



INTERGOVERNMENTAL ORGANIZATION SPECIAL COMMITTEE (IGOSC)

TERMS OF REFERENCE

Section 1. Introduction

The Intergovernmental Organization Special Committee (IGOSC) of the Alliance for Financial Inclusion (AFI) is an interim committee to support the AFI Board of Directors and AFI Management Unit in providing oversight and strategic guidance on the process of exploring the Intergovernmental Organization (IGO) Status for AFI as well as the process of transitioning into an IGO if approved by the Membership Council.

Section 2: Background

2.1 AFI is governed by Articles of Association and established in Malaysia and recognized by Government of Malaysia as an International Organization under the Alliance for Financial Inclusion (Privileges and Immunities) Regulations 2016 issued under the International Organisation (Privileges and Immunities) Act 1992. AFI also has a regional office in Cote d'Ivoire to cover Sub-Saharan Africa and Middle East and North Africa Region and has been issued with a registration number by the Ministry of Foreign Affairs. AFI will be establishing its regional office for the Latin America and the Caribbean region in Costa Rica under a legal framework approved by the Government of Costa Rica. AFI has also established a representative office in Luxembourg under an agreement with the Government of the Grand Duchy of Luxembourg. Other than the recognition in Malaysia and two other member countries namely Cote d'Ivoire and Costa Rica, AFI is not similarly recognized at government level in other countries where it has members resulting in limitations on service delivery to members.

2.2 Upon examining the purpose, rationale and value that AFI as an IGO can contribute to the global financial and development institutional landscape on financial inclusion, the AFI Board of Directors resolved at its 18th meeting on 23 January 2020 to commence the preparatory work to explore the establishment of AFI as an IGO and to establish a temporary Committee to oversee the process of exploring the IGO status for AFI as well as the process of transitioning into an IGO if approved by the Membership Council. The Committee shall be known as Intergovernmental Organization Special Committee (IGOSC). The Board also approved for the Management Unit to engage an external legal consultant to provide legal support to the process.

Section 3: Purpose

3.1 The Committee will periodically report to the Board of Directors and acts as an advisor to the Board throughout the process of exploring the IGO status for AFI as well as the process of transitioning into an IGO if approved by the Membership Council. The Committee is expected to advise on the ideal legal form and governance structure. The Committee will oversee the

work of the AFI Management Unit during the process of exploring the IGO status for AFI as well as the process of transitioning into an IGO if approved by the Membership Council. The AFI Management Unit will provide support to the committee in preparing reports to the Board of Directors.

3.2 The role of the Committee is advisory and will submit periodic reports to the Board for decision.

Section 4: Authority

4.1 The Committee is authorized by the Board to:

- (a) Review reports and proposals submitted to AFI by the consultant working with the AFI MU on the IGO status and to direct as it deems appropriate and further work required for purposes of concluding its work; and
- (b) Submit to the Board a final recommendations on the form and structure of the proposed IGO.

Section 5: Principal Duties and Responsibilities

The duties of the committee are to:

- Review AFI MU recommendation on the most appropriate legal form and structure to transition AFI to a full-fledged IGO, whether by treaty or an agreement to be accented to by state parties and report thereon to the Board of Directors for a decision;
- Advise on an appropriate governance structure for the IGO that would conform with AFI's current member-led governance structure and legal structure of AFI's host country while preserving AFI's international co-operation approach grounded on core values of peer-to-peer cooperation and mutual respect;
- Review the consultative documents and constitutive documents to be presented to the Board to enable the transitioning to an IGO;
- Review and recommend an appropriate membership structure and funding model for the envisaged legal structure of the IGO;
- Determine the membership fee structure for the IGO, including the basis, approach and paying institution for each country;
- Support the AFI Board and Management Unit to actively promote and communicate AFI's mission and objectives for seeking the IGO status to existing and potential members; and
- Provide oversight and support for additional activities that may emerge in the process of AFI transitioning to become an IGO; and
- Present the proposal on the IGO legal structure and establishment process to the Membership Council.
- Advise on any other issue that may be connected or incidental to the above.

Section 6. Membership

6.1 Composition

The Committee shall comprise of seven members, including a Committee Chair and Committee Vice-Chair. Appointments to the Committee shall be made in line with the Articles of Association.

6.2 Nomination

Any paid-up Principal Member institution can nominate itself or another AFI Principal member to the Committee. The Board will evaluate and approve nominations taking into account:

- (i) Level of AFI engagement of the nominated Principal Member including commitment to AFI's vision and values, and demonstrates historical or emerging leadership in the AFI network;
- (ii) Relevant experience of the nominated representative of the member institution on the set-up and governance structure of intergovernmental organizations; and
- (ii) The need to strive for balanced geographical and gender representation of AFI Members on the Committee.

6.3 Representative

6.3.1 The Principal Member institution shall nominate a candidate to represent the institution on the Committee who meets the following qualifications:

- (a) Ability to dedicate substantial time and effort to support AFI's mission as well as the mandate of the Committee to achieve IGO status within the Committee's term of two years;
- (b) No potential conflict of interest with his/her other ongoing activities or commitments; and
- (c) A head, deputy head of institution or head of legal services or senior official who possesses experience relating to the legal aspects of setting up institutional frameworks for: a global network or intergovernmental organization; or operations of international bodies and multilateral co-operation.

6.3.2 The position of chair and vice chair on the committee shall be held by either a head of institution (i.e. Governor or Superintendent) or Deputy Head of a principal member institution.

6.3.3 Committee members shall in carrying their principal duties and responsibilities specified in Section 5, represent the interest of the whole AFI network. In line with the good governance practices of AFI, individual and institutional viewpoints shall be considered in balance with the joint interest of all AFI members.

6.4 Appointment and Term

Once appointed, all Committee members including the Chair and Vice-Chair shall hold office for a period of two years and are eligible for re-election.

6.5 Compensation

The Committee membership is not a paid position. Committee members may however receive reimbursement of reasonable costs incurred should they be required to attend Committee meetings in person. Reasonable costs include flight tickets, hotel accommodation and meals.

6.6 Resignation

A Committee member may resign by sending written or electronic notice to the Committee Chair, or to the Chair of the Board in the case of the Committee Chair. The written notice should be given at least 30 days in advance to facilitate a smooth transition, unless a shorter time is agreed with the Committee.

6.7 Vacancy

In the event of an unexpected vacancy (e.g. resulting from the death, resignation or dismissal of the member), the outgoing member institution may nominate a replacement to be considered by the AFI Board of Directors alongside any other nomination from other AFI member institution should it deem it appropriate to broaden the nominations to fill the vacant position.

Section 7: Chair and Vice-Chair

7.1 The Committee members shall elect a Chair and Vice-Chair from among themselves by simple majority vote of the Committee members present. The Chair will facilitate discussions and preside over Committee meetings. In the absence of the Chair, the Vice-Chair will facilitate discussions and preside over meetings.

7.2 The Chair and Vice-Chair shall hold office for the duration of the Committee's tenure following the meeting in which he/she has been elected.

Section 8. Meetings and Interactions

8.1 The quorum of the Committee will be at least four of the members.

8.2 Meetings of the Committee shall be held as required giving at least two weeks' written notice before the meeting date. The notice shall indicate the time, date and place of such meetings and whether the meeting will be held face-to-face or through other ways (videoconference, conference call, etc.). The meetings shall be facilitated by the AFI Management Unit.

8.3 Meetings of the Committee may be in person or video or conference.

8.4 The AFI MU shall facilitate all meetings between the Committee and the external legal consultant engaged by the Management Unit to provide support for the IGO legal process. The Management Unit will also support the Committee Chair and members in the preparations for any submissions and presentations to be made to the Board of Directors.

8.5 The AFI Management Unit shall inform the Committee members of the meeting agenda and circulate related documentation at least 14 days prior to the scheduled date of the meeting or seven days prior to the meeting in case of an urgent meeting.

8.6 Decisions, advice, and recommendations made in a meeting of the Committee shall be recorded and minutes of the meeting shall be distributed to all members of the Committee. The minutes of a Committee meeting shall be approved by the Committee at the following meeting, signed by the Chair, and shall be retained in the records of AFI.

8.7 Decisions of the Committee are passed by consensus or simple majority vote of the members present or taking part in a meeting by videoconference and/or conference call. In the case of an equality of votes, the Committee Chair shall have a casting vote.

Section 9. Reporting

The Committee will provide a report of Committee meeting and activities to the AFI Board of Directors, at the regular Board meeting or as and when required by the Board.

Section 10. Secretariat

10.1 The AFI Management Unit shall provide secretariat support to the Committee.

10.2 The AFI Management Unit shall communicate with Committee members via email correspondence, or any other means of communication such as telephone calls to facilitate its work. The AFI Management Unit shall maintain relevant contact details of the representative and focal points for each institution represented on the Committee.

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