



Agenda item 4: Governance Arrangements (Revised Paper)

Proposed Recommendations

The Special General Meeting is invited to:

1. **endorse** the amendments made by the Board to the Financial Regulations and the Rules of Procedure to implement the Board decision made in April 2020 to postpone the Regular Annual Meeting in exceptional circumstances due to COVID-19;
2. **endorse** the proposed amendments to the Constitution to allow for endorsement of the budget and annual work plan outside of the Regular Annual Meeting; and
3. **consider** possible further amendments to the Constitution to allow for:
 - (a) cancellation of the Regular Annual Meeting in exceptional circumstances;
 - (b) holding of the Regular Annual Meeting through a virtual meeting in exceptional circumstances; and
 - (c) election of the PIDC Board Members by Special General Meeting in exceptional circumstances.

Purpose

This paper seeks to brief PIDC Members on amendments to the Financial Regulations, Rules of Procedure and proposed amendments to the PIDC Constitution relating to the postponement of the 2020 Regular Annual Meeting (RAM). In addition, the Secretariat in actioning the discussions of the PIDC Board from its meeting of 03 July 2020 has also included three possible additional amendments for Members to consider.

Background

2. In response to the significant challenges caused by global pandemic COVID-19, the PIDC Board in its meeting in April 2020 agreed to postpone the RAM indefinitely until sufficient information was made available to ensure that the meeting could be held safely. The Board agreed to hold a Special General Meeting (SGM) to provide an update to Members and discuss several key issues as required.

3. To give effect to the Board's decision, the following activities were undertaken:

- (a) The Financial Regulations and Rules of Procedure have been amended to allow for the RAM to be held out of a current financial year when the organisation is faced with exceptional circumstances as agreed to by the Board (refer to Attachment One).
 - This allows the organisation to hold its RAM at a later date when the threat and impacts of COVID-19 have been better identified and adequate responses established.

- (b) Members at the SGM are recommended to amend Article 18 of the PIDC Constitution to allow for the Annual Work and Plan and Budget to be considered and endorsed by a Special General Meeting.

- This will allow the organisation to endorse the annual work plan and budget for 2020/ 2021 through a SGM without having to wait for the RAM (which has been postponed indefinitely) as is currently required.
- The entire text of proposed amendment to Article 18 of the Constitution is attached (Attachment Two) and provides:

18.7 For the purposes of Articles 18.1 and 18.3, in exceptional circumstances as agreed to by the PIDC Board, the draft Budget may be submitted for consideration and endorsement at a Special General Meeting under Article 16.2.

4. Members will recall that notification of the SGM and the intention to amend the PIDC Constitution was disseminated to Members through PIDC Circular 07/2020 on 27 April 2020 which was more than 60 days prior to the meeting. The majority of the Membership agreed to the holding of the SGM as is required under the Constitution.

5. In addition to the proposed amendments that were disseminated for Members to consider above, the PIDC Board in its meeting of 3 July 2020 discussed three additional possible amendments to the PIDC Foundation Documents to allow for:

- (a) cancellation of the Regular Annual Meeting in exceptional circumstances;
 - To allow for a RAM to be cancelled rather than delayed where PIDC faces exceptional circumstances such as those currently faced due to COVID-19.
- (b) holding of the Regular Annual Meeting through a virtual meeting in exceptional circumstances;
 - To allow for a RAM to be hosted online when a face to face meeting is not possible or desirable due to exceptional circumstances such those currently faced by PIDC as a result of COVID-19 related restrictions to international travel.
- (c) election of the PIDC Board Members by Special General Meeting in exceptional circumstances.
 - To allow for the Chair, Vice Chair and Board Members to be elected outside of a Regular Annual Meeting in exceptional circumstances if the RAM is delayed or cancelled for some reason.

6. The Secretariat will lead discussions on these proposed changes to seek Members views on a way forward noting that any decision made by Members requiring amendments to the Constitution or Regulations will require additional protocols to be followed.

Attachment One

Amendments

PIDC Financial Regulations

2.1. Unless there are exceptional circumstances agreed to by the Board, the PIDC Regular Annual Meeting will be scheduled for the last quarter of the financial year to enable the upcoming financial year's revenue and expenditure budget and work programme to be discussed and agreed by consensus.

PIDC Rules of Procedure

3.2 Unless there are exceptional circumstances as agreed to by the Board, the timing of the Regular Annual Meeting shall be within the last three months of the financial year so that the Head of Secretariat can present robust estimates of the end of year financial position and a detailed proposed budget for the upcoming financial year in accordance with the Financial Regulations.

Attachment Two

Article 18

Budget of the PIDC

18.1. The Head of Secretariat shall draft the proposed budget of the PIDC based on confirmed funding sources and submit it to the PIDC annual meeting. The proposed budget shall not exceed the confirmed available funds. The proposed budget shall also indicate which of the administrative expenses of the PIDC are to be financed from the contributions provided by Principal Donors and which are to be financed from other sources, particularly from annual member contributions.

18.2. The proposed budget shall be presented in a format that provides sufficient detail for transparent scrutiny and shall conform to any requirements specified in the PIDC Financial Regulations.

18.3. The PIDC, at its annual meeting, shall adopt the budget by consensus. If the PIDC is unable to reach such a consensus, expenditure shall be limited to essential spending only until such time as a new budget can be adopted by consensus. No new programmes will be commenced and those in place shall be suspended until new funding is allocated. Non-essential travel shall also be suspended.

- Essential spending can be defined as core expenditure such as salaries and other fixed costs relating to the operation of the Secretariat such as building rent. All other expenditure should be considered non-essential and should be suspended.
- Non-essential travel means all travel other than that deemed necessary to advancing the adoption of a new budget.

18.4. The annual contributions of members shall be deposited into the Member Contribution Fund and the amount of the contribution by each member to the Member Contribution Fund shall be determined in accordance with a scheme which the PIDC shall adopt, and amend as required, by consensus of contributing members. The scheme shall be defined in the PIDC Financial Regulations.

18.5. The Head of Secretariat shall maintain accurate, up-to-date financial records and shall provide a detailed and up-to-date statement of financial position to each Board meeting.

18.6. Appropriate bank accounts shall be maintained in the name of the PIDC by the Head of Secretariat who shall have authority to execute payments from those accounts to the extent authorised from time-to-time in the PIDC Financial Rules. It may be that for certain payments or for payments above a specified limit, the signature of the Chairperson of the PIDC and/or the formal approval of the Board is required

18.7 For the purposes of Articles 18.1 and 18.3, in exceptional circumstances as agreed to by the PIDC Board, the draft Budget may be submitted for consideration and endorsement at a Special General Meeting held under Article 16.2.