

Alliance-Africa Strategy Audit

Cooperative Development Strategy 2013-2016

The Board of Alliance Africa

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Agenda

**Overall
Vision 2016
Future Direction**

Overall

Negative

- Too abstract and ambitious
- Not clear
- Top-down construction
- Misses targets
- Needs some reality
- Betraying Corporate identity

Positive

- ❑ A refreshed progressive framework for the core purposes and commitments of a modern cooperative movement.
- ❑ Created a change in institutional culture - a new inescapable culture of strategic thinking, planning, actions, assessment, and accountability within the movement.
- ❑ This new culture is marked by innovation, visionary initiatives, aggressive resource development, and widespread connectivity with Alliance-Africa's constituencies.
- ❑ Infused new energy, a sense of excitement and accomplishment, and a sense of pride that have been echoing throughout the organisation among its internal and external constituencies, and seen the invitation of Africa-Alliance to a number of regional and international workshops, seminars and conference as voice for African cooperatives.
- ❑ The Vision - The African Leader - should be seen and embraced as defining banner for the identity of the DS – galvanizing political and cooperative leaders to speak for the 'movement.

Corporate Identity and Legal Framework

- ❑ Which sector?
 - Public sector
 - Private sector
 - Civil society/NGO
 - Other
- ❑ Who are we?
 - Are we formal or informal?
 - Are our members formal or informal?
- ❑ Where do we intervene? If we have to transact good business where should we be?

Vision 2016

- ❑ Vision & Mission
- ❑ Management and Organisation
- ❑ Implementation
- ❑ Resource
- ❑ Emerging Trends

Vision for 2016

- **Theme** Missing
- **Vision:** To be the African Leader in promoting a dynamic and democratic cooperative movement; leading to the process of social transformation and sustained economic development
- **Mission:** To promote, develop, protect and strengthen the cooperative movement in the region and to provide effective and efficient services through partnerships and collaboration
- **Values/Principles:** participation, sustainability, identity, capital, legal framework
- **Goals:**

What is a Vision Statement?

- ❑ It is an **internal communications tool** that helps **align and inspire** your team to reach the organization's goals
- ❑ A carefully crafted vision statement is at the heart of every successful business. This statement clearly and concisely **communicates your business's overall goals**, and can serve as **a tool for strategic decision-making** across the organisation.
- ❑ A vision statement can be as simple as a single sentence or can span a short paragraph. Regardless of the individual details and tones, all effective vision statements
 - **define the core ideals that give a business shape and direction**
 - **provide a powerful way to motivate and guide employees**
- ❑ Why does this matter?
 - **Research shows** that employees who find their company's vision meaningful have engagement levels of 68 percent, which is 19 points above average.
 - More-engaged employees are often more productive, and can be more effective corporate ambassadors in the larger community.
- ❑ As such, vision statements should be viewed as living documents that will be revisited and revised.

Vision Statement Vs. Mission Statement

- Before determining what your Vision Statement is going to be, you need to understand what it is not. It should not be confused with a [Mission Statement](#).
- A [Mission Statements](#) is **present-based** and designed to convey a sense of **why the organisation exists**, to both members of the organisation and the external community
- A [Vision Statement](#) is **future-based** and is meant to inspire and give **direction to the employees of the company**, rather than to customers. It is a statement describing the clear and inspirational long-term desired change resulting from an organization's intervention
- A [Mission Statement](#) answers the question, "Why does my business exist?" (actionable), while a [Vision Statement](#) answers the question, "What change do I see my business bringing?" or "where do I see my businesses taking us?" (aspiration).

Management and Organisation

- **Management:** Secretariat
- **Leadership:** The Alliance Africa Board
- **Oversight:** The Alliance-Africa Assembly **or is it ICA International?**
- **Organisation and Implementation:** An Africa Cooperative Agenda to be implemented by a wide range of institutions across the sectors

Implementation

- **Approach:** An Africa Cooperative Agenda to be implemented by a wide range of institutions across the sectors
- **Challenges:**— Mechanism, infrastructure, capacity

Implementation

Goal Area	Approach & Challenges	Achievements So far
Participation	<ul style="list-style-type: none"> <input type="checkbox"/> Review of national and regional plans <input type="checkbox"/> Documentation of best practices – surveys, case studies <input type="checkbox"/> Overseeing establishment of regional structures and offices 	<ul style="list-style-type: none"> <input type="checkbox"/> Attendance at local, regional and global cooperative events <input type="checkbox"/> Infrastructure for participation of women and youth <input type="checkbox"/> 6 More countries joining the Alliance (growth 37.5%) <input type="checkbox"/> Convener of civil society organisations within the EU partnership framework <input type="checkbox"/> Declining active membership (38.5% drop)
	<p style="color: #00AEEF;">Redefine and structure participation and let participation mean the renegotiation for cooperative space in social, economic and environmental development</p>	
Sustainability	<ul style="list-style-type: none"> <input type="checkbox"/> Sectoral committees <input type="checkbox"/> Endowment trust fund 	<ul style="list-style-type: none"> <input type="checkbox"/> Endowment Trust Fund established <input type="checkbox"/> Acquisition of offices <input type="checkbox"/> Two Sectoral Committee established <input type="checkbox"/> One youth network in formation
	<p style="color: #00AEEF;">Alliance Africa should make productivity the central focus of debate on economic policy and recruitment and retention of members on the continent</p>	
Identity & Image	Active role in regional and global cooperative development	Elevated visibility & reputation with presence in 22 States Engaged Africa's political leadership
	<p style="color: #00AEEF;">Need a robust (branding) strategy on strengthening its identity and image</p>	
Legal Framework	Quality and quantity of law	<input type="checkbox"/> Progress made at local, national and regional levels
	<p style="color: #00AEEF;">Participation in policy and legal environment presupposes existence of capacity (people, information, and influence), all lacking at The Alliance.</p>	
Cooperative Capital	<ul style="list-style-type: none"> • Donor appeals • Project bids • Membership 	Foundation in progress <b style="color: #D9534F;">An aggressive resource mobilization strategy is urgently required

Do we have the Requisite Resources

Resource base - **Very weak**

- ❑ Financial: Income 2013-2015 USD 1,134,417.67 (stagnated), Expenditure USD 1,017,259
 - Membership and Member activities USD 217,624.63 (19.2%) of total income
 - Endowment Fund USD 239,852.32 grew by 94.2% from 2012-2014 December (21.2%) of total income
 - Development Aid USD 676,433.90 (59.6%) of total income
 - **Development budget projections was USD 43,664,000 for 2013-2016.** Total Income mobilized (raised) insignificant – a measly 2.6%
- ❑ Human: RD1, 3 Volunteers, 2 Interns, 3 staff on contract
- ❑ Infrastructure: Regional HQ offices on expansive space, marquee with 69 users, domain, 2 office vehicles

Where Do Members Want Alliance-Africa To Focus Its Resources More?

Alliance-Africa

- Member Services
- Policy research and advocacy
- High level training
- Institution strengthening and capacity building
- Research and consultancy
- Linkages and Networks
 - to investment finance
 - to markets
 - to international partnerships
 - Information and learning
- Streamline communication

Member

- Pay subscriptions
- Prompt and regular reports
- Implementation of ICA programs
- Protect ICA Africa Image

Emerging Resource Market Structure

Narrative

- ❑ **If cooperative enterprise is that lucrative we should look elsewhere for investment and development funds**
- ❑ **The world is interested in business with Africa not handouts**
- ❑ **Let us look at available domestic and foreign sources of financial flows to Africa and pitch our tent**

External Financial Flows for Africa

- ❑ Sources of development financial flows
 - Tax Revenues,
 - Private Domestic Flows, and
 - External financial Flows
- ❑ External financial flows include
 - Foreign Direct Investments (FDIs), - **growing now forms 46.7%**. Manufacturing and services, energy and transport, infrastructure, consumer-facing sector
 - Portfolio investments (PIs) – **growing stands at 8.7%** – Manufacturing and services
 - Remittances – **growing (24.5%) and resilient to economic and financial crisis**. A stable source of revenue for over 120 million people in Africa – supporting consumption, education and health expenses
 - Official Development Assistance (ODA) – **declining** – now forms only 20% of Africa's development financing
- ❑ External financial flows to Africa have quadrupled since 2000 and are project to reach USD 400 billion in 2020

What is FDI and What is PI

- ❑ The OECD defines
 - FDI as “a category of cross-border investment made by a resident in one economy (direct investor) with the objective of establishing a lasting interest in an enterprise (direct investment enterprise) that is resident in an economy other than that of the direct investor.
 - PIs do not have as an objective any long-term relationship. Return on the assets is the main determinant for the purchase or sale of their securities” (OECD, 2008).
- ❑ The motivation to significantly influence or control an enterprise is the underlying factor that differentiates direct investment from cross-border portfolio investments.
- ❑ Africa’s outward investment forms 1% of global FDI flows

Financial Flows & Tax Revenues to Africa

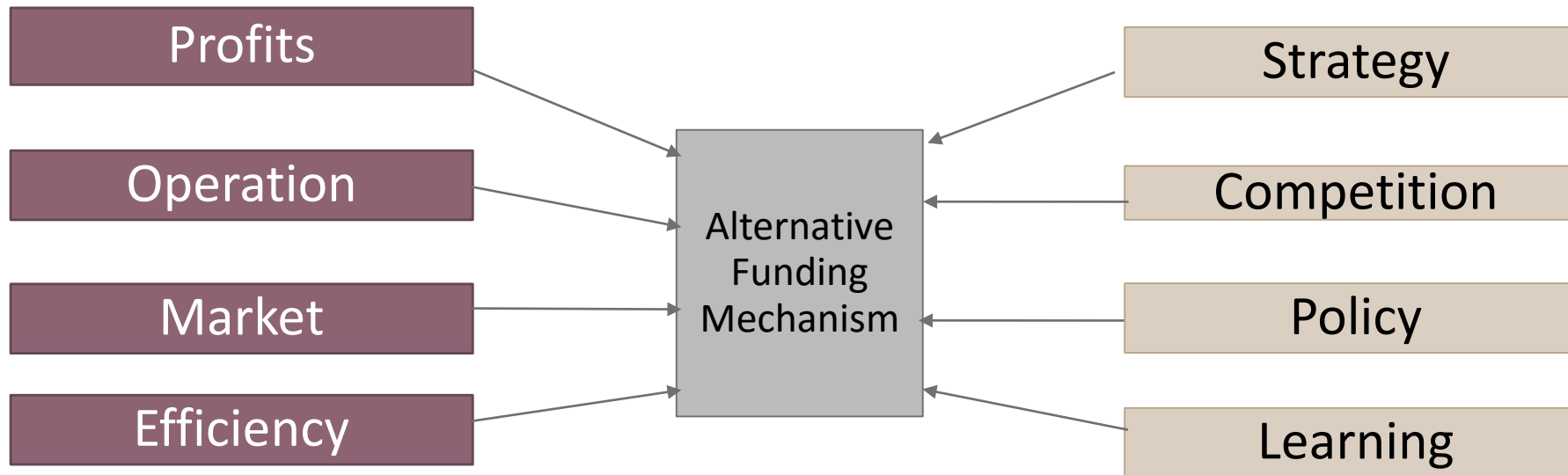
(Current USD, BILLIONS)

Year			2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Foreign	Private	FDI	33.8	35.4	52.8	66.4	55.1	46.0	49.8	51.7	94.1	128.0
		PI	6.3	22.5	14.4	-24.6	-0.3	21.5	6.8	22.0	12.2	23.9
		Remittances	33.3	37.3	44.0	48.0	45.2	51.9	55.7	60.0	62.9	67.1
	Public	ODA	35.8	44.6	39.5	45.2	47.9	48.0	51.8	51.4	54.1	55.2
	Total Foreign Flows		109.2	139.7	150.6	135.0	147.9	167.3	164.1	185.1	223.3	274.2
Domestic	Tax Revenues		259.3	305.3	334.6	432.9	331.0	409.1	467.4	527.3	-	-
Total Foreign Flows	Low Income Countries		21.8	22.8	29.5	36.5	36.9	39.5	47.5	48.3	49.2	54.5
	Lower Middle Income Countries		61.7	78.4	84.1	81.8	69.4	94.7	84.9	100.7	105.7	111.2
	Upper-Middle-Income Countries		23.2	35.6	33.2	11.9	35.9	28.1	26.5	30.8	25.1	35.0

Investment Opportunities

- ❑ Trends defining Africa's future growth path
 - Rising urbanization
 - Growing consumer class
- ❑ In line with these trends, FDI data reveals strong inflows into
 - real estate, hospitality and construction
 - Consumer-facing sectors (technology, media and telecommunications)
 - Financial services
 - Consumer products and retail
 - Attention (beginning) to agricultural sector

Drivers Behind Alternative Funding Mechanisms for cooperatives in Africa to gain sustainable competitive edge



Five Priorities for Inclusive and Sustainable Growth

- ❑ Although Africa's population is growing fast and unemployment is high, FDI projects provide more capital than employment. In 2014, Africa attracted 17.1% of global FDI inflows but got only 8.7% of jobs. A much bigger rebalancing is needed.

- ❑ This introduces the need for inclusive and sustainable development driven by the following priority action areas:
 - Shared Value
 - Entrepreneurship
 - Regional Integration
 - Infrastructure development
 - Partnerships

Future Direction

Hard questions

Data Sets

Inspiring Africa and the world

- ❑ Are we targeting the right areas and actions – or are we still in the traditional cooperative web? We should be looking deeper and asking questions of entrepreneurship, productivity, growth and development, and impact.
- ❑ Transformative Power: which gives us the momentum, the drive, and adds value (productivity)

- Enterprise
- Movement

Output Areas	
<ul style="list-style-type: none">• Participation• Sustainability• capital	<ul style="list-style-type: none">• Cooperative Image & Identity• Policy & Legal Framework

- ❑ If we are talking enterprise, then productivity must be our central focus of engagement with government on economic policy. We must as the cooperative movement concern with the growth of total-factor-productivity (TFP) – the measure of efficiency of all inputs (labour and capital combined) to the production process, and begin shaping the supply- value chains.
- ❑ Most African countries are experiencing economic headwinds: massive young population, fast aging population, growing debt levels and, for a long time unbalanced income distribution. To compensate for these effects it would be necessary, every year:
 - to bake a larger pie to improve standards of living while at the same time support the elderly and repay debt.
 - But baking a large pie is not possible without the **yeast of higher productivity, and**
 - For long-term to invest heavily in design, growth and protection of cooperative space

Internet of things

- ❑ Data sets to support ICA's work in each country
- ❑ Three things that are fundamental to the future success of the cooperative enterprise in Africa: **data**; **resource and cultural environment**; and **research and innovation**.
- ❑ Alliance Africa needs:
 - A comprehensive, internationally comparable and consistent data set that fully reflects the economic activity of the cooperative sector.
 - The framework to engage institutions in Africa supporting new ideas, innovations, entrepreneurship and the development of talent that together stimulate cooperative investment and promote commercial success.
 - To engage with governments to create a wider and more accessible platform for cooperative enterprises to effectively inspire Africa's development.

Data Set

- ❑ Digitalization supports cooperative customers in their operations

Digitalization	Connectivity of real world assets to a digital network
Automation	Creation of a digital representation of real world objects
Communication	Support of real world processes through digital workflows

- ❑ The Target of Data services is to ensure 100% availability to the operational schedule:
 - Make data available,
 - turn data into information and drive appropriate actions,
 - ensure 100% operational availability

Data Set

Data Handling Capabilities

- Scalable data storage
- In-database analytics
- Data quality validation

Implementation

- Full ramp-up of data service team
- Set-up of operational data analytics platform, development of analytics capability

Exploration

- First hiring of analytics talent
- Data ingestion into analytics labs
- Identification of first relevant insights

First Moves

First experiment with data analytics based on industry knowhow – no special toolsets needed

Data Set: It Is The Right Time

- ❑ Domain
- ❑ Marquee
- ❑ Data analytics models need to combine data science with domain knowhow to create customer value

Strategic Approach

What To Do	Execution		
	1. Independent Diligence	2. Bottom-Up Planning	3. Implementation
	Establish the trajectory and full potential of the cooperative business using an investor-style due diligence	Develop a DS (initiatives and financial projections) that is fully owned by the primary stakeholder leaders	Launch a full-scale effort to drive value to the bottom line
<i>Rapid Execution of Immediate Opportunities</i>			
How To Do It	4. Change Management	Take tactical action to change the mind-sets and behaviors necessary to sustain the DS	
	5. Performance Infrastructure	Put in place the people, process, and tools to ensure superior execution and value delivery to the bottom line	

Recommendations

- ❑ Review corporate: Mission, Vision and Values/Principles
- ❑ Define the Theme through 2020
- ❑ Identify Vision for 2020
- ❑ Approach cooperative participation from an enterprise and investment viewpoint
- ❑ Revive the 'Cooperative Movement' Dream and employ it in engaging public and business communities to drive the cooperative enterprise.
- ❑ Put in place a large team of experts supported by strong research, science and technological capabilities
- ❑ Explore alternative and innovative funding options to Aid and fees.

Q & A

THANK YOU