, include:
 - A significant and long-term imbalance between core resources and program funds, which undermine the principles of universality and neutrality in IDLO's development of its program portfolio;
 - A high degree of fragmentation in how the core resources of IDLO are funded, which inevitably creates increases to transaction costs, lessens efficiency, and reduces program effectiveness;
 - Increasing pressure from donors to reduce project support costs, thereby placing the burden on IDLO's core resources to cover the full costs of implementing its programs, which is increasingly unsustainable and puts IDLO in an uncompetitive position relative to other international organizations who are able to cover these costs;
 - Research showing that "thematic" funds, which are linked to strategic plans and which are designed together with Member Parties through the Voluntary Replenishment Model, are effective vehicles to promoting a unified policy, coherence, reduced transactions costs, improved efficiency, and overall enhanced aid effectiveness; and
 - The implications of relying on a small number of donors for core funding, which include making programs and general activities more vulnerable to significant fluctuations in an organization's operations.
11. The broadest consequence of this restricted operating environment for IDLO can be described by saying that the significant legal and technical capabilities that the Organization has developed are not always deployed in the most strategic and cost efficient manner, and are not always directed to the issues that need the most urgent attention.

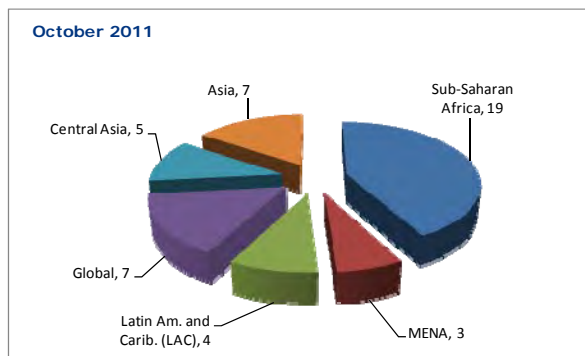
IMPLICATIONS OF FUNDING CORE RESOURCES THROUGH PROGRAM IMPLEMENTATION

12. From October 2010 to October 2011, IDLO ambitiously grew its program portfolio as seen by the number of new program contracts signed during this twelve-month period:

Program and Project Contracts in Implementation – BY REGION



From a total of **19** contracts in 2010 to a total of **45** contracts in 2011



13. IDLO has also been able to grow its program portfolio by attracting new and more diverse stakeholders to support the program work of the Organization; however, this approach is neither sufficient nor a reliable strategy to achieve stability in the Organization's core operations.
14. A more predictable and sustainable financing mechanism is required in order for IDLO to be able to operate more flexibly and more responsively to emerging global priorities as determined with its Member Parties. Additionally, several of IDLO's key distinctions as an intergovernmental organization, including its knowledge generation activities (research) and strategic networks/alumni associations, require a stronger financial investment to maintain these functions and enhance IDLO's credibility in carrying out these important strategic objectives.
15. By relying so heavily on the implementation of programs to fund the Organization's core resources, IDLO is not able to adequately focus on stakeholder relations and on its strategic objectives in a coherent manner. The result is that IDLO becomes increasingly donor driven in a way that may be in conflict with the Organization's Strategic Plan or Establishment Agreement or in a way that does not meet the expectations that Member Parties may have for IDLO's work.
16. Another factor is the significant pressure faced by most international organizations to reduce overhead costs. The level of across-the-board cost reduction measures has itself become a key performance indicator. Since general reductions or cuts often do not distinguish between an organization's essential core capabilities and other activities which

may be less critical, the consequence is that an organization like IDLO is incentivized to spend less money on itself and made to decrease investments in developing new capabilities for the future. Therefore, IDLO is consistently underfunding itself in building or maintaining essential capabilities, and the Organization risks becoming weaker in the long-term as it fails to acquire new capabilities or knowhow.

17. As a result, identifying and committing to a new financing mechanism for IDLO, whether it is the Voluntary Replenishment Model or any other model, must take into account these broad-level contexts for both the Organization's strategic direction and its operations. Taken separately, the Organization risks solving only some problems at the expense of others.

VOLUNTARY REPLENISHMENT MODEL

18. As described in *Annex A*, which is the Proposal submitted in accordance with Resolution No. 2010/03 by the Open-Ended Working Group to the Assembly of Parties at its Extraordinary meeting held in March 2011, the Voluntary Replenishment Model is a system whereby the level of contributions by Member Parties is determined on the basis of an assessment of the Organization's needs.
19. The Voluntary Replenishment Model establishes a formal and disciplined process to engage Member Parties in substantive discussions on the Organization's priorities, objectives, operations, and activities which would be carried out over a multi-year period. As a result of these discussions, IDLO Management would then be able to identify the funding requirements to implement such objectives and review the adequacy of available financial resources directly with Member Parties in a timely and coordinated manner.
20. Through a series of "replenishment meetings" with Member Parties, active discussions would be held on which objectives should be pursued by the Organization and a performance-based assessment would be used to measure the expected success and outcomes of those objectives so that future resources could be allocated according to expected results.
21. Linking the Organization's funding to its performance allows Member Parties to make funding decisions from a more informed perspective based on what has been achieved. This voluntary process includes discussions on the strategic direction of the Organization, the value-add of IDLO's contribution to the field of international development, and direct negotiations with Member Parties on the allocation of the funding requirements.
22. While this funding approach remains voluntary in nature, it is hoped that by engaging Member Parties in such a process, it will lead to an increase in overall ownership in what the Organization is striving to achieve and provide Member Parties with the tools they might need to effectively liaise with their capitals in a timely and coordinated manner to pledge unrestricted and program funding on an annual or multi-year basis.

Considerations on the Technicalities of the Voluntary Replenishment Model

23. As described above, Resolution No. 2011/02 entrusted the IDLO Secretariat with the mandate to further elaborate the technicalities of the Proposal (*Annex A*) with a view to ensuring the feasibility of the Voluntary Replenishment Model and to report on the process for going forward at the November 2011 meeting of the Assembly of Parties.
24. Below are the primary considerations which have been identified as necessary to elaborate on with respect to the technicalities of the Proposal in order for IDLO to effectively implement the Voluntary Replenishment Model.

Increase in Financial and Human Resources

25. Implementing the Voluntary Replenishment Model requires IDLO to increase the number of governance meetings it has with Member Parties, which would result in an increase in both the financial and human resources necessary to carry out the replenishment meetings, as described above and also in more detail in the Proposal (*Annex A*). For example, it would be necessary to have a dedicated, full-time staff member serving in the function of Stakeholder Relations in order to ensure the appropriate level of coordination between Member Parties and IDLO Management takes place during and between the replenishment meetings that would be held.

26. In order to adequately fund the increases in both staff and direct costs in carrying out the replenishment meetings, IDLO is now able to rely on a portion from the Bill & Melinda Gates Foundation grant, which was secured in September 2011. Specifically, there are two staff positions that the Gates Foundation grant will fund in the functions of Stakeholder Relations and Communications that can be dedicated to supporting the Voluntary Replenishment Model process.
27. The direct costs of the additional governance meetings will be funded by both IDLO's core function specific budget and certain portions which were designed to be subsidized by the recent Gates Foundation grant. The direct costs of carrying out three replenishment meetings, as described in the Proposal (*Annex A*), are estimated to be €60,000, not including staff time.
28. With respect to the programming content to be discussed during the replenishment meetings in which Member Parties will agree with IDLO Management on specific program activities to pursue, IDLO will continue to rely on the existing program technical expertise that it already has in order to develop the programming objectives to be presented. Furthermore, during the replenishment meetings, IDLO will also address the administrative needs of the Organization necessary for it to operate as a proper intergovernmental organization. This includes governance costs and other administrative and staff costs that cannot be covered by funding for program initiatives.
29. **Tradeoffs:** As with any undertaking, a commitment to devote certain resources in one area results in a lack of resources to do something else. As it relates to the resources required to carry out the replenishment meetings, IDLO would therefore not be available to engage in alternative approaches to raising unrestricted and programming support for the Organization. Namely, the staff positions for the Stakeholder Relations and Communications functions would be almost fully dedicated to the Voluntary Replenishment Model and would have limited time to engage in other, more targeted and independent approaches to working with Member Parties and other stakeholders to solicit their support for the Organization. Likewise, the direct costs, as noted above in Paragraph 27, could be deployed in other ways in an effort to raise funds for IDLO. Additionally, by requiring the Programs Department team to focus on developing programming objectives for consideration at the replenishment meetings would mean that they are not as available to pursue other avenues to continue building the program portfolio.

Level of Engagement by all Member Parties

30. The Voluntary Replenishment Model provides IDLO the opportunity to engage all Member Parties in coordinated discussions about the necessary levels of both unrestricted and programming support required for the Organization to operate. However, given the size of IDLO's Member Party base, currently 25 Members, it will require all Member Parties to actively participate in the replenishment meetings. It is essential to note that similar "replenishment" systems used by other international organizations have much higher numbers of stakeholders, or member states, participating in the process. Therefore, given IDLO's much smaller stakeholder base and given that the Voluntary Replenishment Model requires significant resources for the Organization to implement it, this particular financing mechanism will only work if the level of engagement and financial support from all Member Parties is high.
31. In order for the Voluntary Replenishment Model to be successful in bringing about a more sustainable financial system for IDLO, Member Parties must be prepared to take an active role in the process and to work closely with their capitals to provide the necessary feedback to IDLO Management to shape the programming mission and objectives in a unified manner. Most importantly, all Member Parties must be in a position to identify ways in which they will be able to make the financial and in-kind contributions necessary for the Organization to carry out the objectives identified during the replenishment meetings.

32. **Tradeoffs:** The replenishment meetings, which require the above described investment of time and commitments from Member Parties, would leave little opportunity for IDLO Management to intensively engage Member Parties and other stakeholders on an individual level to discuss their support for the Organization. If Member Parties would prefer to be individually approached and consulted by IDLO Management in order to discuss their programming objectives and mechanisms for financial or in-kind support to the Organization, then implementing the Voluntary Replenishment Model would leave little time or opportunity for IDLO Management to do so. The resource intensiveness of either approach makes doing both impractical.

The Timing of Introducing the Voluntary Replenishment Model

33. The decision to introduce and implement a new financing mechanism for IDLO must be taken into account with the imminent appointment of a new Director-General. While IDLO has worked diligently throughout the leadership transition period to build stability and strength in the Organization's operations, the timing of a decision to also implement a new financing mechanism could be difficult to take on the eve of appointing a new Director-General who will then be responsible for implementing a system for which he or she had no part in developing or considering.
34. Additionally, IDLO has only recently established a reduced, yet stable balanced budget. Therefore, introducing the Voluntary Replenishment Model, which is a complex and time intensive process, and which carries a high degree of external visibility and exposure for the Organization, may be premature until such a time that IDLO is able to complete the transition to a new Director-General and further increase the stability of its current operating environment.

ALTERNATIVE FINANCING MECHANISMS

35. At the beginning of this Report, it was indicated that in order to further assist the Member Parties in their deliberations on both this Report and the Proposal regarding the Voluntary Replenishment Model, it was important to highlight two possible alternatives that could be considered in full at a later date should the feasibility of the proposed model not be deemed to be possible.

Alternative #1: Endowment Fund Model

36. An Endowment Fund is an investment portfolio set up by an organization in which regular withdrawals from the earnings of the invested capital are used for the ongoing core operations or for other specified purposes.
37. There are three main components to the typical endowment fund:
 - *Investment Policy*: This policy dictates the types of investments the organization is able to make and how aggressive it can be in meeting return targets.
 - *Withdrawal Policy*: This policy determines the amount that the organization can take from the endowment fund at specific intervals and is usually based on the organization's needs as well as the amount remaining in the fund.
 - *Fund Usage Policy*: This policy ensures that the money from the endowment fund is being used properly and for the purposes set out by the fund.
38. To establish an Endowment Fund for IDLO, Member Parties would either make a one-time payment or multiple payments over a short-term period until a targeted capital amount is reached. Once fully funded, the Endowment Fund would provide a system of periodic withdrawals for IDLO to use to cover its core operating expenses.
39. Once the Endowment Fund is operational, Member Parties would not be solicited to fund future operating costs of the Organization. The annual investment income would be used to support this requirement. Initial research has shown that over a 20 to 30 year period, some Endowment Funds had to be replenished based on evolving strategic requirements for the Organization or market rate returns that are less than expected.
40. As noted above, policies for the management, usage, and oversight of the Endowment Fund would require the regular reporting to Member Parties in which they would be able to monitor the progress of the fund and how its resources are directed to support the work of the Organization. This model would ensure that IDLO stakeholders are not approached on an annual basis to fund the organization's core activities or operations. In addition, the model would further reduce the organizational pressure on the Member Parties and allow them to fund IDLO programs which also reflect the Member Parties' priorities and interests.

Considerations on the Technicalities of the Endowment Fund

41. With respect to IDLO's operating needs, the exact capital amount for an Endowment Fund would require further study, but it is estimated to be between €50 million and €100 million in order to support an annual core operating budget of €4 to €6 million.
42. It should be noted that the Endowment Fund, as discussed in this Report, would only fund the core operating costs of IDLO and would not be sufficient for designing and implementing a full program portfolio. As such, IDLO would continue to develop and implement a program portfolio in line with its current practices and as described in the *Annual Management Plan and Budget 2012*.

Alternative #2: Multi-Donor Trust Fund Model

43. Over the past decade, the international community has dedicated increasing attention to providing development assistance to improve the rule of law and advance access to justice and legal empowerment. While these approaches have often been well intentioned, many have not been carried out in a systematic or coherent fashion, nor have they been well coordinated in terms of funding strategies or financial expenditures. These shortcomings may have undermined the effectiveness of assistance in improving the lives of indigent persons and disadvantaged groups.
44. IDLO, through a *Legal and Judicial Development Assistance Report* from 2010¹ indicates that in terms of global financial commitments, that for the year 2008, a total of \$2.6 billion in aid was devoted to legal and judicial development assistance, including access to justice, legal empowerment, and legal reforms generally. Data and trends suggest that financial support for these activities is very much based on contributions by single countries. Overall, the financial and programmatic scenario appears fragmented and there is a lack of common, predictable, or coordinated strategy, including in terms of sector-specific, multi-donor funds and joint programs.
45. The establishment of a “Global Fund” for Rule of Law Development could be designed to address the abovementioned shortcomings. Additionally, multi-donor funds such as these have been described as particularly well-suited as a means of:
 - Improving predictable, coordinated, and effective support to nationally-owned humanitarian, recovery, reconstruction, and development processes;
 - Strengthening resource efficiency and effectiveness through uniting and pooling donor contributions; and
 - Reducing time spent and costs associated with administrative requirements, reporting, financial transactions, and ensuring coordination and information sharing.
46. As quoted in IDLO’s proposed *Annual Management Plan and Budget 2012*, “Although a dedicated rule of law trust fund has yet to be created to support rule of law development, the need for rule of law assistance and a systematic approach in this field has never been greater. The ‘Arab Spring’ provides a stark reminder of the importance of a new global mechanism to receive funds and facilitate funding for preliminary fact finding and program design activities to support the rule of law.”

Considerations on the Technicalities of the Multi-Donor Trust Fund

47. As with the Endowment Fund, the Multi-Donor Trust Fund would have to be studied further in terms of its feasibility for IDLO to lead or participate in creating such a system. Additionally, the scope and terms of a “Global Fund” such as this would require extensive consideration and international coordination.
48. Even if a Multi-Donor Trust Fund for the Rule of Law were created, there is no guarantee or presumption that IDLO would play a leading role, or would even be a primary beneficiary of its funding.
49. While the Multi-Donor Trust Fund proposition may be an intriguing long-term opportunity, there needs to be a critical mass of countries and other donors to seriously pursue its development, which is not likely to occur in the immediate term, and IDLO would have to be placed in a key leadership role in its creation and implementation.

¹ <http://www.idlo.int/Publications/LJAnnualReport.pdf>

CONCLUSION

50. At a time when resources are becoming increasingly scarce, it is imperative on any organization to use its limited resources and funding in an effective and efficient way. First and foremost, a new financing mechanism for IDLO must ensure that the time and efforts undertaken by both the Organization and its Member Parties will result in a more effective and efficient use of their time. When the core funding of the Organization is made more stable and more predictable, Member Parties and IDLO Management should be able to engage in strategic planning for programming and governance issues with increased coherency.
51. 2011 has shown that IDLO's work is highly relevant to the international development agenda. The Organization is producing results in line with its Strategic Plan and the program portfolio and stakeholders are growing. However, IDLO is unquestionably becoming donor driven in ways that make future planning difficult and, in the long run, the Organization's strategic pursuits as envisioned in the Strategic Plan may not be realized.
52. More importantly, increasing IDLO's program activities, thereby increasing the revenue earned from program implementation, is neither sufficient to stabilize the Organization's operating environment nor will it provide the predictability IDLO Management and Member Parties need to effectively plan for its future.
53. This Report highlighted the primary technical considerations for the Voluntary Replenishment Model as well as two other potential alternatives, both of which would require further study. While it is important that Member Parties engage in a fruitful discussion on the most appropriate financing mechanism for IDLO going forward, it is suggested that a final decision should be deferred until the new Director-General has joined the Organization.
54. In reviewing the information in this Report on all three models, it is important for Member Parties to fully consider what their respective roles might look like under each of the three options and what their ability to fulfill those roles will be. Given that 2012 will be the year in which the next iteration of IDLO's Strategic Plan for 2013-2016 will be developed, it perhaps may be appropriate to allow the decision of a new financing mechanism to coincide with the preparation of the new Strategic Plan, such that IDLO's vision of future programming can be taken into consideration with the funding options for the organization at the same time. In any case, the ultimate viability of any new financing mechanism is the commitment by Member Parties and IDLO Management to fully carry it out together through active participation and active engagement in the entire process.

Proposal of the Open-Ended Working Group for an IDLO Financing Mechanism

3 March 2011

Background

1. Resolution 2010/03 was adopted by the Assembly of Parties in November 2010 and included the establishment of an Open-Ended Working Group for interested Parties and the Director-General to present a system that guarantees the financial sustainability of IDLO for consideration by the Assembly of Parties at its next meeting on 23 March 2011.
2. At the moment, IDLO is relying on a financing system with a general application, thereby leaving specific and critical areas and functions of the organization dangerously underfunded. While IDLO's field programs are currently experiencing robust growth and attention by donors, other important program initiatives in relation to our strategic mandate which are conducted from IDLO's Headquarters are not experiencing the same degree of progress because of a lack of resources. Additionally, several of IDLO's key distinctions as an intergovernmental organization, including knowledge generation activities and strategic networks/alumni associations, require increased financial investment to enhance credibility and to successfully accomplish these important strategic objectives.
3. The Open-Ended Working Group met on 14 December 2010 and 19 January 2011, and Members were asked to provide specific comments by 31 January 2011 on the proposal submitted by the Government of the Netherlands.
4. The lack of consensus on certain elements of the proposal submitted by the Government of the Netherlands has prompted a reconsideration of alternative funding mechanisms, including a replenishment model, or at least some form thereof.
5. At the 3 November 2010 informal budget session and then again at the 24 November Assembly of Parties meeting, a replenishment model as a funding mechanism was first presented, but it was considered to be a time consuming and potentially costly approach for an organization the size of IDLO. Upon further review, a customized variation of a replenishment model, which is similar to that of other international organizations, is being proposed below. This specific approach is considered by the Open-ended Working Group to be a viable and functional funding mechanism and would be strongly linked to results and performance.
6. The proposed Voluntary Replenishment framework as described below does not introduce a deviation from the financial model described in the IDLO Establishment Agreement, as it respects the principle of voluntary contribution and preserves equal rights to all Member Parties regardless of their involvement in funding of the Organization's activities.

Features of a Voluntary Replenishment Model

7. The Voluntary Replenishment Model is a system whereby the level of contributions by Member Parties is determined based on an assessment of the organization's needs.
8. The Voluntary Replenishment Model establishes a formal and disciplined process to engage Member Parties to participate in substantive discussions on the organization's priorities, objectives, operations and activities which would be carried out over a multi-year period. As a result of these discussions, IDLO Management would be able to identify the funding requirements to implement such objectives and then review the adequacy of resources available directly with Member Parties in a timely and coordinated manner.
9. Through a series of proposed meetings with Member Parties, active discussions would be held on which objectives will be pursued by the organization and a performance-based assessment to measure the success and outcomes would be considered so that future resources could be allocated according to expected results. Additionally, funding decisions by the Member Parties could be made from a more informed perspective based on what has been achieved by the organization. This voluntary process includes discussions on the strategic direction of the organization, the value-add of IDLO's priorities and objectives to the field of international development, and direct negotiations with Member Parties on the allocation of the funding requirements.
10. While this funding approach remains voluntary in nature, engaging Member Parties in such a process is shown to increase their ownership in what the organization is striving to achieve and also provides them with the tools to effectively liaise with their capitals in a timely and coordinated manner to pledge unrestricted funding on an annual or multi-year basis.

Experience of other Organizations with Replenishments

11. Many UN organizations have assessed contributions and rely on these together with voluntary supplementary funding. WFP is an example of a UN agency without assessed contributions. As such, its resource mobilization strategy seeks to enhance the predictability, flexibility and security of its funding by encouraging donors to improve predictability by making multi-year, indicative pledges based on their Food Aid Convention commitments. It seeks to build flexibility of resources by promoting multilateral contributions and reducing conditions placed on contributions. The strategy also aims to improve the security of WFP's resources by broadening its donor base with new and existing donor governments and increasing engagement with the private sector for advocacy and fundraising. These are all elements of a funding mechanism and fundraising strategy that IDLO would seek to institutionalize.
12. Generally, it is the concessional lending arms of international financial institutions or foundations, such as the Global Fund to fight AIDS, Tuberculosis and Malaria ("The Global Fund"), that adopt the Voluntary Replenishment Model. The table below illustrates the level of contributions by members of four organizations that use a Voluntary Replenishment Model.

Table 1 – Replenishment data of other International Organizations

Organization	AfDF	Global Fund	IDA (World Bank)	IFAD
Type	IFI	Independent Non-Profit Foundation	IFI	UN/IFI
No Members	77	60	161	165
Replenishment period	3 years	3 years	3years	3 YEARS
Last replenishment target	USD 9.5 Bn	USD 11.7 Bn	USD 49.3 billion	USD 1.2 Bn
Member per annum (USD millions)	41	65	306	2

13. Initial research conducted by IDLO of other organizations using replenishment models has shown it to be a positive model and often results in growth in contributions over a period of years.

Framework for Implementing a Voluntary Replenishment Model in IDLO

14. Essentially, the Voluntary Replenishment Model process for IDLO would aim to answer the following questions in a collaborative and coordinated manner between Member Parties and IDLO Management:
 - What do Member Parties want IDLO to do?
 - How do Member Parties want IDLO to do it?
 - How does IDLO plan to achieve its priorities and objectives and how will it measure and report on results?
 - What will be the financial basis required to enable IDLO to accomplish the agreed upon priorities and objectives?
15. The Voluntary Replenishment Model, which aims to ensure sustainable, reliable and predictable support for the organization, would provide:
 - A forum for a vital exchange on Member Party expectations.
 - A framework for defining criteria for the allocation of the resources.
 - A mechanism for Member Parties to better plan their financial commitments to IDLO.
16. To implement the Voluntary Replenishment Model in the context of IDLO, it is proposed that it would consist of three meetings leading up to the annual Assembly of Parties meeting, which typically occurs in November.
17. Even though many organizations utilize a three-year period for their replenishment systems, it is proposed that the replenishment period for IDLO would cover a two-year time frame. While the budget is still prepared and approved on an annual basis by Member Parties, the Voluntary Replenishment Model would establish a two-year outlook and forecast for revenues and expenditures to allow IDLO Management and Member Parties to properly plan in advance for the organization's activities. The way in which the two year replenishment outlook would fit into the four year Strategic Plan of the Organization is illustrated in Table 2 below.

Table 2 – Strategic Planning and Replenishment Timeframe

2009-2012 Strategic Plan		2013-2016 Strategic Plan			
2011	2012	2013	2014	2015	2016
1 st Replenishment Meetings	1 st Replenishment Period				
		2 nd Replenishment Meetings	2 nd Replenishment Period		
				3 rd Replenishment Meetings	

18. The three replenishment meetings would not have to be repeated every year, but would occur every second year in preparation for the upcoming two year replenishment period. The Replenishment document, with a two year focus, agreed upon in the third meeting, would replace the Annual Management Plan. In September of the second year of the replenishment Member Parties would be updated on the status of the replenishment and, if necessary, would be invited to make contributions to enable the organization to reach the agreed replenishment target.
19. The sequence and content of the three meetings is outlined below and it is suggested that Member Parties and active donors would be invited to the First Meeting, while attendance of the Second and Third meetings would be expanded to any potentially interested parties.

First Meeting (1st Quarter)

- Preparatory meeting to outline and agree upon the replenishment structure and proceedings, including the schedule and document submission deadlines for the Second and Third Meetings.
- IDLO Management presents a high level two-year plan along with suggested topics for discussion in more detail at the Second Meeting. Member Parties agree on the list of topics covering priorities, objectives, operations and activities of the Organization and the resource mobilisation strategy to support this.

Second Meeting (2nd Quarter)

- IDLO Management presents the substantive topics and proposals agreed upon in the First Meeting.

Third Meeting (3rd Quarter)

- Final review and summary presentation by IDLO Management of the replenishment document and agreement by Member Parties on conclusions reached.
 - Agreement on replenishment revenue targets and submission of pledges by Member Parties.
20. IDLO's annual budget is prepared in September, reviewed by the Audit & Finance Committee and Standing Committee in October and then presented to the Assembly of Parties in November. Therefore, in order to be able to submit a balanced budget in September, the level of financial resources required under the Replenishment Model for the upcoming year should be known at the time of preparation, which would coincide with the Third Meeting scheduled for the 3rd Quarter.
 21. Within the replenishment model, Member Parties would have two options:
 - (i) At the 3rd Quarter Replenishment Meeting, Member Parties could make a pledge for the whole replenishment period of two years; or
 - (ii) At the 3rd Quarter Replenishment Meeting, Member Parties could make a pledge for the first year followed by another pledge to be made by September of the next year.

22. The replenishment target would take into account all contributions to IDLO that could be foreseen for the upcoming two year replenishment period. These would include existing statutory pledges as well as pledges using any one or more of the following funding options (see Annex for details):
 - (i) Unrestricted contributions;
 - (ii) Thematic funding;
 - (iii) In-Kind contributions; and
 - (iv) Programmatic Funding.

23. Although the Organization expects the cost of implementing the Replenishment Model could be initially covered by existing resources, the Working Group recognizes that the Model is an interactive, but also resource intensive mechanism the cost of which needs to be further reviewed.

Annex 1 - Funding Options

Recognizing that IDLO's division of Organizational Costs, as adopted in the Assembly of Parties in November 2008, is structured as follows;

Table 1 – Divisional of Organizational Costs

Type of costs	Matching income
Institutional costs	Unrestricted core contributions
Program support costs	% over total program costs
Program delivery	Staff time x tariff per day paid by donor(s)
Direct program costs	Invoices, reimbursed by the donor(s)

Member Parties, within the context of the level of funding agreed upon at the Third Meeting of the Replenishment would be invited to choose any one or more of the funding options described below:

- (i) Unrestricted contributions;
- (ii) Thematic funding;
- (iii) In-Kind contributions; and
- (iv) Programmatic Funding.

i) Unrestricted Contributions

Member Parties would be invited to make pledges for unrestricted contributions, that support the agreed upon priorities and activities of the Organization for the following two year replenishment period.

In response to the request from some Member Parties to receive guidance on how burden sharing could be achieved, an example, using two alternative schemes, is presented for consideration. If the agreed upon replenishment target was approximately €2.5 million (which is the current level of institutional costs reflected in the 2011 Annual Management Plan & Budget document Table 7) the possible contributions utilizing the World Bank's List of Economies are reflected in Table 2 below².

² Ecuador would refer to the scale used within the United Nations rather than the World Bank scale.

Table 2 - Potential burden-sharing using World Bank classification of economies¹

Income	Contribution	# countries	Totals
High / International Org.	€200,000	9	€1,800,000
Higher-Middle	€100,000	3	€ 300,000
Lower middle	€ 50,000	8	€ 400,000
Low	€ 10,000	3	€ 30,000
Total		23	€2,530,000

ii) Thematic funding

An alternative and highly accepted modality of providing financial support is thematic funding, which restricts the use of resources either to a theme linked to the global development strategy of an organization, to one of its main strategic priorities, or to other specific purposes identified by the Member Party. **If the theme covers the entire mandate of an organization, these contributions can be considered un-earmarked.** If the contribution is made for only one of the top strategic priorities of an organization, the funds become earmarked, although only in mild terms since the organization is still free to use the funds in an unrestricted way and within the boundaries of those specific priorities identified by the Member Party.

Thematic funding is not new in IDLO. Donors have been supporting rule of law and governance as strategic priorities also by providing the Organization with un-earmarked resources that target this thematic goal.

Up to now, this modality has been applied only to program themes, but could also apply to other initiatives of the Organization. Some examples of these initiatives are:

Rule of Law (ROL) Assistance Directory – Tracking the rule of law programs currently funded by donors enables both donors and assistance providers to better target their activities to areas of the greatest need and avoid duplication of global efforts. Support is required to fund the staff and infrastructure to maintain IDLO's ROL Assistance Directory.

Global Justice Development Centre (GJDC) - IDLO will develop its GJDC, which was launched in October 2010, through knowledge generation and policy advice on a solid financial footing for the future. Efforts will be made to improve the information technology platform for the Centre, which will be hosted on the Sharing Network platform. In addition, IDLO will seek to increase the number of donor countries sharing knowledge and information with the Centre to ensure that it becomes the recognized international hub for information on national and international development efforts for justice sector reform and rule of law.

¹ Ecuador would refer to the scale used within the United Nations rather than the World Bank scale

Library – IDLO's library supports the training, research activities and technical assistance activities of staff and partners. Funds are needed to maintain this resources, including purchasing the requisite books and information sources.

Sharing Network – IDLO's interactive sharing network facilitates dialogue and increases knowledge by building relationships among its many alumni and stakeholders. This web-based platform facilitates IDLO's ability to provide effective programming in countries and regions around the world.

Alumni Associations – IDLO has over 20,000 alumni in more than 170 countries and Alumni Associations currently formed in 46 countries. These associations are an effective engine for development at the local level, helping IDLO to design and implement projects that respond to local needs. Grants will help alumni associations in Anglophone and Francophone Africa, Eastern Europe and Central Asia, the Middle East and North Africa, Latin America and Asia to build the capacity to provide these services.

E-Learning – In order to reach more people at a lower cost for both IDLO and course participants, IDLO is in the process of transferring a significant part of its training activities to an electronic platform. The initial focus is to develop training courses in all program areas of IDLO.

Strategic Objective 4 - Networks and Strategic Objective 5 – Knowledge Generation – all other contributions that contribute to activities under SO4 and SO5.

iii) In-Kind Contributions

In-kind contributions, such as staff secondments or the provision of office space and facilities that contribute to Strategic Networks (SO4), Knowledge Generation (SO5) and institutional costs will be recognized as an important and valuable contribution by a Member Party. The types of secondments that could be considered include senior level positions in the areas of programs, research, communications, finance, security and Information Technology (particularly web-management).

In-kind contributions can also be considered as a form of co-financing for an existing program where a specialist is being sought to carry out a portion of the work. IDLO can communicate on a regular basis with Member Parties to make them aware of these specific needs that emerge from time to time. Member Parties are encouraged to contact IDLO with any suggestions they might have in securing these specialists.

The value of each of these contributions will be established at the 'market value' in Rome, or in the field if applicable.

iv) Programmatic funding

The Organization welcomes contributions of program resources, but it must be noted that such contributions do not provide the same predictability and stability as unrestricted contributions.

However, recognizing that due to internal regulations, some IDLO Member Parties are unable to contribute unrestricted resources, but are able to contribute generously to IDLO's programs, the following table presents a suggested level of programmatic contributions.

Table 3 - Program Contribution Guidelines using WB classification of economies¹

Income	Contribution (€)	# countries	Totals (€)
High / International Org.	800,000	9	7,200,000
Higher-Middle	500,000	3	1,500,000
Lower middle	200,000	8	1,600,000
Low	40,000	3	120,000
Total		23	10,420,000

The cost recovery rate built into IDLO's programs is approximately 25% therefore the above level of programs would generate approximately €2.5 million of revenue for the organization. It should however be noted that IDLO recognizes program revenue as the program contribution is expended, therefore, it is only when €10.4 million is implemented that the revenue of €2.5 million can be recognised.

¹ Ecuador would refer to the scale used within the United Nations rather than the World Bank scale