

FOR DISCUSSION AT THE GDLN REGIONAL MEETING IN BANGKOK

MAY 22-24

Business Plan for GDLN Asia Pacific

1 Introduction

1.1 Background

- This business plan is the result of a process that began with the appointment of a Regional Business Planning Committee at the EAPA meeting held in Hanoi in July 2005. The Committee's proposals were debated extensively at the next EAPA meeting in December 2005 and the conclusions were recorded in a document known as the Moresby Consensus.
- This document presents the proposals resulting from an extensive consultation process based on the Moresby Consensus. It should be noted that certain details (such as the specifics of the Regional Programs and naming of entities such as the Governing Committee or Board of Directors) will only be confirmed at the next EAPA meeting scheduled for 22-24 May, where this business plan will be tabled for discussion.

1.2 Summary

- Given the current organizational structure and operating environment, the only way to achieve the desired levels of productivity and business is to bind closer together as an Association with a clear governance framework, commitments to service standards and an organizational structure to support it.
- This Association, tentatively named "GDLN Asia Pacific", will consist of voluntary members, a governing committee selected by the members, and an executive body including some full time staff. It will not levy any membership fees but will raise funds through its GDLN business by seeking reimbursement of management costs (currently estimated at 10% of program cost). It will also seek donor funding, especially in the early stages, to supplement these earnings.
- Efficient collaboration and service delivery will be promoted by developing suitable business processes and standards.
- The Association will develop and offer services such as staff training, regional marketing and other forms of technical and business support as required by a network business of this nature. It will strive to utilize to the maximum, the skills and capacity of members and partners in delivering these services, in the interests of productivity.
- The success of this initiative depends critically upon the appointment of a skilled management team and this in turn depends upon the ability to raise both seed funding and thereafter, revenue. Assuming that member DLCs would be able and willing to contribute certain resources such as office space and communications facilities, annual running costs are estimated at US\$350,000. This business plan projects increasing revenues leading to sustainability in five years.
- The key challenge is the capacity of regional DLCs to deliver the volume and type of business required for sustainability. This must be addressed as a matter of high priority as it will require investment in skills, capacity and productivity.

2 Aims

The primary aim of the Association shall be to substantially enhance GDLN business in the region by:

- Developing high-value regional programs based on business models that take advantage of available capacity and provide equitable distribution of business to member DLCs;
- Working to raise all member DLCs to a common high standard in technological and program quality by providing the maximum possible assistance through technical support, training and other available means, thereby striving to provide uniformly high levels of service to clients across the region;
- Building and strengthening relationships with key clients and partners on an on-going basis;
- Researching new methods and technologies to ensure that competitive advantage is retained;

3 Organization Structure

3.1 *The entity*

- The Association will be run by a management team headed by a CEO¹, reporting to a Governing Committee². The employment of senior professionals in the management team implies that the Association itself would need to be funded.
- It's role would be to deliver a set of services to members and to coordinate their interaction, thereby developing adequate business and other funding to sustain the network and develop capacity and skills to deliver the selected lines of GDLN business effectively and efficiently.
- In order to issue employment contracts and to contract with partners and clients, the Association will operate initially through one of the members or partners of the EAP GDLN, selected by the membership. The final aim would be to incorporate the Association, probably as a non-profit organization.

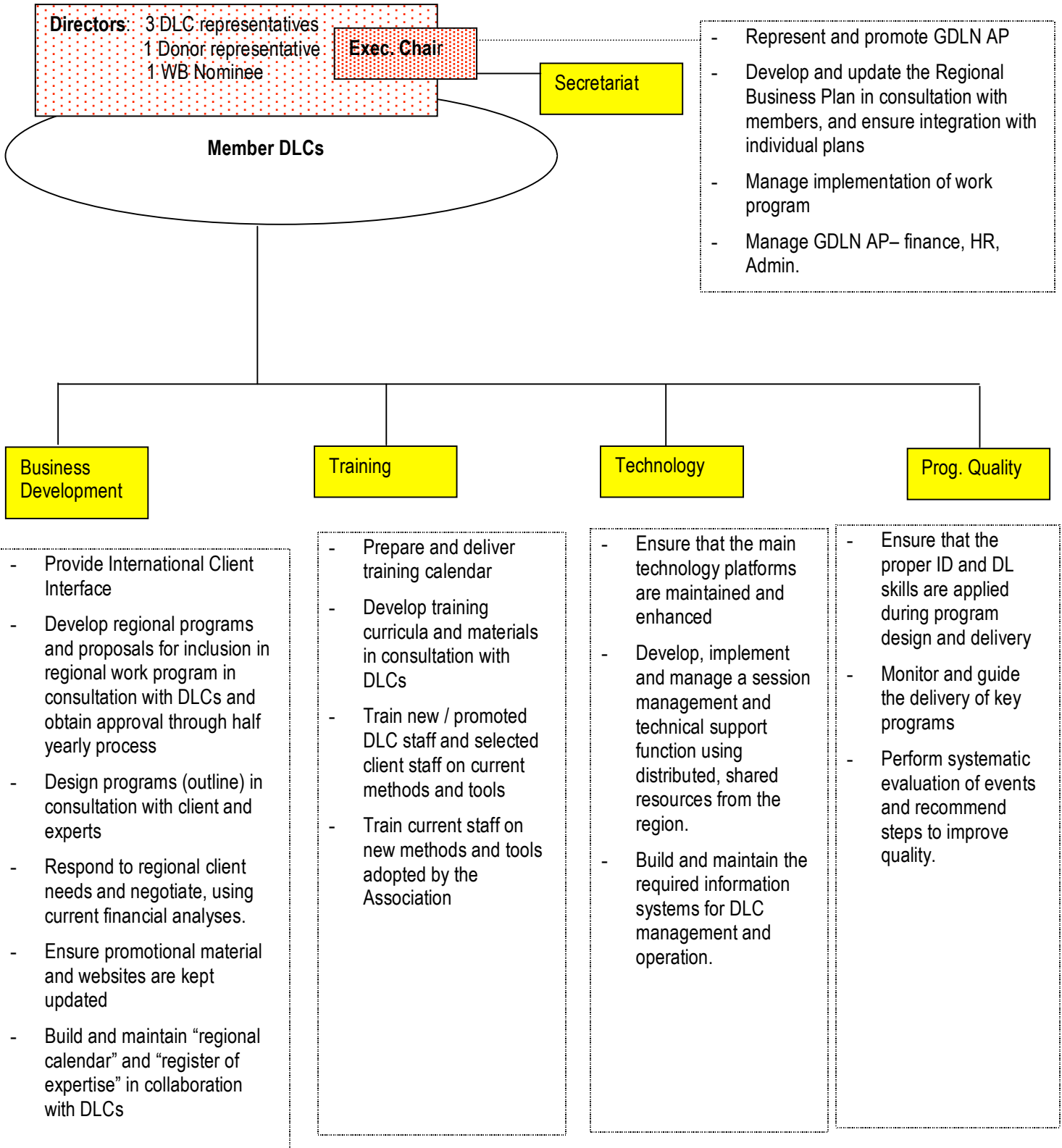
3.2 *Relationships with current partners and stakeholders*

- The Association will strive to further strengthen the current relationship with the World Bank as it is central to the value proposition of the GDLN.
- Relationships with other stakeholders and partners, especially the host institutions of DLCs will also be enhanced as the Association will try to utilize the available resources and opportunities to the maximum.
- Some of the management functions of the Association, such as Financial Management and technology, for example, may be outsourced to member DLCs or partners and in some cases, delivered remotely.

¹ Termed "Executive Chair" in the Moresby Consensus

² Termed "Board of Directors in the Moresby Consensus

Organization structure and outline terms of reference



3.3 *Location*

- The “Headquarters” of the Association will be at a location to be selected on the basis of cost, travel and communications facilities, and the presence of a DLC that is able and willing to assist with its management.

3.4 *Work Program*

- The Association will have at least two General Meetings per year, supplemented by consultations via e-mail, teleconference and video conference, as needed. The review, revision and adoption of business plans will be a key element of such meetings.
- The Regional Business Plan, which will be reviewed and revised annually, will include a work program that will aim to develop sufficient business to sustain member DLCs through large, regional initiatives.
- This will be integrated with and depend upon the individual DLCs’ business plans which must provide, for this purpose, their:
 - Detailed financial (cost) analysis, and
 - Local initiatives and work program.
- The financial analysis provided in the annual business plans of member DLCs will be the basis upon which the Association’s Business Development Manager will develop programs and negotiate on behalf of the region.
- The regional work program will be built up through proposals and opportunities presented by member DLCs as well as opportunities developed by the Business Development Manager.
 - The work program will contain plans for at least one year
 - It will be reviewed half-yearly, at general meetings of the Association
 - Projects will be accepted by the association through the following process:
 - Discussion and negotiation by members
 - Recommendation of the Business Development Manager, based on the value of the program, likely costs, available capacity and relevance to the region’s calendar of events.
- DLCs shall remain free to pursue individual business opportunities according to local needs, in addition to the regional ones.

4 Business Model

- The Association will not levy a joining fee or membership fee.
- It is expected to become self-sustaining in five years, earning revenue by seeking reimbursement of its costs through the budget of each regional program. This is currently estimated at 10% of total program cost.
- During the initial growth period, and possibly beyond, earned revenue will be supplemented by donor funds, which will be used to grow the management team in stages.
- The Association will attempt to leverage the skills and resources of its member DLCs and their partners, in order to hold down costs and improve capacity, credibility and sustainability of the network.

4.1 5-year financial projections

- The financial plan is based on a financial year running from July 1 to June 30, commencing July 1, 2006.
- It is assumed that:
 - The Association will be hosted by a DLC or other partner who will make some contributions in kind or cash – for example, office space, communications infrastructure.
 - Certain business services will be outsourced to other DLCs or partners, e.g. accounting and cash management.
 - Based on the above, there will be negligible capital expenditure in the first five years.
- It must be appreciated that the figures in Table (3-1) below are no more than broad estimates, as there are several factors that must be finalised before more detailed projections can be developed.

	FY07	FY08	FY09	FY10	FY11
Expenditure	100,000	200,000	275,000	350,000	350,000
Income	35,000	100,000	175,000	300,000	375,000
Contributions	65,000	100,000	100,000	50,000	(25,000)

Table (3-1) Indicative Financial Estimates

4.2 Challenges

- The annual income required to sustain the Association is estimated at US\$ 350,000 which corresponds to US\$3,500,000 worth of regional business. This is not, in principle, a large sum for a network that spans 11 countries and therefore the business development challenge seems entirely feasible.

- In order this volume of business DLCs would need to focus on a limited number of high value programs, similar to the Dengue Fever training program proposed by ANU recently.³ This would require a strategic, coordinated approach to business development and capacity building, as many DLCs do not, at present have the required capacity.
- Developing adequate business to sustain the Association would not, in itself, denote success. The Association will need to go even further (a minimum of \$5,000,000) in order to ensure the sustainability of the entire network.

5 Strategy

- Develop consensus and progress the implementation plan as scheduled as a means of building credibility among members and stakeholders.
- Obtain seed funding and employ Business Development Manager as a matter of priority as delivery of the programs currently proposed and meeting initial revenue targets will be a critical test of the viability of the business plan. Use the credibility thus gained to obtain funds for the expected revenue gaps in the first four years.
- Focus on a carefully selected set of high-value programs with budgets in the region of \$200,000 to \$300,000 per year; use them to develop experience, expertise and relationships in the selected sector to develop follow on work.
- Develop a capacity building strategy that coordinates the development of skills and specialties among members as this will be critical to the development and delivery of high-value programs.
 - Each DLC may develop deep expertise in a few areas but the Association as a whole develops expertise in a number of areas.
 - Try to align the capacity building initiatives among related projects (such as TDLC) and donors with the Association's own strategy.
 - Invest strategically in Human Resources in every DLC, aggressively pursuing funding opportunities and leveraging the cash flow of regional programs to this end.
- Leverage the convening power and credibility of the World Bank and other key partners in the development of large scale programs and in seeking further investment

6 Services

- The Association would be expected to provide its members with services similar to those of a well-run franchise business. At a minimum, member DLCs may expect the following:
 - International promotion and development of the Brand.
 - Strategic Planning through a consultative process.

³ Developed in collaboration with the Wellcome Trust, this is estimated at \$230,000 per year. A similar program on Malaria is also being developed on the same model.

- Marketing – especially: regional client initiatives; providing a consistent interface to clients, prospects and partners; developing marketing strategies for specific programs and assisting members in executing them
- Training for DLCs and selected partners:
 - Aimed at implementing standards and methods designed to achieve high quality
 - As the means of quickly and consistently implementing innovation and change throughout the region
 - To assist in the startup of new DLCs
- Design of products and services

7 Key Performance Indicators (KPIs)

Much work has recently been done on the development of performance indicators and impact assessment measures for the EAP GDLN as a whole. However, the KPIs proposed here, apply only to this Association and its primary aims.

The proposed KPIs are:

- Ability to develop consensus in the region and work effectively on a collaborative basis, as measured by performance against the implementation schedule.
- Delivery of regional programs adopted annually.
- Achievement of revenue targets.
- Success of business development efforts (volume and projected revenue).
- Success of capacity building strategy. Measured by progress against the targets of that strategy.

8 Implementation Plan

The table below presents the key tasks and activities of an implementation plan extending to November 2008, when it is expected that the management of GDLN Asia Pacific would have been transferred completely to its management team and the Bank GDLN Team would withdraw. This is also coincident with the end of the current TDLC project.

Period	Key Activities
May 06 – Nov 06	<p>Obtain agreement on Charter</p> <p>DLCs respond to invitation to join the Association.</p> <p>Create governing committee</p> <p>Set up financial arrangements</p> <p>Get seed funding and contributions in kind,</p> <p>Recruit a full time Business Development Manager</p> <p>Bank GDLN Team plays a strong coordinating and mentoring role to get the Association under way.</p>
Nov 06 – May 07	<p>Business Development Manager in place.</p> <p>Business cards and other signage developed.</p> <p>Regional business activities under way, governing committee meeting regularly.</p> <p>Review progress through an open space workshop and develop ToR of CEO and all staff.</p> <p>Obtain additional funding to top up supplement available funds and revenue generated.</p> <p>Bank GLDN Team mentoring Association</p>
May 07 – Nov 07	<p>Bank GDLN Team continues to mentor Association</p> <p>Recruit CEO and progressively hand over but institution will continue to operate through a DLC.</p> <p>Revise ToR for Bank GDLN team in the light of new appointments</p> <p>Review options for phased transfer of technology platform from ISG to the region, with the assistance of the Bank.</p>
Nov 07 – May 08	<p>Second progress review to assess stand alone capability and potential for incorporation of the Association as a non-profit organization.</p> <p>Continue training and mentoring support as needed.</p>
May 08 – Nov 08	<p>GDLN Asia Pacific incorporated as a non-profit organization based on convincing business performance.</p> <p>Current TDLC project ends</p> <p>Responsibilities of GDLN Team transferred completely</p>