International Trade Centre
UNCTAD / WTO

Creating a Services Coalition:

an East African Roadmap

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Abbreviations and Acronyms

APSEA   Association of Professional Societies in East Africa

ARS   Australian Services Roundtable

ASAE   American Society of Association Executives

CCC   Canadian Commercial Corporation

CIDA   Canadian International Development Agency

CIPE   Centre for International Private Enterprise

DFAIT   Department of Foreign Affairs and International Trade-Canada

EDC   Export Development Canada

ESAE   European Society of Association Executives

ESF   European Services Forum

EU   European Union

FTAA   Free Trade Area of the Americas

GATS   General Agreement on Trade in Services

GSN   Global Services Network

HKCSI   Hong Kong Coalition of Service Industries

IC   Industry Canada

IFI   International Financial Institutions

IPP   Public Private Infrastructure

ITC   International Trade Centre

NGO   Non-Governmental Organisations

TSS   Trade in Services Section, International Trade Centre.

TTCSI   Trade Team Canada Service Industries

USCSI   United States Coalition of Service Industries

WTO   World Trade Organization

1. INTRODUCTION

1.1 Background of this Guide

This best practice guide for service coalitions in developing countries has been developed by Job K. Kihumba under the auspices of the International Trade Centre (ITC). In the course of this work, a consistent need has been identified to provide technical assistance in the formation of "Services Coalitions" or "Umbrella Service Organizations" within developing countries. In developed countries, services coalitions exist, and continue to form, to promote services trade. This is not the case in many developing countries despite the fast growth of services trade in developing economies.

This guide should be of use to those in developing countries who are struggling to create service coalitions or those who have already done so but are faced with a myriad of operational problems. Each country is unique and no single model would fully suit all.   What is attempted in the guide are best practices that may be adopted to fit the particular circumstances of each particular country or region.

1.2 What is a Services Coalition?

Individual service providers often discover they need other providers to create a big enough 'voice' to be heard and taken seriously by government and other parties. They form associations. The associations created may find themselves still too small to influence decision makers. They may form a sector federation or join with other related sectors to create a larger body with diverse sub-sector interests but a common industry interest.

The result is a coalition of related services industries. Thomas J. Wolf provides this definition In <u>Coalition Building: Is This Really Empowerment?</u>[1] 'An organization of diverse interest groups that combine their human and material resources to effect a specific change the members are unable to bring about independently'

1.3 The Purpose and Main Objectives of Service Coalitions

Service coalitions are created for a variety of reasons that are determined by the particular industry or business environment. They reflect the growth of the sector, the importance of services advocacy, potential access to knowledge and information, networking opportunities, as well as commercial benefits.

1.3.1. The Growing Importance of Trade in Services

Services have experienced fast growth in the last two decades and are set to grow even faster in the decades ahead. This is not confined to developed countries but includes developing economies. In most developing countries, notwithstanding the

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[1] *Thomas J. Wolf, "Coalition Building: Is this Really Empowerment?" AHEC/Community Partners, October 25, 1993*

problems of statistical measurement, services now comfortably contribute more than 50% of GDP. The figures for developed countries are even more dramatic with services with Services representing over 80% of GDP.

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<u>Services Trade in the Global Economy</u>

Until recently, little attention was given to services trade in the global economy, particularly in developing countries. But the sector has seen fast growth since the mid-eighties and many economies, including many in developing countries, has bypassed merchandise trade. The share of developing countries in trade in services has increased considerable. Exports of services from developing countries increased from US$ 147 billion in 1990 to US$347 billion in 1999. During that decade, export of services accounted for the top five sources of foreign currency for 90 developing countries. While travel and tourism were the most dynamic others that made considerable progress were communication, construction and business services.

There are many factors that account for this fast growth in the sector. According to November 2002 Overview of Developments in the International Trade Annual Report by the WTO Director General: "…While some service sectors, in particular international finance and maritime transport, have been largely open as the natural complements to merchandise trade, other major sectors have undergone fundamental technical and regulatory changes in recent decades which have dramatically increased their "tradability". Commercialization and the reduction, or elimination, of existing barriers to entry have transformed policy regimes across many countries and sectors. The emergence of the Internet has helped to create a range of new, internationally tradable products from e-banking to telehealth and distance learning, and to remove distance related barriers to trade for suppliers and users in remote locations (such as software development, consultancy and advisory services). A growing number of services previously subject to monopoly are gradually being exposed to competition; telecommunication and other infrastructural services, not least road transport and banking, are cases in point. Reform in such sectors has introduced greater efficiency in the services concerned and has generated economy - wide productivity, as many services are inputs for other goods and services ".

Extract: Job Kihumba-Keplotrade Study Report on Professional, ICT and Educational Services. - Nov. 2004

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The message is clear. Government and non-government institutions will need to give great attention to Services commercial and policy issues.

Governments will need to ensure that the commercial environment for service exporters is transparent, predictable, and conducive to competing internationally.

Service firms and associations will need to articulate their commercial and policy interests to the government so they may make informed decisions.

1.3.2 Advocacy

Service providers sometimes find themselves constrained by faulty, inadequate or the absence of appropriate policy. They see the need to advise government to either change or create the right policy to enable commercial services trade in a less constrained manner. Governments must craft responsible domestic services regulation that strengthens the domestic services economy.

The purpose of an advocacy programme is to pressure government and their agencies to move in a desired policy direction on the domestic and international front. Governments may ignore or even suppress individual voices, but not so with united voices coming from organizations representing many people. Service coalitions enable the creation of harmonized voices that cannot be ignored or suppressed. The more expansive the coalition, the more likely action will be taken by those concerned.

Experience in reforming countries is showing that economic reform is untenable without the support of **business associations acting as advocates of reform, a function they may carry out in a variety of ways. The concept of advocacy is an important one in building a democratic system.** As one of the many groups that constitute civil society, business associations have much more of a role than that of a special interest group which lobbies national legislatures. Business groups represent an important segment of society – one that stimulates economic growth through the creation of goods and services and the jobs that accompany them. Their voice needs to be heard in the policymaking process if it is to be truly democratic.

Business Associations and Democratic Reform by John D. Sullivan, Executive Director, Center for International Private Enterprise (CIPE, "Economic Reform Today Business Associations: Building Democracy", Number 2, 1995.

1.3.3 Access to knowledge and information

Modern business is complex with the services trade even more so due to its intangibility. The need for timely and easily digestible information and expert

knowledge about the commercial market and policy environment can drive services associations into coalitions. An extensive commercial and policy network can help firms access and effectively manage information and knowledge.

1.3.4 Networking Opportunities

Networks open doors in many ways providing vital market information and access. Joining commercial and policy or resources can give firms a better competitive position and greater leverage on the policy issues. The coalition can help firms and associations identify service interests, cooperate on advocacy strategy, and coordinate on commercial joint ventures.

1.3.5 Access To More Cost Effective Services And Benefits

Associations and institutions coalescing can create economies of scale and synergy. For example the Indian National Association of Software and Service Companies (NASSCOM) has created upstream and downstream commercial linkages among members to deliberately promote capacity and competitiveness. Such a coalition may negotiate discounted prices for goods or services for all members then what any single member could achieve individually. Such a coordinated group may purchase "pooled" accounting, marketing, or insurance services for example at the lower cost. Some associations leveraged their membership to access business credit and capital at competitive rates. These benefits may ensure members 'remain together' even after the principal reason for coalescing is addressed.

1.3.6 Disciplined and Orderly Conduct of Business

Another fundamental reason why service coalitions are created is to enhance disciplined conduct of business in a sector/industry that in turn may enhance quality of service delivery. This is a pre-requisite for competitiveness, especially in the export markets.

2. SOME GUIDING PRINCIPLES

The following principles should serve as beacons and guideposts in the turbulent waters of service coalitions:

a) Be guided by need and purpose

b) Individual member's needs should converge at the coalition

c) Committed and effective leadership are a must

d) Governance structures must be formalized and institutionalized

e) Maintain a clear strategic plan to guide activities

f) Ensure benefits to members outweigh cost of membership

g) Maintain a sound financial and management system

h) Develop an effective communication strategy

i) You cannot survive alone build networks and alliances

j) Remain relevant

2.1 Be Guided by Need and Purpose

Services coalitions are created for a purpose. They form to address certain real needs of their members. This may include:

a) Threat of faulty, inappropriate, or misguided national or international policies

b) To raise their industries profile

c) To articulate interests and influence decision makers

d) To gain cost effective access to goods, services and benefits

e) To provide business and professional growth opportunities, etc.

2.2 Individual Member Needs Should Converge at the Coalition

a) In a service coalition each member has needs specific to that member but there must be some overriding need that runs across all the members. It is at this point of convergence that a coalition becomes viable. If there is no point

of convergence between all members, the service coalition cannot form or survive.

b) Know the members and their collective needs and meet these needs.

2.3 Committed and Effective Leadership Is a Must

a) Like all organizations, service coalitions must have persons who 'champion' the cause. They are persons ready to sacrifice time and energy to see the coalition succeed.

b) The leader may volunteer initially but later must earn a salary and be joined by employed staff who are equally committed.

c) The leadership must be trustworthy to enlist the support of members so they must invariably be democratically elected or appointed by consensus.

d) Leadership has been defined as a social process in which one or more persons in a group inspires, energizes, empowers, envisions and then mobilizes, organizes and allocates that group's knowledge, skills and other resources to attain the **group's set goals.**

2.4 Governance Structure Must be Formalized and Institutionalized

a) The coalition must be governed within a formal structure

b) It must be registered in accordance with the legal requirements of the regime from where it operates

c) Members must be the final decision makers in the coalition

d) The body appointed to manage the coalition must be answerable and accountable to members

e) The structure must provide for the 'sharing out' of the workload, through committees or taskforces or working groups, to achieve ownership and to minimize costs.

2.5 Maintain a Clear Strategic Plan to Guide Activities

a) Leadership in consultation with members should define what they want from the coalition and how they will achieve their objectives. Leadership in consultation with members should identify resources and time frames to accomplish their goals

b) The strategy should state what and where, and answers the questions: How? With What? When? and Who?

c) Strategy allows service coalitions to keep focused, to allocate and organize resources efficiently and to operate within agreed parameters for accountability and operational discipline.

d) Strategy starts with a vision, defines the mission, identifies the goals, specifies the objectives and states the strategies and actions.

2.6 Ensure Benefits to Members Outweigh Cost of Membership

a) Retain old members by continually meeting their needs

b) Recruit new members to assure growth

c) Take care of the 'seedbed' for future growth and sustainability

d) Provide services that meet member needs in a cost effective way

e) Provide benefits that are not available elsewhere

f) Build confidence in membership

g) Remember all members are special and very important

2.7 A Sound Financial and Management System

a) Service coalitions are not trading companies but need financial and other resources to survive and thrive

b) Consider and put in place a system of ensuring they are sufficiently financed. Coalition income may take many forms, depending on each country, and the acumen and ability of its leadership for example membership fees, fund raising events and grants.

c) Provide a sound financial and management system.

2.8 Develop an Effective Communication Strategy

a) Many service coalitions are formed for advocacy purposes, all require communication with their stakeholders

b) Build a research and knowledge based advocacy and communication programme

c) Learn how to leverage print, radio and television media to communicate

d) Watch for services issues on the horizon to remain relevant. Comment, question, and contribute to national policy debates and issues

2.9 You Cannot Survive Alone: Build Networks and Alliances

a) Network with similar and other relevant organizations

b) Create a relationship with the government and its agencies in light of member needs within national context

c) Build alliances across sectors, inside the country and across borders

d) Look out for opportunities for partnering and beneficial networks

2.10 Remain Relevant

a) Always review and re-evaluate your position and goals

b) Aspire and plan to be a learning organization by developing, nurturing and applying new knowledge and technology

c) Undertake "needs" assessment to position and remain useful and relevant

d) Carry out and promote research into existing and new issues

e) Watch for issues relevant to members through consultation with stakeholders and government officials

f) Remain cost effective and do not 'overtax' the members. Cost must relate to benefit.

g) Remain lean and fit. Do not be a burden to the members

3. SETTING UP A SERVICES COALITION: THE STEPS

3.1 The Proposal

Ideas and thoughts about working together start with a few people, sometimes at social gatherings or in sector meetings. In does not matter where or when the ideas are born, the important thing is that these ideas are nurtured and crystallized into concrete proposals.

It is to be expected that the person or persons who conceive the idea will want to share it with others. Initially it may only be with close and immediate circles at work or socially. These informal consultations could lead to formal consultations or just die at that point. Going to the next stage will be more or less a factor of the intensity and impact of the need and the passion of the person/s who conceived the idea.

Sometimes the proposal will come in officially from deliberations of an organization directly affected by a particular policy or threatening event. In this case, a formal meeting should be convened to discuss the possibility of creating an industry coalition. At this stage the leaders of the gathering should state in very broad terms the issues and their potential impact on the sector. Those gathered should consider how to address the issue and what might be done to mitigate potential problems.

3.2 Initial Consultative Meeting

After the idea or proposal is born the next stage is to share it with a larger group of those that may be interested or affected. These consultations should be formalized as a consultative meeting with a specific agenda and stating the expected outcomes.

As a first meeting, invite as many people/organizations who may have an interest. If the agenda for the meeting is clear and focused, people with some interest in the

subject will come. Expect two groups: the enthusiastic and passionate who see new opportunity to address the issues, and a cynical type who will attend the meeting to 'see whether there is anything' that comes out of the meeting. Both groups will play very useful roles. The first group will be enthusiastic disciples while the second group will ask 'awkward' questions that help you to see the other side, including the challenges and difficult terrain ahead.

Although there will be no secretariat at this stage, the resources of one of the promoters could be used to prepare the meeting. The preparations should be thorough and professional as possible. Give adequate notice, have all invited persons called to confirm attendance, have a suitable and comfortable meeting place, prepare agenda papers, (they should be short and to the point) and take care of the registration desk.

The agenda for the first meeting could read like this:
- Introductions
- How was the idea conceived
- Keynote speech (to discuss the issues and how they could be addressed)
- Open and free discussion from the floor
- The way forward, including the next meeting

This meeting should achieve the following:
- Identify those interested
- Define the main issues of common interest
- Decide the broad course of action

3.3 The Second Consultative/ Stakeholders Meeting

The meeting should be called as soon as possible, when the issues are still fresh from the first meeting. The meeting should be more formal than the first one. It should include:

- Review matters discussed in the first meeting;
- Appoint interim officials (steering committee) – interim Chairperson, hon. Secretary, etc;
- Adopt some terms of reference for the interim council – the draft should be prepared in advance and tabled for discussion at the meeting. One issue to be included in the terms of reference should be to discuss and prepare a budget for the new initiative to be approved in the next stakeholders meeting.

3.4 Life of the Steering Committee, e.g. One Year

The steering committee will prepare its work programme and how it will be implemented. At this stage a lot of work will be done on a voluntary basis and a lot of time and devotion will be called for. The choice of persons appointed to this committee is therefore critically important.

During its tenure the steering committee should do the following:
- Prepare the constitution of the coalition, determine by laws including classes of members and their rights and responsibilities, and get it broadly agreed by stakeholders;
- Initiate process of registering the coalition;
- Convene a workshop to discuss the broad issues concerning the coalition including its mission and vision, goals and strategic objectives and agree on how the detailed strategic plan will be developed;
- Prepare the budget and indicate how it will be financed;
- Formulate governance and management structures of the coalition;

- Develop a memberships services and how these will be achieved;

- Initiate membership recruitment drive;

- Promotion and communications with all stakeholders including relevant government ministries and international and other agencies;

- A performance evaluation process to continually monitor performance and achievement.

3.5 From Stakeholders to Members

After approximately one year, the coalition will be ready to have elected officials. The electors will be organizations that subscribed to the constitution or became voting members thereafter. A critical of organizations is necessary for this exercise to have meaning.

At this first annual general meeting of members, the following agenda might be expected:

- To review and adopt minutes of all stakeholders meetings;

- To conduct election of official bearers in accordance with the constitution;

- To adopt the coalition's strategic plan and the budget for the coming period;

- To note and adopt the management structure as developed by the interim committee;

- To receive and adopt report, including financial, from the steering committee;

- To note and appreciate the work done by the steering committee and hand over the management of the coalition to elected officials (the new board of directors or governors).

- To appoint auditors for the ensuing year;

- To transact any other business as proposed by the steering committee.

3.6 Getting to Work

The implementation of the work programme derived from the strategic plan will be the responsibility of the executive officer. The executive officer and his/her team

will be recruited by the Board of Directors and will be dependant on the size of the programme, availability of funds and other considerations. It is expected that the staff complement will remain small but professional.

3.7 Evaluating Progress

A monitoring and evaluation process should be in-built into all the systems and programmes undertaken by the coalition. It should be explicitly communicated to all concerned from the beginning to ensure its success. A proper reporting structure should be in place.

4. CHALLENGES TO EXPECT

In the initial period a number of hurdles and difficulties and challenges should be expected and will emanate from the people themselves as a well in the implementation of the programmes. The list cannot be exhaustive because every situation will be different:

a) Inadequate Resources – it is unlikely that all needed resources, including financial, will be available when needed, but it is the responsibility of the steering committee and subsequently the board of directors to ensure availability of resources;

b) Member related problems including unclear appreciation of the role of the coalition, slow convergence of needs among stakeholders, competition for leadership positions, especially if they are perceived as being prestigious, lack of commitment by officials and even staff, poor governance and leadership, inadequate representation of all stakeholders in the coalition, etc;

c) Low buy-in and engagement resulting in poor support by members;

d) Inability to recruit a critical mass of organization;

e) Keeping the interest of membership alive for lack of innovative products and services;

Another major source of frustration to new service coalitions is open or tacit hostility from similar organizations, e.g. a chamber of commerce considering the new coalition as a competitor and threat, or government dept. perceiving that the new organization will raise issues to embarrass the dept. and so.

5. PLANNING FOR SUSTAINABILITY

Every services coalition must plan to prosper and thrive for not doing so is planning to fail. The following are important considerations while planning for sustainability:

a) Recognize the value of the membership and their knowledge. The more they are involved in the work programme, the more they will support the coalition;

b) Provide a high-quality work program based on members' shared interests;

c) Offer services that address specific needs of members and which will help them to grow in strength. Strong members contribute to strong coalitions;

d) Develop a strong relationship with academics, commercial, and public sectors experts who can advise on specific commercial and policy issues;

e) Learn how to use the press to increase the organization's profile and promote members' interests;

f) Remember the guiding principles for successful coalitions listed in chapter 2;

The strategic plan should be as realistic as possible and should avoid impractical textbook theories. It should instead be a realistic assessment of what is possible and within the means of members. Give due consideration to obtaining financial and human resources. At the strategy planning phase, bring in all groups that will be expected to participate in the implementation of the strategy, including those who will be asked for financial support.

Financial planning should be a component of the overall strategic plan. The Board of Directors should provide guidance in startup financing and the strategy for developing financial independence. This should not be left to management, as it can be source of problems with general membership.

Business associations have a crucial role to play in countries undergoing the transition to democracy and a market economy. Voluntary, membership-based associations with clear rules and periodic elections are microcosms of the democratic process itself, bringing entrepreneurs together to create business opportunities and to participate in the promotion of private-sector interests within the policymaking process. As independent organizations, they contribute a private-sector perspective to the development of sound economic policies through research, public education, grassroots advocacy efforts, and even assistance to the legislative or public administration process by drafting legislative proposals.

Voluntary business associations grapple with tough organizational questions because of their unique organizational and financial makeup. Because some of the services they offer members are intangible, business associations may not know how to define their mission and objectives adequately or how to market their services effectively. Too frequently, business associations let their non-profit status prevent them from generating revenue. The failure to diversify sources of revenue beyond dues income limits associations' activities -- and can prevent them from attaining their objectives. It is important for voluntary business associations to remember that despite being nonprofit organizations they should be managed as businesses, focusing on the needs of members and their own financial bottom line.

Devising a Strategy

For a business organization to be able to effectively promote democracy and market-oriented economic reform, it needs to devise a mission statement and work plan that address the following questions:

What options can business associations consider to diversify revenue, particularly when membership dues are insufficient?

What are the best techniques to promote the business community's interests in government circles?

How can associations leverage their efforts through coalitions or alliances with other private –sector groups?

How does a business association contribute to both economic growth and long-term democratic development?

Extract from: Training Builds Professionalism of Business Associations by Howard A. Wallack, CIPE 1995

A sample outline strategic plan is annexed to this guide.

6. SERVICES TO MEMBERS

Coalitions survive and thrive if they continually provide beneficial services to their members.   The table below is extracted from the constitution of the Australian Services Roundtable and provides a useful guide on the kind of services that a coalition may give to its members.

The constitution of ARS states the following as some of its objectives:

a) **Provide for all the services industries in Australia a peak business body**

b) **Represent the broadest possible range of services sectors; including financial services (banking, insurance, securities), professional services (accountants, lawyers, engineers, architects, consultants), health service providers, export education services, environmental services, energy services, logistics, tourism, information technology, telecommunications, transport, standards and conformance, audio-visual, media, entertainment, cultural and other business services.**

c) **Promote research in the services sector**

d) **Stimulate informed policy oriented networking by industry participants**

e) **Identify the domestic regulatory obstacles to international competitiveness.**

f) **Promote the need for domestic policy reform to enhance international competitiveness.**

g) **Advocate and represent the interests of services industries to government.**

h) **Build a strong recognisable public profile for the services sector in Australia.**

i) **Focus on the international dimension to government policy affecting the services industry issues, including trade policy, industry development policy, competition policy, investment policy, immigration policy and taxation policy.**

j) **Contribute to strategies for negotiating services trade and investment issues in the World Trade Organisation, in APEC, and in the negotiation of Free Trade Agreements and other bilateral and regional arrangements in progress or under consideration.**

Within developing countries, the following services should be considered:

a) Promoting the services sector to the public, the government, multilateral and bilateral agencies and generally being an advocate and promoter of the sector. This will help the growth of the services sector for the benefit of services providers;

b) Educating the public and all stakeholders on the centrality of the services sector to the economy and linking the growth of the sector to development including poverty reduction, wealth creation and employment;

c) Assisting members to develop a high standard of service delivery and promoting the same to the public and users of services, especially in export markets where competition is stiff;

d) Liaising with the Government and its agencies to adopt pro-industry policies and strategies;

e) Organizing events that are beneficial to members both locally and abroad such as exhibitions and road shows to promote members in the domestic and export markets;

f) Identifying business opportunities for members in new and domestic markets and preparing their members to be export-ready;

g) Carrying out research and studies on subjects of interest to members and for the expansion of their businesses in both domestic and export markets;

h) Providing forums for discussion and exchange of ideas among members and with other people who may support the services industry;

i) Providing capacity building programmes that may be of interest in such areas as international trade and the multilateral trading system; management and financial issues, marketing of services, etc;

j) Providing opportunity for members to access services and products they need at competitive rates

k) Publishing educational and awareness creation materials for the benefit of members and the wider public;

l) Supporting new and up-coming potential members;

m) Representing the interests of members including standing by them while working to change policy that is of particular interest to their sub-sector.

The list is not exhaustive but could forth the basis for a more comprehensive range of services. It is not mandatory to begin with all of them and each service coalition should progressively do what is feasible from the menu.

7. FINANCING

Financing service coalition is always a difficult and sensitive issue. The major reason for this is that service coalitions are secondary, and sometimes tertiary, institutions far removed from the actual business players, where the money is made. The primary duty of each service provider is to his/her association that provides director support. On the other hand a services coalition has to depend on the associations or even federations of associations.

The figure below shows this relationship. What comes out clearly is that membership and other fees payable to the coalition must pass through the sub-sector association or even worse the sector federation. The services coalition must inevitably devise ingenuous methods of collecting revenue.
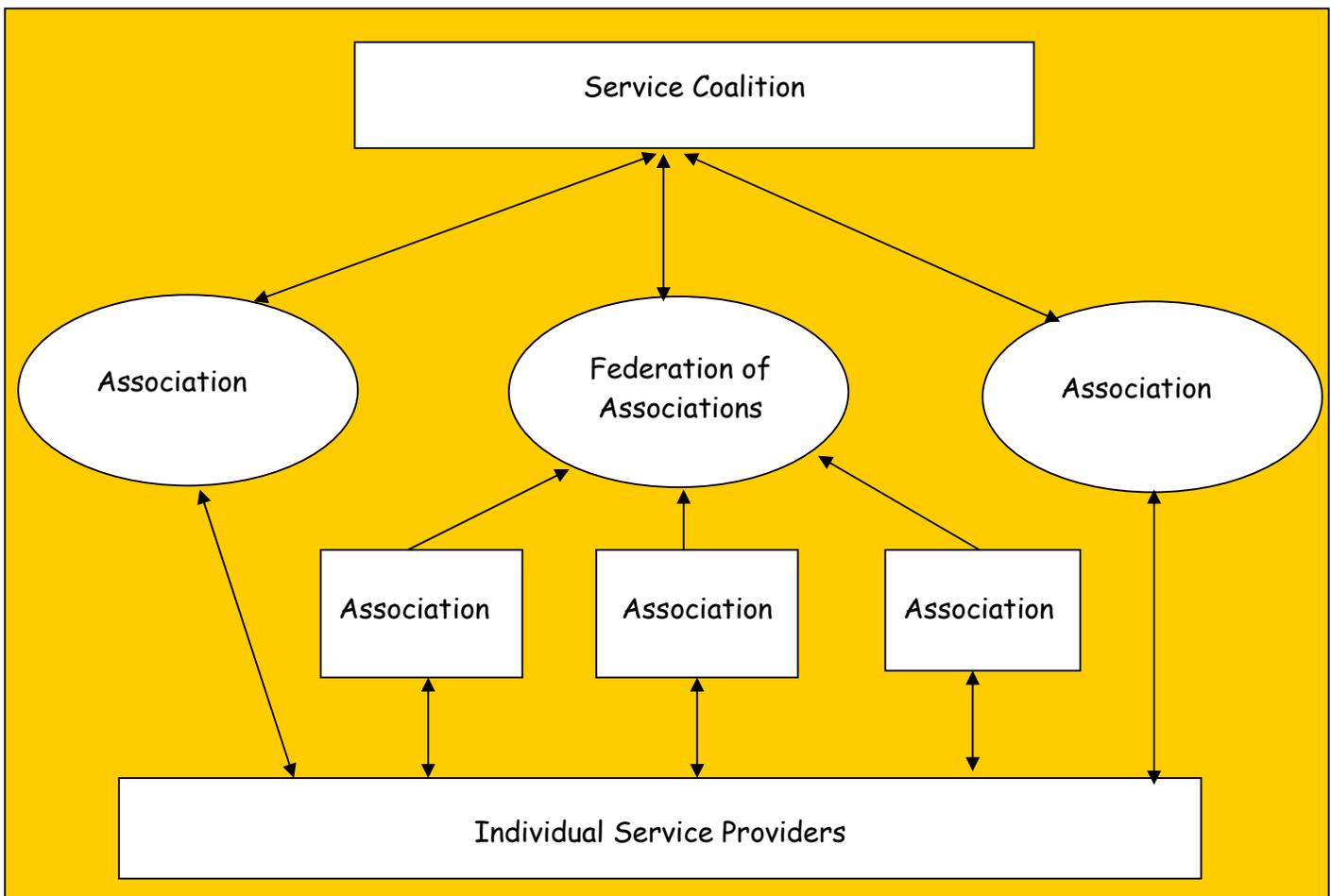
2. External funding in the form of grants and programme funding may be sought from development agencies and foundations to support specific activities and projects. To access these funds, proposal writing and fund-raising skills are needed.

The kind of activities and expenses that are usually associated with a coalition include:

- Staff Salaries and other emoluments
- Office rental charges
- Telephone and internet expenses
- Board of directors' expenses
- Committee expenses
- Stationery and printing
- Electricity, water and other utilities
- Running seminars and workshops and other meetings
- Travel and related expenses
- Grants to small and up-coming associations
- Subscriptions to membership in other organizations
- Promotion
- Publications, etc, etc.

The most important thing to remember is that all money received and expended must be fully accounted for. A services coalition must not only have a fully pledged accounting department but must have a sound accounting and financial system. The financial system must have proper internal checks and controls and must have expenditure authorization levels clearly spelt out.

Both the board of directors and the general membership will need periodic financial reports.

Principles of Sound Financial Management

- Make the board of directors responsible for oversight of coalition finances

- Have in place a well discussed and analyzed budgetary control procedures

- All financial and accounting policies and procedures must be in writing and must be disseminated fully to all concerned.

- Sound internal control and auditing procedures

- Manage cash as closely as you manage operations

- Ensure timeliness of accounting and financial reports

- Ensure timely external audit

8. THE GOVERNANCE and OPERATING STRUCTURES

There is no agreed template of a standard governance and operating structure but the following guidelines will help in deciding what is best.

8.1 Some General Principles

a) Separate governance from management/operations. Governance here is used to refer to the general membership and its elected board of directors. To the greatest extent possible, the directors should not be encouraged to get involved in day-to-day management issues. This however may be difficult in the initial period after formation but it should be the aim of the board to implement at the earliest opportunity.

b) The board of directors governs the organization on behalf of members; management runs the organization for the board.

c) The management system should provide automatically, checks and balance to discourage possible abuse.

d) The reporting and accounting system should be clear and easy to follow.

e) Get the right people to do the right to jobs.

8.2 The Major Functions of the Board of Directors

a) Establishes and maintains the legal entity, complies with the laws and regulations that apply to the organization

b) Acts in the best interest of the organization and as a trustee ensures members' interests and assets are secure.

c) Ensures the quality of service, programs, activities, the prestige, and good will of the organization are preserved.

d) Assures that the purposes, objectives, goals, and policies are current and followed.

e) Evaluates the major facilities and resources.

f) Provides operating requirements for qualified management, financial resources, and generates member and community support.

g) Assures that productive board and committee meetings are held. Prevents unauthorized actions.

h) Reviews management reports, executive staff performance, and standards.

i) Reports and accounts to the members.

8.3 Committees of the Board

Most board work is accomplished through committees. To be effective committees must have:

a) Clear written terms of reference listing the responsibilities and mandates.

b) The correct mix of members with requisite skills for the work of the committee.

c) The right number of people: not too small or too large as either may impact its effectiveness- three to five is to consider optimal.

d) An effective secretariat that facilitates its work including minutes recording and production of needed papers.

e) A system of renewing itself by appointing new persons after a period of time.

f) Access to professional advice whenever this becomes necessary.

g) An effective chairperson with ability to report and articulate issues before the board.

8.4 Main Duties of Executive Management

a) Administer programs approved by the directors to promote and protect the welfare of the members.

b) Prepare reports and agenda for board meetings, annual membership meetings, and other conferences or special meetings designated by directors.

c) Responsible for having minutes recorded of all meetings of the board of directors or other designated meetings of official bodies of the association.

d) Develops and recommends new policies or changed policies for consideration by the directors and membership.

e) Prepares and submits for the directors' consideration an operating budget for the organization's next fiscal year, and maintain and administer proper accounting procedures for the receipt and disbursement of funds.

f) Runs the coalition on a day-to-day basis on behalf of the board.

g) Reports and accounts to the board.

The Possible Governance and Management Structure
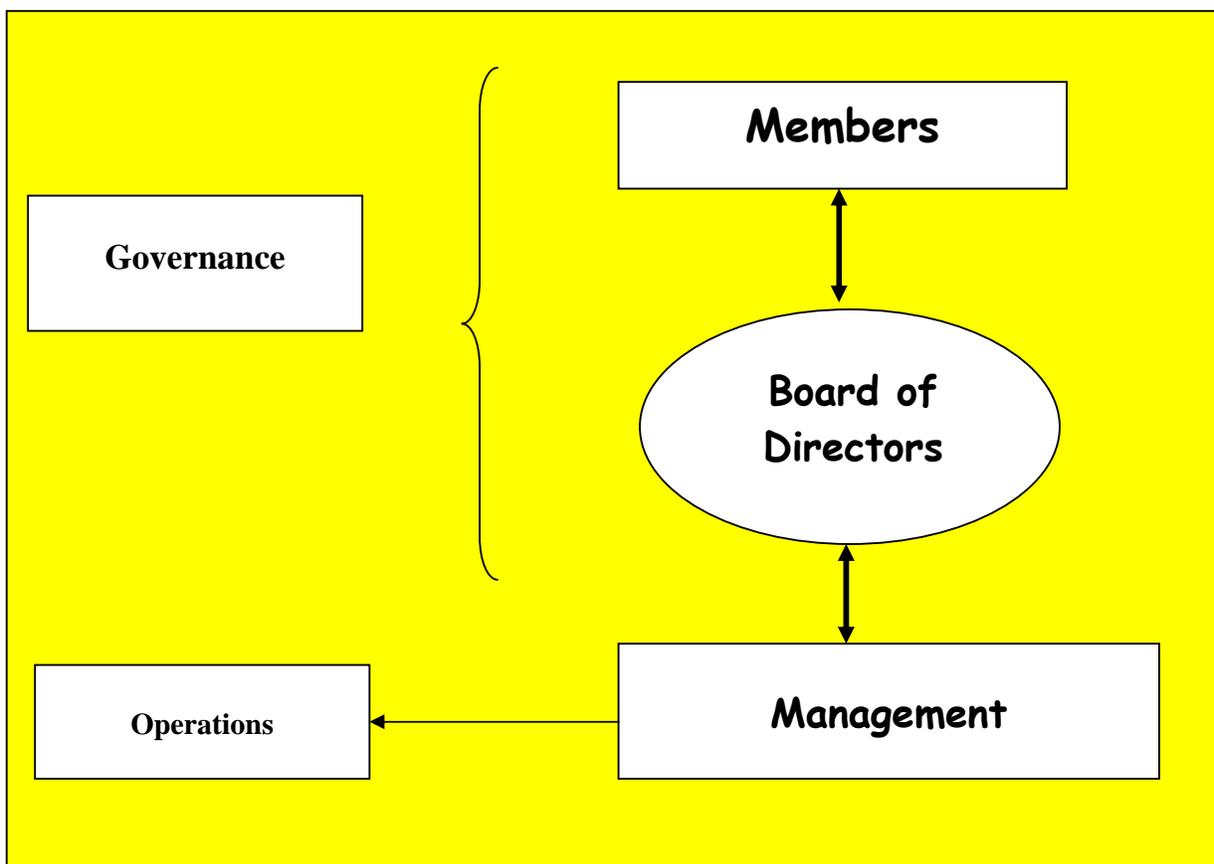
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Annex 1.

Confederation of Service Exporters in X

Strategic Plan -2004 to 2006

5.0 3-YEAR STRATEGY AND ACTIVITY PLAN

This section sets out, in matrix format, the various strategies and action points that define the whole programme over the three year plan. The main objective is to show what activities will be carried out, when they will be undertaken.   Additional columns allocate responsibilities and where possible the needed resources for undertaking the activities.

Programme Component 1:

Specific Objectives	Strategies	Activities	Time Line	KPI's	Responsibility

Programme Component 2:

Specific Objectives	Strategies	Activities	Time Line	KPI's	Responsibili

.0   PLANNED OUTPUTS AND IMPACTS

.0   THE PROGRAMME BUDGET

Programme Component 1

	Activity Description	Year1	Year 2	Year 3	Period Total
		USD '000	USD '000	USD '000	USD '000

.0   CHALLENGES, CONSTRAINTS AND KEY RISK AREAS

1)   This chapter is an attempt to identify the key risk exposure areas with a view to formulating mitigating and contingency strategies.

9.0 IMPLEMENTATION, MONITORING & EVALUATION