

FIA Foundation Strategy Review 2011

Summary

Introduction

Having completed its first decade of activity the FIA Foundation has undertaken a strategic review of its programmes and policies. Over the last year the Board of Trustees has examined the global trends that are relevant to the Foundation's work over the next decade, the effectiveness of its grant making activities, and the governance of the charity including its relationship with the Fédération Internationale de l'Automobile (FIA). Arising from the strategy review, and also to comply with the requirements of the UK Bribery Act 2010, the Foundation is updating its governance system and adopting some significant changes to its grant making process. This paper provides a summary of the outcomes of the strategic review and gives an overview of the Foundation's approach to its next ten years of work promoting safe and green mobility, and safe motor sport.

Global Trends

We are living through a period of unprecedented global change. Automobile use over the next decade is forecast to double. Rising demand for motorised mobility in the emerging economies of Asia, Africa, Latin America and the Middle East is inevitable as global income levels converge. The growth of the middle class, especially in Asia, will create a new wave of consumer interest in affordable, safe, clean and more fuel efficient motor vehicles. The majority of the world's motor vehicles are now being manufactured and sold in emerging economies. These countries are also heavily investing in building new road infrastructure which will further stimulate the attractiveness of automobile use.

The positive benefits of increased mobility will also generate negative effects in terms of higher road fatality and injury rates, increased pressure of fuel prices, and higher levels of transport related emissions. At the same time the percentage of the world's population living in urban areas is also increasing rapidly placing new demands on city transportation systems. Modern cars in Europe, Japan, and the United States are now safer and cleaner than ever before. The technologies for safety, reduced emissions, and greater fuel efficiency that they now feature will gradually spread to the emerging economies as consumers become more aware of their benefits. The challenge of the next decade and beyond will be to accommodate this new age of global motorisation on a sustainable path by accelerating the use of safer and cleaner vehicles, on better roads and driven by informed and responsible consumers.

Motor sport will similarly be influenced by the extraordinary pace of global motorisation. Already the sport's major world championships from their mainly European roots have become much more geographically spread. Young people in the emerging economies, many experiencing motor vehicles for the first time, will inevitably be attracted to the challenges of motor sport competition. Given the potential increase in participation rates in the emerging economies the need for capacity building in motor sport organisation to promote safe and sustainable competition will certainly increase.

The current state of the global economy remains a cause for concern. The financial crisis of 2008/2009 has caused an economic contraction that parallels the Great Depression of the 1930s. The recovery from the global downturn remains very fragile as the mature economies of Europe and the United States undertake structural reform, debt reduction and fiscal retrenchment.

At the same time the impressive growth performance of the emerging economies face their own challenges of potential inflationary pressures and needed adjustment to domestic rather than export led growth. For all these reasons the investment climate remains unusually uncertain and difficult.

The Trustees are confident that their agreed investment policy is the right approach over the long term to ensure that the Foundation can sustain its work. Nevertheless the extremely difficult economic environment that we face at least for the next few years will require a prudent approach keeping costs under control and supporting activities that are most effective in meeting the Foundation's charitable objects.

The Foundation's Activities 2001-2010

Since the Foundation was created in 2001, it has disbursed in total about €120m in pursuance of its charitable activities. Of this expenditure, the 2010 Financial Statements show that, broadly:

- 41% has been on programmes for road safety, the environment and mobility
- 37% has been on programmes for motor sport safety
- 8% has been on research, fellowships, memberships and affiliations
- 8% has been on staff remuneration and benefits; and
- 6% has been on investment management.

In its first decade the Foundation has concentrated on building global platforms for action in its core areas of competence in road safety, sustainable mobility and motor sport safety. We have placed an emphasis on activities that have strong catalytic and multiplier effects both through mobilising additional resources and engagement from other stakeholder groups. The aim has been to create frameworks and partnership for action at a global level by influencing the United Nations, the multilateral development banks and the international community. In this respect we have exceeded our own expectations.

In road safety our advocacy actions through the Commission for Global Road Safety and the Make Roads Safe campaign succeeded in obtaining approval for the first ever global Ministerial Conference on Road Safety held in Moscow in November 2009 and the United Nation's Decade of Action for Road Safety launched in May this year. The Global Plan for the Decade, which is closely based on recommendations from the Commission for Global Road Safety, provides a unique framework for action for capacity building, safer road users, safer roads, safer vehicles and post-crash care. All interested stakeholders, whether they are international organisations, national governments, local authorities, private sector, or automobile clubs, now share a common platform for co-operation on road safety during the next decade.

The Foundation has also developed key strategic partnerships to promote our global road safety agenda. Initially this was with the United Nations (UN) agencies, such as the World Health Organisation, and the multi-lateral development banks, such as the World Bank. These partnerships have powerfully assisted the Foundation's advocacy agenda and ensured that the UN and the international community have adopted commitments and measurable targets for action.

At the same time we have developed innovative partnerships with like-minded organisations that share our commitment to safer users, safer roads and safer vehicles. Key examples are the member clubs of the FIA which is the world's representative body of motoring consumers. The clubs (many of which are also members of the Foundation) have provided key support to a series of Foundation initiated campaigns such as 'Think Before You Drive' (in association with Bridgestone) and 'Make Road Safe' (for the Commission for Global Road Safety).

We have also invested in the impressive growth of the International Road Assessment Programme (iRAP) which has become the leading promoter of safer road design, providing rating systems for roads that make complex engineering issues intelligible to the ordinary motorist. We are also working with New Car Assessment Programmes around the world to help create a global market for safety and provide consumers with reliable and independent information about vehicle safety and the importance of life saving technologies such as Electronic Stability Control.

Our environmental activities have followed a similar approach. The Global Fuel Economy Initiative (GFEI) has succeeded in bringing together a powerful partnership of international and governmental bodies for the Environment, Transport and Energy with the Foundation playing a central organisational role. It has established the first ever global framework for action to promote fuel economy. With the ambition to achieve a 50% improvement in passenger car fuel efficiency by 2050, the GFEI is promoting good practice and knowledge sharing in fuel economy policies in a series of regional pilot programmes. The Foundation has also worked effectively in the Partnership for Clean Fuels and Vehicles promoting low sulphur fuels as a key enabler of emission control technologies.

The Foundation has also supported an important programme of motor sport safety research and training projects. This has been carried out in partnership with the FIA Institute for Motor Sport Safety and Sustainability. The Institute was established in 2004 to serve as a global centre of excellence for research and training under the Chairmanship of Professor Sid Watkins. Its origins can be traced back to the Research Group set up in 1994 in response to the death of Ayrton Senna. With annual grant support from the Foundation, the Institute has transformed the scale of motor sport safety research. Its innovative work has included a wide range of projects concerned with development of the Hans neck restraint system, kart safety, helmet design, safety related aerodynamics etc.

Since 2008 the Foundation's motor sport activity has also been increased through the creation of the Motor Sport Safety Fund (MSSDF). This was established as a restricted fund, following a donation of \$60 million from the FIA made in 2008. The Fund supports projects in three programme areas:

- Young Driver Safety Scholarship Programme (YDSSP)
- Officials Skills Safety Training Programme (OSSTP)
- Facility Safety Improvement Consultancy Programme (FSICP)

Projects are approved by the Fund Management Committee and the programmes developed and implemented by the FIA Institute on behalf of the Foundation.

In evaluating the overall effectiveness of the Foundation's activities since 2001 the strategy review has concluded that we have had the most positive experience from partnerships extending over a number of years in which the Foundation plays a proactive role working closely with the grant recipient. It has proved harder to assess the long term benefits of one off grants for activities in which the Foundation has played a more passive role. This experience will be reflected in the orientation of our future grant making activities over the next decade.

Governance

The Strategy Review has also considered the Foundation's governance system and, in particular, the role and composition of the Board of Trustees. Our Trustees play a critical role in ensuring that the Foundation meets its objects of promoting road safety, sustainable mobility and motor sport safety.

The Trustees are the guardians of the Foundation's charitable status, they authorise its activities, supervise its assets, and provide guidance and support to the staff. In performing these roles Trustees accept significant legal responsibilities. These duties are set out in the Foundation's Memorandum and Articles of Association and reinforced by the Trustees Code of Conduct adopted by the Board in March 2007.

The principle involvement of Trustees is through participation in the Board and its subsidiary bodies, the Investment and Programme Committees. The Officers of the Foundation (the Chairman, Secretary, Treasurer and the Chairman of the Programmes Committee) also frequently contribute additional time in dialogue with the Foundation's staff, helping with the preparation of meetings, events etc. The maximum number of Trustees is fifteen and the strategy review recommended that this allocation be used in full to ensure wide geographic representation and improved gender balance on the Board, and to enable more active engagement in the work of the Programmes and Investment Committees. The Strategy Review also recommended that:

- Trustees sign a personal declaration accepting their duties and responsibilities
- Four Trustees be nominated as representatives of the FIA (see below)
- Two Trustees be elected that are independent of the membership of the Foundation
- A formal induction and training programme should be developed for new Trustees
- A Trustee job description should be published and candidates interviewed if appropriate
- A register of Trustee's interests will be maintained.

To accommodate changes in the composition of the Board of Trustees amendments will be made to the Foundation's Memorandum and Articles of Association (M&AoA). At the same time the Board of Trustees has decided to update the entire M&AoA to make it consistent with the recommended new format for such governing documents arising from the UK Companies Act 2006. This new format transfers clauses previously included in the Memorandum into a clearer and more comprehensive Articles section. In making these amendments the Foundation will be following the recommended good practice of the UK Charity Commission.

The Board of Trustees has also reviewed the Foundation's procedures to ensure that it complies with the requirements of the UK Bribery Act 2010 which entered into force in July this year. The Act puts new obligations on UK Charities to "take reasonable steps" to ensure that funds granted to third parties are used for the intended charitable purposes. To comply with the Act the Board of Trustees has adopted an anti-bribery and corruption policy and strengthened the Foundation's risk assessment and due diligence process. Bribery and corruption will now be included as part of the Foundation's annual risk assessment. New grant agreements will also include contractual protections requiring recipients to certify annually that they have complied with applicable anti-bribery laws.

Linked to the above the Trustees have also approved a revised evaluation procedure for grant recipients. All the Foundation's activities must fall within our charitable Objects and clearly be undertaken for the public benefit. However, activities we support meet these obligations with varying degrees of success. The Trustees have, therefore, adopted Activity Evaluation Criteria to assess a grant recipient's performance and to guide the Foundation's future funding decisions and priorities. Grant recipients will be required to submit progress reports or a completion report once the activity is terminated and attend an evaluation meeting. They may also be subject to an audit to be carried out either internally by our staff or by external consultants.

Relationship with the FIA

The Foundation came into being as a result of probably the largest single charitable donation in the history of world sport. In making the original donation of \$300 million the FIA generously enabled the creation of the Foundation as UK registered charity with the objects to promote road safety, the environment, sustainable mobility and motor sport safety. These are strong areas of common interest to both the FIA and the Foundation and the two organisations have co-operated well together over the last ten years to promote their shared goals.

To encourage this positive relationship the Strategy Review recommended agreeing a Memorandum of Understanding (MoU) between the FIA and the Foundation covering such matters as multi-annual grants and the FIA's representation on the Board of Trustees. The resulting MoU, therefore, includes clauses relating to multi-year grants to the FIA and their affiliates to support activities in motor sport safety and mobility that are consistent with the Foundation's objects. The MoU also gives the FIA the right to appoint (and, at its discretion, remove) four Trustees, namely its President (ex officio), together with three other nominees, one from the FIA World Motor Sports Council, one from the FIA World Council for Mobility and Tourism, and one from the FIA Senate.

Supporting Partnerships for a Decade of Action

The successful campaign for the UN Decade of Action and its recently adopted Plan itself provides a clear framework for the Foundation's road safety work over the next ten years. The goal of the Decade is to save five million lives, avoid fifty million injuries and cut social costs by over \$3 trillion. To achieve this ambitious target we need to reduce by fifty per cent the forecast level of road deaths by 2011. This is a major challenge and the Foundation remains very concerned that the international community has yet to commit sufficient resources to ensure the success of the Decade. Much more needs to be done by the UN and its specialised agencies, the multilateral development banks, and all other stakeholders in the private sector and civil society. The human misery and extraordinary economic cost of the current rising tide of road deaths and injuries is simply unacceptable. That is why the Foundation is strongly committed to maintaining its leadership role in making the next ten years a decade of action for road safety.

Our core agenda remains safer roads, safer users, in safer vehicles. Our geographic focus remains the regions that are experiencing rising levels of road injury. The main strategic change facing the Foundation is to switch the focus from playing a dominant role in advocacy for the Decade, to ensuring that its ambitious goals are realised. This consists in a twofold challenge:

- To encourage implementation of good practice in road injury prevention at both regional and national levels
- To sustain the momentum for action by Governments, the UN, development banks, private sector etc. by holding them accountable to commitments made.

To achieve these twin tracks requires a greater focus on activities that are consistent with the Decade Plan. Through a series of funding pledges we have made at the Clinton Global Initiative we already have a clear set of commitments to safer roads, safer users, and safer vehicles. These will be implemented with key strategic partners, such as the International Road Assessment Programme, the FIA and its affiliated clubs, and the Global New Car Assessment Programme. We also remain strongly committed to the Commission for Global Road Safety/Make Roads Safe campaign as the primary instrument to monitor progress and sustain momentum of the Decade.

Over the last nine years the Foundation has been a significant funding source for the UN and the multilateral development banks, especially the World Health Organisation and the World Bank. Over the next ten years less support for such institutions is warranted as they are now committed to the Decade and should contribute to it from their own resources. We will continue to encourage them to support wider fund raising efforts that will bring new donor resources whether from governments, other philanthropies or the private sector.

In line with the implementation agenda that we want to promote during the Decade, the Foundation will remain strongly committed to an active programme in which we work with key strategic partners through multi-year agreements. The Strategy Review showed that over the last ten years this approach enabled strong synergies and catalytic effects to develop. For the next decade we will build on this positive experience and concentrate on a smaller number of partners/grant recipients that are working on the Foundation's key priorities. The same strategy will be applied to our work promoting the environment and motor sport safety.

We will, therefore, discontinue our annual call for applications to concentrate our grant making primarily with our key partners. This will make the Foundation's grant programme easier to manage and more predictable. It will also help us to comply with the stricter obligations for due diligence required by the UK Bribery Act 2010.

Conclusion

The strategy review has provided an important opportunity to refresh and renew the Foundation's policies and programmes. The changes to the Foundation's governance and grant making system will ensure that its decision-making follows the best practices of the charitable sector. The experience of the last ten years has shown that the Foundation has successfully built new platforms for global action in road safety, the environment and in motor sport safety. This is a substantial achievement but now the emphasis needs to shift to implementation of effective activities that promote safe, clean, mobility and safe motor sport. The challenges and opportunities ahead as the world's vehicle fleet more than doubles are immense and exciting. In response our strategy review has set the Foundation's agenda for another decade of action.