

By-Laws of the Alliance for Financial Inclusion¹

Article 1: Composition of the Alliance for Financial Inclusion

The Alliance for Financial Inclusion (hereinafter referred to as “AFI”) shall have its Management Unit office in Bangkok, Thailand.

The structure of AFI includes the following bodies:

- Membership Network;
- Steering Committee;
- Grant Assessment Panel; and
- Management Unit.

These By-Laws shall be applicable only throughout the period during which the AFI Management Unit is administered by Deutsche Gesellschaft für Technische Zusammenarbeit (hereinafter referred to as “GTZ”) and they shall remain valid until the new By-Laws of AFI have come into force.

Article 2: AFI Membership Network

2.1 Objectives

The AFI Membership Network aims to create a global network of policymakers in developing countries and provide its members with the tools and resources to share their knowledge, and develop and implement cutting-edge financial inclusion policies that have delivered tangible results. AFI is an organization that is member-driven, impartial, and inclusive, free of vested national and commercial interests.

2.2 Membership and eligibility

AFI membership is open to passionate and committed government institutions in developing countries that are involved in financial inclusion policymaking, such as central banks, ministries of finance, supervisory bodies, or other relevant institutions.

The membership shall consist of “Core Members” and “Associate Members”. Only one leading policymaking authority in each country (e.g. central bank, ministry of finance, or other supervisory body) shall be entitled to Core Membership, while other institutions (e.g. state banks or government programmes) shall be entitled to Associate Membership.

In addition to the above, only Core Members can represent their country in the AFI Membership Network. Associate Membership can be established once Core Membership for the respective country is in place.

2.3 Benefits

AFI members are entitled to the following benefits:

- Access to AFI’s network, in particular direct access to other policymakers from member organizations, policy champions, strategic partners, etc., and information on successful policy solutions innovated and implemented by policymakers in other countries;

¹ Note: These By-Laws represent guidelines and recommendations to help set up AFI’s governance structure and other bodies, but may not conform to the final legal standards that may govern AFI. This document has been reviewed by International Legal Counselors Thailand Limited (ILCT).

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- Participation in the AFI Annual Global Policy Forum to exchange experiences and knowledge on financial inclusion policies. (Travel and accommodation costs shall be sponsored by AFI for members who do not have sufficient budget to attend the event.);
- Participation in regional and global policy debates, regional working groups, conferences, seminars, training and exchange activities organized and/or sponsored by AFI;
- Use of AFI's web-portal services and participation in online forums;
- Subscription to AFI's updates and financial inclusion policy news;
- Access to short-term and long-term grants to test and develop policy solutions within the framework of AFI's grant-making procedure; and
- Potential nomination for the annual Financial Inclusion Policy Award.

2.4 Roles and responsibilities

AFI members shall have the following roles and responsibilities:

- Participate in the AFI Annual Global Policy Forum, regional working groups and exchange activities and actively engage in policy discussions;
- Participate in AFI's online activities and make contributions to content (e.g. financial inclusion policy briefs, research papers, national financial inclusion reports, notes on new regulations) at least once a year;
- Make every effort to make existing national financial access data available for the Global Financial Inclusion Database and to maintain data collection over time;
- Provide strategic and advisory support to AFI on expanding the AFI membership; and
- Provide feedback on the quality of AFI's services and offer ongoing suggestions on their improvement.

2.5 Membership recruitment

The AFI Management Unit shall send official letters and application forms to potential AFI members. A potential AFI member who desires to be a member shall be required to return the signed application forms to the AFI Management Unit. After receiving the signed application form, the AFI Management Unit shall send a written confirmation notice to the potential AFI member and membership shall commence from the date on which such notice has been issued by the AFI Management Unit.

AFI requires no application fees from its members with respect to AFI membership.

2.6 Resignation

Any AFI member may resign at any time by sending written or electronic notice to the AFI Management Unit. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon receipt of such notice by the AFI Management Unit.

2.7 Record of members

AFI shall maintain a record of AFI members to be kept at the Management Unit of AFI and the record of AFI members shall at least contain the following:

- Name (institution) of AFI member;
- Address and contact details;
- Date of commencement of membership;
- Date of termination of membership.

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Article 3: AFI Steering Committee

3.1 Objectives

The AFI Steering Committee (hereinafter referred to as “Committee”) is intended to act as the governing body of AFI. As such, it will provide innovative ideas, support and overall strategic guidance and advice to AFI with respect to objectives, strategic plan, and milestones, as well as on building the AFI network, identifying learning opportunities, and generating regional and/or global flagship project proposals.

3.2 Membership and eligibility

Number of members and composition of the Committee

The Committee shall consist of up to eight members, including the following:

- Up to six representatives from policymaking institutions (e.g. central banks, ministries of finance, bank supervision authorities, Offices of the President) with a balanced geographical outreach;
- The Executive Director of the AFI Management Unit (hereinafter referred to as “ED”);
- The senior management representative from GTZ.

In addition to the above, the Committee shall appoint up to two independent advisors (e.g. policy experts, technology experts, academics, researchers, standard setters) to work closely with, provide advice to and attend meetings with the members of the Committee (hereinafter collectively referred to as “Advisors”). The Advisors are not members of the Committee and shall have different roles and responsibilities than Committee members.

Eligibility

Candidates for Committee members shall have at least the following qualifications:

- Commitment to and passion for AFI’s vision and values;
- Extensive know-how in and contributions to the field of financial inclusion policy;
- Ability to dedicate substantial time and effort to support AFI’s mission; and
- Proven leadership in the respective region and in the financial inclusion policy arena.

The candidates for the Advisors shall have at least the following qualifications:

- Commitment to and passion for AFI’s vision and values;
- Extensive know-how in and contributions to the field of financial inclusion policy or related field such as building a global network;
- Ability to dedicate substantial time and effort to support AFI’s mission;
- No potential conflict of interest with his/her ongoing activities; and
- Proven leadership in his/her respective field.

Election and term of office

The AFI Management Unit shall appoint the first members of the Committee by selecting from the AFI members. Committee membership is for institutions and the institutions should designate a representative to participate in the Committee. Such representatives should be high-ranking and knowledgeable individuals who meet the eligibility criteria stated above. Subsequent Committee members shall be nominated by AFI members and elected by the existing members of the Committee.

Existing Committee members are also eligible for nomination and reelection to the Committee. At least three members are required to hold office in the subsequent Committee in order to ensure continuity. These three members shall be nominated and appointed by consensus by the retiring Committee before the start of the election of new members to the subsequent Committee.

Committee members and Advisors shall hold office for a period of two years. Each Committee member and Advisor, including those elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until another member or Advisor has been elected to replace him/her.

Chairperson of the Committee

The members of the Committee shall elect a chairperson of the Committee (hereinafter referred to as “Chair”) from the members of the Committee, by consensus \, who will facilitate discussions and preside over meetings of the Committee. Advisors cannot be elected as Chair.

The Chair, together with the ED, shall also call the meetings of the Committee and send notice of such meetings to Committee members and Advisors.

Unless agreed otherwise by the members of the Committee, the Chair shall hold office for a period of 12 months following the meeting in which he/she has been elected.

Nothing contained herein shall be construed that the Chair is the official representative of AFI.

Vacancies and filling vacancies

A vacancy for a Committee member or Advisor occurs when any position of Committee member or Advisor is not filled by a duly appointed or elected Committee member or Advisor, whether caused by death, resignation, or otherwise.

Vacancies for Committee members and advisors may be filled by approval of the Committee.

3.3 Meetings and interaction

Frequency of meetings

Meetings of the Committee shall be coordinated by the AFI Management Unit and held on a quarterly basis. Every year, three such meetings of the Committee shall be held via conference calls and/or video conferences (hereinafter collectively referred to as “General Meetings of the Committee”) and one such meeting shall be held face-to-face. The face-to-face meeting will be held during the AFI Annual Global Policy Forum or as soon as possible after the AFI Annual Global Policy Forum has been held (hereinafter referred to as “Annual Meeting of the Committee”).

Call of meetings and special meetings

The Annual Meeting of the Committee and the General Meetings of the Committee may be called by written notice of such meetings prepared by the Chair and the ED.

Special meetings of the Committee (hereinafter referred to as “Special Meetings of the Committee”) may be called by simple written request by the Chair or by 2/3 of the members of the Committee.

Notice of meetings and communications

The Chair, in collaboration with the ED, shall prepare the notice of the meetings of the Committee, specifying the date, time, place (if any) of the meeting along with the agendas and related documentation for such meetings. The notice, the agendas and related documentation shall, in principle, be circulated among the Committee members and Advisors at least 14 days prior to the meetings of the Committee.

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The AFI Management Unit shall facilitate the meetings of the Committee by providing the required documents and coordinating communication among Committee members and Advisors as required. Such communications shall be via mail, fax, telephone or email.

The above provisions shall mainly be applied to the Annual Meeting of the Committee and the General Meetings of the Committee and shall be applied *mutatis mutandis* to the Special Meetings of the Committee.

Participation

Participation in the Annual Meeting of the Committee is mandatory for all Committee members of the Committee and Advisors. In addition, Committee members and Advisors shall make every effort to attend the General Meetings and the Special Meetings of the Committee. Nevertheless, the time, date and place (if any) of such meetings of the Committee shall be fixed through consultation with all Committee members and Advisors to facilitate attendance of all Committee members and Advisors.

The Chair shall preside over the meetings of the Committee. However, if the Chair is unable to preside over such meetings, the members of the Committee present shall appoint one of the Committee members to act as chairperson and he/she shall have all the roles and responsibilities of the Chair throughout such meetings.

Subject to the foregoing, a member of the Committee who is not able to participate in the meetings of the Committee and desires to appoint an alternate representative to participate in such meetings on his/her behalf shall inform the Chair or the ED in writing prior to such meetings. The Chair may approve the participation of such alternate representative of the member if he/she deems fit. The approved alternate representative shall have all the roles and responsibilities of the Committee member who has made such an appointment.

Quorum

At least half of the Committee members and Advisors shall be deemed to constitute a quorum of the meetings of the Committee.

Decisions of the Committee

There shall not be voting on the Committee and all decisions shall be made by consensus among the Committee members.

Record of meetings

All advice and recommendations of the Committee shall be recorded in the minutes of the meetings of the Committee, which shall be copied to all Committee members and Advisors. Such advice and recommendations shall also be approved by the Committee at the following meeting of the Committee and be retained in the permanent records of AFI.

Adjournment

Whether or not a quorum has been constituted, Committee members and/or Advisors present may adjourn meetings of the Committee to another time and place.

3.4 Roles and Responsibilities

Members of the Committee shall:

- Review and comment on AFI's annual reports and financial reports;
- Provide advice on AFI's objectives, strategic plan, and milestones;
- Provide guidance and support in building the AFI membership network;
- Provide ideas and strategic guidance on overall financial inclusion policies and trends;

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- Provide support in providing AFI members' view in regional and/or global financial inclusion initiatives;
- Provide advice on AFI's regional and/or global activities; and
- Plan on the transition from the Committee to an AFI Board.

Advisors shall:

- Provide the Committee with specific knowledge in their area of specialization;
- Provide ideas and advice on financial inclusion policies and trends;
- Provide support in connecting AFI with relevant strategic partners; and
- Provide advice and support in building the AFI network and key activities.

In addition to the above, the Committee shall make a decision regarding steps towards AFI independence and the formation of an AFI Board at the Annual Meeting of the Committee to be held in September 2011, based on the proposal made by the AFI Management unit.

3.5 Deliverables

The deliverables of the Committee include, *inter alia*, the following:

- Review of the annual report and financial report prepared by the AFI Management Unit;
- Advice on overall objectives, strategic plan, and milestones;
- Strategic guidance on overall financial inclusion policies and trends; and
- Contribution to content in the area of expertise of the respective Committee members and provision of contacts. .

3.6 Compensation

Committee members and Advisors may receive reimbursement for their travel and per diem expenses.

3.7 Resignation

Any Committee member or Advisor may resign at any time by sending written or electronic notice to the Chair or the ED, or by giving verbal notice at any meeting of the Committee. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon receipt of such notice by the Chair or the ED.

Article 4: AFI Grant Assessment Panel

4.1 Objectives

The AFI Grant Assessment Panel (hereinafter referred to as "the Panel") is a group of external financial inclusion experts who reviews eligible long-term grant proposals, approves such proposals, and ensures the integrity and consistency of an open and transparent grant proposal review process.

4.2 Membership and eligibility

Eligibility

The candidates for the Panel shall have at least the following qualifications:

- Substantial knowledge of and proven experience in one or more policy solution areas (agent banking, mobile phone financial services, formalizing micro-savings, the role of state-owned institutions, financial identity, consumer protection, etc.);

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- Regional know-how and experience;
- Ability to dedicate substantial time and effort to support AFI's grant assessment process; and
- No conflict of interest related to the potential grantees.

Number of members and composition of the panel

The Panel shall consist of up to nine members. These shall include the following:

- Up to eight independent regional and topical experts; and
- The ED.

Notwithstanding the foregoing paragraph, a long-term grant proposal shall be reviewed by a minimum of three Panel members, the ED included, or a maximum of five Panel members, the ED included (hereinafter referred to as "Working Panel"). A Working Panel shall be specifically formed and selected from the Panel by the ED for each submitted long-term grant proposal, based on the topic and nature of such proposals.

Appointment and term of office

Panel members shall be appointed by the ED based on the foregoing qualifications.

Except for the ED, Panel members shall hold office for a period of one year. Each Panel member, including those appointed to fill a vacancy, shall hold office until the expiration of the term for which appointed and until another member has been appointed to replace him/her.

Chairperson of the Working Panel

The ED shall act as the chairperson of the Working Panel to facilitate reviews and approvals of long-term grant proposals (hereinafter referred to as "Assessment Process"). The ED shall also call the meetings of the Working Panel for the Assessment Process, send notice of such meetings to the Working Panel, and preside over such meetings.

Vacancies and filling vacancies

A vacancy on the Panel occurs when any position on the Panel is not filled by a duly appointed Panel member, whether caused by death, resignation, or otherwise.

Vacancies on the Panel may be filled by approval of the ED.

4.3 Meeting frequency and interaction

Frequency of meetings

Meetings of the Working Panel for the Assessment Process may be held up to four times per year and shall mainly be conducted via telephone conference. Face-to-face meetings may also be arranged when required.

Call of meetings

Meetings of the Working Panel for the Assessment Process may be called by email notification of such meetings prepared by the ED.

Notice of meetings and communications

The ED, in collaboration with the Policy and Grant Management Team, shall prepare the notice of meeting of the Working Panel for the Assessment Process, specifying the date, time, and place (if any) of the meeting. The notice of such meetings shall, in principle, be circulated among the members of the Working Panel prior to the meetings of the Working Panel for the Assessment Process.

The Policy and Grant Management Team shall facilitate the Assessment Process by providing the documents related to the submitted long-term grant proposal and

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coordinating communication among the members of the Working Panel, as required. Such communication shall be made mainly via email.

Participation

Members of the Working Panel shall be required to attend the meetings of the Working Panel for the Assessment Process. The time, date and place (if any) for the meetings shall be fixed through consultation with all members of the Working Panel to facilitate attendance of all members of the Working Panel.

The ED shall always preside over the meetings of the Working Panel for the Assessment Process.

Quorum

All members of the Working Panel shall be deemed to constitute a quorum of the meetings of the Working Panel for the Assessment Process.

Decisions of the Working Panel

Decisions of the Working Panel to approve the long-term grant proposals and other matters shall be passed by a majority vote. Each member of the Working Panel shall have one vote.

Record of meetings

The discussions of the Working Panel shall be recorded in the minutes of the meetings of the Working Panel for the Assessment Process, which shall be shared with all Working Panel members. The meeting minutes shall also be retained in the permanent records of AFI.

Adjournment

Working Panel members may adjourn meetings of the Working Panel for the Assessment Process to another time and place.

4.4 Roles and responsibilities

Panel members shall:

- Review eligible long-term grant proposals on technical merit and other specified criteria, as assigned by the ED;
- Using AFI grant scoring sheets, submit scores and comments, to the Policy and Grant Management Team after the conclusion of each Assessment Process;
- Submit decisions to approve or reject long-term grant proposals and/or ways to improve the proposals for future approval to the Policy and Grant Management Team after the conclusion of each Assessment Process; and
- Attend the meetings for the Assessment Process.

4.5 Deliverables

The deliverables of the Panel include, *inter alia*, the following:

- Written comments on eligible long-term proposals;
- AFI grant scoring sheets with the scores and comments included; and
- Inputs on final decisions for approval or rejection.

4.6 Compensation

Panel members may receive reimbursement for their travel and per diem expenses when face-to-face meetings are required.

4.7 Resignation

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Any Panel member may resign at any time by sending written or electronic notice to the ED, or by giving verbal notice at any meetings for the Assessment Process. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon receipt of such notice by the ED.

Article 5: AFI Management Unit

5.1 Objectives

The AFI Management Unit is responsible for the day-to-day operations of AFI. The AFI Management Unit shall be administered by GTZ and shall receive strategic advice from the Committee and strategic support and funding from the Bill & Melinda Gates Foundation. GTZ shall have all fiduciary responsibility for grant management and shall be accountable to the Bill & Melinda Gates Foundation. The AFI Management Unit shall also act as a secretariat of the Committee.

5.2 Composition

The AFI Management Unit consists of three operational departments, i.e. the Policy and Grant Management Team, the Network and Outreach Team, and the Office of the Executive Director and Administration. The ED shall be responsible for the operation of the AFI Management Unit. All departments are expected to be adjusted to be in line with AFI's operational expansion in the future.

5.3 Executive Director

The ED shall act as the head of the AFI Management Unit and the final decision maker. The ED shall be responsible for the day-to-day management of AFI operations and shall be the official representative of AFI.

Appointment and term of office

The ED shall be nominated and appointed by GTZ and shall hold office for a period of four years. The existing ED is also eligible for nomination and reappointment.

The ED, including that appointed to fill a vacancy, shall hold office until the expiration of the term for which appointed and until another ED has been appointed to replace him/ her.

Vacancies and filling vacancies

A vacancy of the ED occurs when the position of the ED is not filled by a duly appointed ED, whether caused by death, resignation, or otherwise.

Vacancies of the ED may be filled by approval of GTZ.

Duties to report and performance reviews

The ED shall report to the Director of the General Department 2 of GTZ. The ED shall also report to the Committee on key strategic issues that need the Committee's guidance and report the use of funds to the Bill & Melinda Gates Foundation.

The ED's performance shall be reviewed annually by the Director of the General Department 2 of GTZ and there shall be upward feedback from the staff of the AFI Management Unit.

Resignation

The ED may resign at any time by sending written notice to GTZ and the Committee. Any such resignation shall take effect at the time the resignation has been approved by GTZ and the new ED has been appointed.

5.4 Roles and responsibilities

The roles and responsibilities of the AFI Management Unit are divided among its departments as follows:

- The *Office of the Executive Director and Administration* is responsible for the overall strategy and coordination of the overall functions required for AFI's operations, including annual strategic planning, knowledge management, monitoring, evaluation and reporting, and meetings of the Committee. It is also responsible for cross-team activities such as the annual AFI Global Policy Forum, representation of AFI at various events, AFI's flagship projects, key strategic partnerships, securing funding, managing finance, executing agreements, accounting, outsourcing, HR, and IT services.
- The *Policy & Grant Management Team* is responsible for monitoring the AFI grant pipeline and strategic portfolio with respect to proposals for short-term grants, exchange grants and/or long-term grants; identifying potential grantees; and collecting, reviewing, and appraising concept notes and grant proposals prior to further review and approval by AFI's internal review panel and/or the Panel. The team is also responsible for collaborating with monitoring and evaluation and knowledge management on key performance targets, sharing grant success stories between AFI members, and providing inputs on updates to the policy research agenda.
- The *Network & Outreach Team* is responsible for building, growing, and maintaining the AFI Membership Network, the AFI community, and its knowledge-sharing networks, including the physical community of AFI members and strategic partners, the website and interactive online policy portal, and AFI's external marketing and communications initiatives.

5.5 Account and audit

The AFI Management Unit shall keep adequate and correct books and records of account at the Management Unit of AFI and shall arrange for AFI's annual report and financial report in each fiscal year to be audited by an independent auditor for further reviews and comments by the Committee. Such audited annual report and financial report shall be kept at the AFI Management Unit.

The fiscal year of AFI shall commence on 1 January and end on 31 December of every year.

Article 6: Amendment of By-Laws

Subject to general consensus among the Committee members present at the meeting of the Committee during which the relevant discussion is held, the present By-Laws may be amended at any time in writing and signed by all Committee members.