

**AFRICAN COTTON AND TEXTILE INDUSTRIES FEDERATION
(ACTIF)**

STRATEGIC AND OPERATING PLAN 2010-2014

MARCH 2011

Table of Contents

LIST OF ABBREVIATIONS AND ACRONYMS.....	3
EXECUTIVE SUMMARY.....	4
1.INSTITUTIONAL ANALYSIS	6
1.1. BACKGROUND TO THE STRATEGIC PLAN.....	6
1.2. STRATEGY FORMULATION PROCESS	6
1.3. STATE OF THE REGION'S COTTON, TEXTILE AND APPAREL (CTA) SECTOR	6
1.4. ACTIF'S ACHIEVEMENTS	7
1.4.1. <i>Grants/Resource Mobilization</i>	7
1.4.2. <i>Membership</i>	10
1.5. SWOT ANALYSIS	11
2. STRATEGIC VISIONING AND CHOICE-MAKING.....	12
2.1. COMESA REGIONAL CTA STRATEGY.....	12
2.2. COMPETITIVENESS WORKING GROUP RECOMMENDATIONS.....	13
2.3. CHOICE-MAKING RATIONALE	14
2.4. SUGGESTED FOCUS AREAS.....	15
3. STRATEGIC PRIORITIES.....	16
3.1. APPROACHES TO SERVICE-DELIVERY	16
3.1.1. <i>Market Linkages</i>	16
3.1.2. <i>Productivity and Quality Improvement</i>	17
3.1.3. <i>Risk-management</i>	17
3.1.4. <i>Trade Policy</i>	17
3.2. MISSION AND VISION	18
4. BUDGET AND WORK PLAN.....	19
4.1. BUDGET.....	19
4.2. PRODUCT DEVELOPMENT.....	20
4.3. WORK PLAN	21
4.3.1. <i>Market Linkages</i>	21
4.3.3. <i>Risk-management</i>	22
4.3.4. <i>Trade policy</i>	22
5. SET-UP FOR IMPLEMENTATION	24
5.1. ORGANISATIONAL STRUCTURE	24
5.2. PROCESSES AND VALUES.....	25
5.3. PERFORMANCE MEASUREMENT.....	25

List of Abbreviations and Acronyms

ACTIF	Africa Cotton and Textile Industries Federation
AGM	Annual General Meeting
AGOA	Africa Growth Opportunity Act
B2B	Business-to-Business
BMO	Business Membership Organization
COMESA	Common Market for Eastern and Southern Africa
COMPETE	Competitiveness and Trade Expansion Programme
CTA	Cotton Textiles and Apparel
EPA	Economic Partnership Agreement
ICAC	International Cotton Advisory Committee
ITC	International Trade Centre
ITMF	International Textile Manufacturers Federation
MEMARTS	Memorandum and Articles of Association
RATES	Regional Agricultural Trade Expansion Support Programme
S2S	South-to-South
SMS	Short Message Service
SWOT	Strengths Weaknesses Opportunities and Threats
USAID	United States Agency for International Development

Executive Summary

Although ACTIF was incorporated in 2006, the Secretariat as an instrument through which the objects of the organization are pursued did not formally get off the ground until July 2009 with the recruitment of staff. In the intervening period, ACTIF operated in a project mode as a partner of the USAID Regional Agricultural Trade Expansion Support Programme (RATES). As a nascent organization, some of the typical institutional features are yet to take root. For instance, the organization has had no structured Strategic Plan approved by the Board to guide the implementation of its activities over the medium-term. It is against this background that a Strategic and Operating Plan for the period 2010-2014 is being formulated.

The formulation of this strategy follows a five-stage process¹. The first step focuses on understanding the environment within which the organization operates and its past performance with the aim of positioning the organization in its external landscape. The second step seeks to gain insights into the needs and expectations of membership and other key stakeholders so as to assure relevance of the strategy under development to those segments. The third step entails the setting out of strategic priorities and choice of activities to be undertaken bearing in mind the resource constraints and mission of the organization. This step reconciles the array of membership needs with the ability of the institution to effectively deliver and meet the expectations of its constituents. The fourth step in the process translates the strategic priorities and activities into definite work plans and budgets to pave way for implementation. The final step in the process aims at reconfiguring the organizational set-up so as to ensure focus on the implementation of the strategic priorities

The formulation of this strategy and operating plan has drawn heavily from the COMESA CTA strategy. This is because the preparation of the COMESA regional CTA strategy entailed broad consultations with many of ACTIF's members and stakeholders since the latter is a joint sponsor alongside the COMESA Secretariat. Given the short interval between the preparation of the COMESA CTA strategy and ACTIF's strategic and operating plan, the consensus is that the needs of membership and stakeholders as articulated in the COMESA strategy remain accurate and relevant.

The choice of strategic priorities has been informed by the current configuration of the institution. These priorities seek to add value to member associations and companies in the areas of market linkages; productivity and quality; risk management and trade policy. Accordingly, the strategic priorities proposed are aligned to the four areas. These strategic priorities will enable ACTIF to narrow its focus on the delivery of those services that are demanded by membership and stakeholders and which it is best-placed to deliver, given its resources and structural configuration. The proposed strategic priorities are as follows:

- 1) Strengthen market linkages through collection, synthesis and dissemination of information and provision of business-to-business platforms necessary to forge market linkages across the sector;
- 2) Drive productivity improvements through provision of training to the ginning, textile and apparel segments of the CTA value chain;
- 3) Provide training to enhance risk-management in the sector and

¹ The five-stage process is adopted from the OTF Group's approach

- 4) Promote the competitiveness of the sector through representation of private sector perspectives on trade policies at the regional and international level

A budget for the period 2010-2014 has been prepared in line with the activities envisaged to be implemented. The first year estimates stand at US\$1.4million. Given the drive to serve membership better through introducing a range of services, initially the budget outlay will markedly increase to cater for product development costs. However, in the years subsequent to the investment in product development, the budget will stabilize at about US\$700,000. A key source of income at the outset will be grant funding projected to account for 84% of the budget in the first year. However, as the new products gain traction, the share of grant funding will decline to an estimated 47% of the budget by the end of the fourth year. Conversely, internally-generated funds will account for 53% of the budget by year four, growing from a base of 23% at the beginning of the four-year forecast period.

Although a significant share of the initial budgetary outlay will be devoted to product development to shore up internally-generated funds, grants will still account for a significant share of the budget by the fourth year. This is because ACTIF is currently almost 100% dependent on grants and yet newly developed products need a longer period of time as compared to the forecast period to mature as revenue streams. Nonetheless, significant headway in terms of assuring financial sustainability will have been made if by the fourth year the budget share of grants is reduced to 47% from the present 100%.

Several products and services for the benefit of membership have been identified. Preliminary investment appraisal for the proposed services and products has been undertaken. However, detailed business plans will have to be prepared to more definitely ascertain the feasibility of introducing the proposed services. The services expected to be introduced are the Cotton Africa trading platform, the Origin Africa Design Exhibition, the online textile directory and a Market Insight Report. The capital outlays for product development are estimated at US\$14, 000, US\$174, 500, US\$3,000 and US\$30,500, respectively. In terms of return, the preliminary cash flows have the following Internal Rate of Return (IRR) and Net Present Value (NPV):

Product	IRR	NPV
Cotton Africa Trading Platform	388%	US\$41,403
Market Insight Report	12%	US\$1,159
Origin Africa Design Exhibition	21%	US\$28,252
Textile Directory	264%	US\$171,131

Since all the proposed products have a positive NPV, they are to be regarded as viable, pending confirmation by the detailed business plans.

With respect to structural configuration of the secretariat, no headcount increases are proposed in terms of staffing. This is because of the current financial situation characterized by an almost exclusive reliance on grants to finance the operations of ACTIF. However, provision has been made to draw on external expertise in product development and in the delivery of some of the services. Nonetheless, ACTIF is expected to maintain a lean secretariat with the current human resources deployed optimally to man departments and units focused on achieving the strategic priorities. Lastly, the organizational structure will be revamped to convey the desired strategic focus.

1. Institutional Analysis

1.1. Background to the Strategic Plan

The African Cotton and Textile Federation (ACTIF) was incorporated on the 26th of October 2006 with the aim of developing, promoting and sustaining trade in the Cotton, Textile and Apparel (CTA) industry. According to ACTIF's Memorandum and Articles of Association (MEMARTS), the organization's objects include:

- build cooperation, interaction, partnerships, alliances, networks and market linkages;
- promote a regional supply chain, focusing on trade issues of all sectors of the value chain, building a platform for reducing constraints to regional trade;
- address challenges and increase competitiveness in the global post-quota environment;
- address key policy issues that negatively affect regional and global trade;
- collect market data, generate information exchange and share regional expertise;
- promote investment and encourage international alliances and affiliations;
- recognize and support accepted principles of international codes of corporate conduct;
- facilitate awareness of new technologies and
- represent the regional membership at regional and international forums and lead advocacy and lobbying actions for the best interest of the Federation members.

Although ACTIF was incorporated in 2006, the Secretariat as an instrument through which the objects of the organization are pursued did not formally get off the ground until July 2009 with the recruitment of staff. In the intervening period, ACTIF operated in a project mode as a partner of the USAID Regional Agricultural Trade Expansion Support Programme (RATES). As a nascent organization, some of the typical institutional features are yet to take root. For instance, the organization has had no structured Strategic Plan approved by the Board to guide the implementation of its activities over the medium-term. It is against this background that a Strategic and Operating Plan for the period 2010-2014 is being formulated.

1.2. Strategy Formulation Process

The formulation of this strategy follows a five-stage process². The first step focuses on understanding the environment within which the organization operates and its past performance with the aim of positioning the organization in its external landscape. The second step seeks to gain insights into the needs and expectations of membership and other key stakeholders so as to assure relevance of the strategy under development to those segments. The third step entails the setting out of strategic priorities and choice of activities to be undertaken bearing in mind the resource constraints and mission of the organization. This step reconciles the array of membership needs with the ability of the institution to effectively deliver and meet the expectations of its constituents. The fourth step in the process translates the strategic priorities and activities into definite work plans and budgets to pave way for implementation. The final step in the process aims at reconfiguring the organizational set-up so as to ensure focus on the implementation of the strategic priorities.

1.3. State of the Region's Cotton, Textile and Apparel (CTA) Sector

According to the Common Market for Eastern and Southern Africa (COMESA) Cotton-to-Clothing Value-chain Regional Strategy (2009) of which ACTIF is a joint-sponsor, the CTA sector is central to the region's fight against poverty as it is a source of livelihood for millions of people especially in the rural areas. In addition, the COMESA Regional Strategy notes that despite the CTA sector's potential benefits and apparent comparative advantage, few countries on the continent have successfully asserted themselves on the world market. As a result of this state of affairs, the region remains a net importer of clothing and textiles and yet it is a net exporter of cotton. The key features of the production sub-sector include:

² The five-stage process is adopted from the OTF Group's approach

- predominance of small-holder producers many of whom lack appropriate farming skills and are not well-organized thus constraining capacity-building efforts, adoption of new technology and limiting their influence on policy decisions;
- the predominance of small-holder producers is also associated with low yields on account of poor agronomic practices estimated at 375Kg/Hectare as compared to 1270Kg/hectare and 1700kg/hectare in China and Israel, respectively;
- poor seed quality is another feature at the production level which results in low yields. It is attributed to the collapse of the seed certification system in the post-liberalization era. The strategy further observes that seed represents an income opportunity for farmers as they account for 60—64% of cotton production output and can potentially double income for the farmers if seed processing were at their disposal;
- information asymmetry exists at the production level characterized by lack of information on the part of farmers with regard to cotton prices, organic and fair trade cotton and a general lack of interaction with other stakeholders in the industry and
- vulnerability of the producers on account of institutional failures in the areas of marketing, extension services and regulation

With regard to the ginning sub-sector, some of the features captured in the regional strategy include:

- high degrees of contamination of lint resulting in sell of the cotton at a significant discount to compensate the spinner for the cost of cleaning;
- generally low ginning capacity utilization with countries such as Kenya utilizing only 13% of installed capacity;
- high production costs on account of the high cost and erratic supply of utilities such as electricity;
- use of obsolete technology, low investment in production capacity and lack of well-trained technicians and
- underdeveloped secondary markets for seed cotton with ginneries as the only outlet and yet they too have capacity and technical constraints

The textile and clothing sub-sector is characterized by the following:

- 80% of the technology is obsolete with only 13% of the equipment less than 10 years old as compared to China and India where 74% and 68% is under 10 years of age, respectively;
- high production costs attributed to low capacity utilization, high utility costs and rising labour costs;
- absence of appropriate sources of finance for the industry;
- negative effects of importation of second-hand clothing whose share of the domestic clothing market in the region is estimated at 55%;
- the sub-sector is mono-product in nature thus enhanced vulnerability from imports and exclusion from the market for high-value products and made-up clothing's which are the fastest growing segment of the world textile market and
- challenges emerging from shifting market demands characterized by the emergence of buyer-driven supply chains placing increased responsibility on suppliers to manage yarn and fabric sourcing, design, inventory management, product development and sample making.

1.4. ACTIF's Achievements

As indicated earlier, ACTIF's has since inception largely operated in a project mode sourcing grants to implement designated activities.

1.4.1. Grants/Resource Mobilization

To date, two grants have been secured from USAID RATES and USAID COMPETE and the proceeds dedicated to implementation of various activities. In terms of grant amounts; the cumulative total spent

stands at US\$703,276. This excludes a recent grant from the Business Advocacy Fund that is funding ongoing activities in the advocacy area.

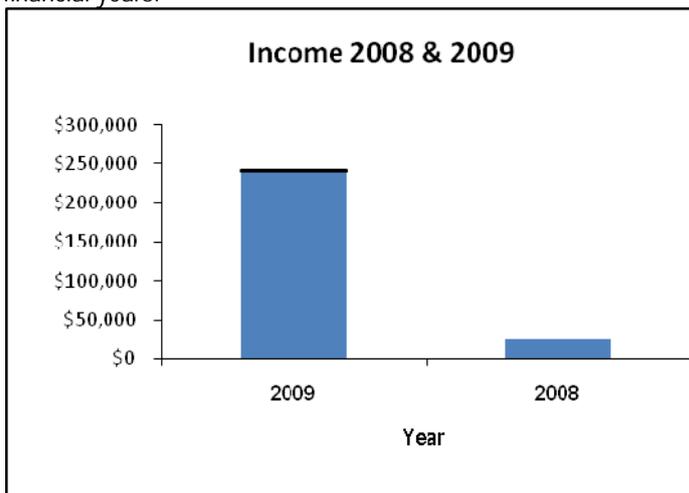
The two grants supported ACTIF in implementing the following activities:

Area	Activities
Strengthening Institutional Capacity ACTIF's	<ul style="list-style-type: none"> ▪ A secretariat is in place manned by six people, four of whom are in administrative positions and two in the programme and executive management positions. The expectation is that an additional person will shortly be recruited to fill an existing vacancy and bring the staff complement to seven people. In addition, the secretariat is fully equipped in terms of work tools and machinery. ▪ Staff team building training was undertaken to improve communication and coordination and cohesiveness of the secretariat ▪ Two board meetings were held in August and November 2009 ▪ The second Annual General Meeting (AGM) was held in April 2010, ushering in a new Board of Directors. The AGM coincided with the launch of ACTIF and the Origin Africa Design Showcase
Advocacy	<ul style="list-style-type: none"> ▪ ACTIF was able to develop industry consensus on modifications to the European Union Economic Partnership Agreement (EPA) ▪ Together with COMESA and the international trade centre completed the regional strategy for the cotton, textiles and apparel sector as well as provide input into the COMESA customs union negotiations. ▪ Forged a collaborative arrangement with the "Better Cotton Initiative" on environmental and sustainability programme ▪ Reached industry consensus and publication of a white paper on modifications to the Africa Growth and Opportunity Act(AGOA)
Regional and National consultative meetings	<ul style="list-style-type: none"> ▪ Stakeholder meetings were held in Tanzania and Ethiopia in November 2009 with a view to pinpointing and addressing of constraints in the value chain ▪ Between January and March 2010, national level meetings were held in Mozambique, Egypt, Swaziland and Nigeria with the aim of engaging directly with value-chain stakeholders in each of the individual countries
Representation to regional and international fora	<ul style="list-style-type: none"> ▪ By the end of November 2009, ACTIF was represented at the AGOA forum in Kenya, International Cotton Advisory Committee (ICAC) plenary in South Africa, International Textile Manufacturers Federation (ITMF) conference in China, ITC training in China and the first national conference on the Nigerian textile industry. ▪ ACTIF was also represented at the international conference in Bremen Germany in March 2010. ▪ Participation in the Prime Source event in Hong Kong was also achieved
Regional Market Information System	<ul style="list-style-type: none"> ▪ The www.cottonafrica.com and www.actiafrica.com websites have been successfully merged and relaunched. However, more remains to be done to upgrade the website into a fully-fledge business-to-business platform ▪ Plans are afoot to conduct a study in selected countries on production capacity and market information
Implementation of COMESA Regional CTA strategy	<ul style="list-style-type: none"> ▪ Strategy validation meeting held in Uganda ▪ Workshop to discuss alignment of Kenya's strategy to the regional

Area	Activities
	strategy held <ul style="list-style-type: none"> ▪ Strategy implementation committee meeting held ▪ In collaboration with USAID COMPETE, competitiveness strategy workshop held. ▪ Competitiveness survey conducted with the aim of developing a competitiveness index
Origin Africa Design Showcase	This showcase event was held in April 2010 attracting the participation of 12 designers and 11 fabric manufacturers with the aim of raising the profile of the region as a source of supply for cotton, textile products, fabrics and clothing for international buyers.

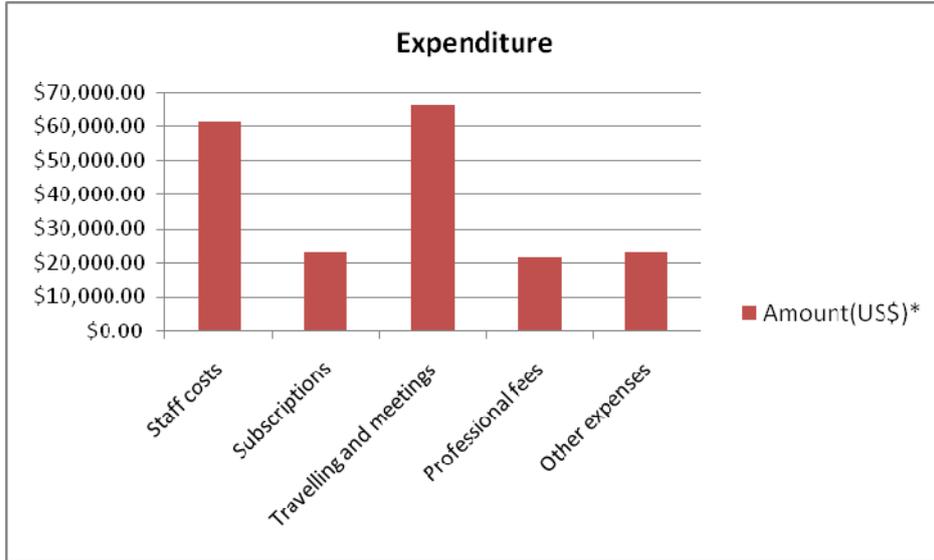
Based on the grant completion reports submitted by ACTIF to USAID RATES and USAID COMPETE, the grants covered the periods October 2008-March 2009 and December 2009-June 2010, with an interval of nine months of no activity. Effectively, in the nearly four years of existence, ACTIF has had sustained activities for a period of 12 months. The challenge, going forward, is to deliver services as demanded by membership consistently.

In terms of sources of income, grants are the predominant source with the contribution of other sources to total income being negligible as illustrated by the figures from the audited accounts for the 2008 and 2009 financial years:



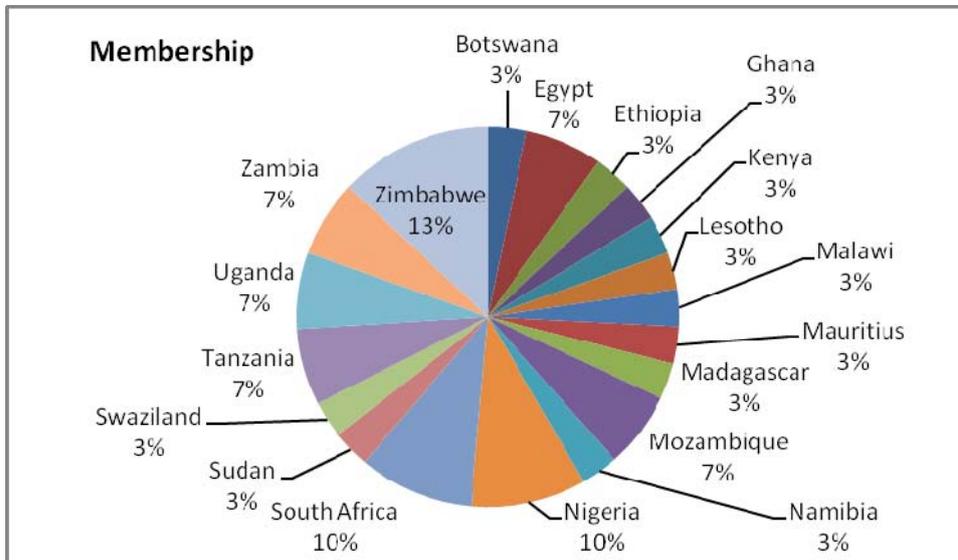
The predominance of grants calls for urgent diversification of sources of income to assure financial security for the organization.

With regard to expenditure, traveling and meetings as well as staff costs are the biggest expenditure centres. This is not unusual for a service organization since people are its main assets who conduct their work in part through meetings and related travel



With the recruitment of a full staff complement and operationalisation of the secretariat, the expectation is that staff and related costs will grow significantly further underlining the need to diversify and grow income sources.

1.4.2. Membership



ACTIF's membership stands at 31 members drawn from 19 countries. Zimbabwe, Nigeria and South Africa enjoy a greater share of membership than the rest of the countries. Of the 31 members, only 14 are paid up as of the 14th of August, 2010. However, the first formal request for subscriptions was sent out in January 2010. This, perhaps, explains the rather low number of paid up members.

As regards nature of membership, 52% of membership is comprised of sector business membership organizations (BMOs), 26% of statutory bodies, 13% non-sector BMOs and 10% private companies. The nature of membership represents both an opportunity and a challenge. The opportunity lies in leveraging the strengths of ACTIF's membership to have an impact on the national level. This may be particularly possible with regard to statutory bodies that have budget allocations from their governments and the necessary clout to affect change. On the other hand, public sector agencies tend to be largely bureaucratic as compared to private sector organizations. The reach of ACTIF in terms of country coverage and category of membership also presents opportunities and challenges. The reach strengthens ACTIF's credentials as a continent-wide organization but also imposes unparalleled service delivery constraints.

1.5. SWOT Analysis

The strengths, weaknesses, opportunities and threats that ACTIF has to exploit or contend with are assessed and tabulated below:

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Regional/continental coverage of 19 countries in terms of membership gives the organization unprecedented reach which could be exploited to positively affect the CTA sector through activities such as resource mobilization and advocacy ▪ Centrality of the CTA sector in the poverty-reduction aspirations/strategies of member countries ▪ Composition of membership bringing together statutory bodies, sector BMOs, non-sector BMOs and private companies can be leveraged to impact positively on different areas that affect the sector such as policy and regulatory environment ▪ Resource mobilization experience gained through grants received and managed enables the institution to demonstrate its grant-worthy status and thus enhance the possibility of securing funding for future activities 	<ul style="list-style-type: none"> ▪ Donor dependence with grants accounting for nearly 100% of the institution's income ▪ Commitment of membership to the institution appears weak with only 45% of membership as of August 2010 fully paid up ▪ Reach of the institution at 19 countries may leave the institution thinly spread and unable to positively affect the CTA sector ▪ The depth and scope of the challenges that the CTA sector faces vis-à-vis ACTIF's capacity
Opportunities	Threats
<ul style="list-style-type: none"> ▪ ACTIF's joint-sponsor status for the COMESA regional CTA strategy ideally positions the organization to be at the forefront of implementation ▪ The untapped potential of the CTA sector presents an opportunity for the organization to craft a range of programmes and have a positive impact ▪ Regional integration processes that are gaining momentum such as the expansion of EAC common market and the planned COMESA customs union have the potential to create opportunities for ACTIF to further its mission 	<ul style="list-style-type: none"> ▪ The near 100% reliance on grants ▪ Undiversified sources of grant funding with USAID COMPETE & RATES being the main sources of grant funding to date ▪ The growing complexity of supply chains which could result in the exclusion of regional players from the global scene

2. Strategic Visioning and Choice-making

As indicated under the section on strategy formulation process, the third step entails the setting out of strategic priorities and choice of activities to be undertaken bearing in mind the resource constraints and mission of the organization. Ordinarily, this stage should draw on data from a membership and stakeholder survey with regard to their most urgent needs. However, no baseline data has been collected in a structured way for this particular strategy. This is because the preparation of the COMESA regional CTA strategy entailed broad consultations with many of ACTIF's members and stakeholders since the latter is a joint sponsor alongside the COMESA Secretariat. Given the short interval between the preparation of the COMESA CTA strategy and ACTIF's strategic and operating plan, the consensus is that the needs of membership and stakeholders as articulated in the COMESA strategy remain accurate and relevant. In addition, the discussions and conclusions of the regional CTA sector competitiveness working group meeting held on the 27th of April, 2010, in Nairobi, Kenya provide additional insights into the needs of the sector. Against this background, it is to be understood that the COMESA regional CTA strategy and conclusions of the competitiveness working group meeting of the 27th of April 2010 take the place of a membership and stakeholder survey in this strategy's formulation process. For this reason, it is necessary to recapitulate the sector needs as captured in the two documents:

2.1. COMESA Regional CTA Strategy

The COMESA regional CTA strategy sets aside a total of 91 activity areas for ACTIF as an implementing partner. The activities earmarked for ACTIF cover all segments of the value chain and are categorized as follows:

- institutional capacity building,
- market information,
- marketing,
- investment promotion,
- product development,
- productivity,
- quality,
- risk management,
- value chain capacity building,
- finance,
- logistics and
- trade policy

The designated activities are also ranked in order of priority from priority level one to priority level four. A total of 24 activities are ranked as priority level one, 21 activities as priority level two, 19 as priority level three and 24 as priority level four. Within priority level one, the areas covered include institutional capacity building, market information, investment promotion, product development, productivity, quality, risk management and value-chain capacity building.

With regard to priority level one, ACTIF is expected to take the lead in the following areas through the specified activities as tabulated below:

Area	Activity
Institutional capacity building	<ul style="list-style-type: none"> ▪ establish a programme for sharing best practices for associations in the region ▪ build the capacities of farmer/ginner associations to gather manage and disseminate trade and market information and requirements as well as critical aspects of the value chain ▪ promote learning between industry associations through south-to-

Area	Activity
Marketing, market information and investment promotion	south(S2S) cooperation <ul style="list-style-type: none"> ▪ build capacities of national associations ▪ create and share database of regional fabric and accessories manufacturers ▪ establish a programme for sharing best practices on cotton trading and marketing in the region, including S2S cooperation ▪ organize regional trade fairs and invite potential suppliers ▪ organize match-making events to link demand and supply of products
Product development, quality and productivity	<ul style="list-style-type: none"> ▪ improve understanding of the economic value of by-products ▪ promote investment in by-products ▪ develop and use appropriate and adapted varieties ▪ gather information on new sources of input supply ▪ strengthen associations and trade support institutions to promote investment in regional supply of inputs ▪ enhance farmer education e.g. through farmer field schools ▪ encourage inter-country visits to share best practice and research findings with the region and other cotton producing countries ▪ enhance farmer education in the areas of good agricultural practices ,integrated pest management and conservation farming ▪ encourage S2S cooperation and inter-country visits to share best practices and research findings ▪ develop a certification system for compliance with established quality standards
Risk management	<ul style="list-style-type: none"> ▪ establish a programme for sharing best practice on risk management in the region
Value-chain capacity building	<ul style="list-style-type: none"> ▪ establish a programme for sharing best practices on farmer-ginner interaction in the region, including exchange visits ▪ organize specialist training in customer service and merchandising ▪ establish a programme for sharing best practices in the region and beyond on utilization of by-products

The designated activities for ACTIF's action in their entirety and order of priority are at Appendix A of this strategy.

2.2. Competitiveness Working Group Recommendations

The meeting of the competitiveness working work³ group discussed the COMESA Regional CTA strategy with a view to pinpointing a few critical areas that must be addressed to drive forward the regional competitiveness agenda with regard to re-orienting supply to address deficiencies and satisfy end-market demands. The range of subject areas considered by the group includes:

- trade policy,
- productivity enhancement,
- market linkages,
- government support/financing,

³ The group comprised of a key industry representatives drawn from across the region and various segments of the sector. Their views, therefore, largely reflect the entire sectors understanding of priority areas.

- market information,
- cost chain efficiencies,
- institutional capacity building,
- local/regional market development and
- harmonization of standards

The group concluded that the following areas were critical if course correction was to be achieved in terms of the region's supply meeting existing demand:

- trade policy,
- productivity enhancement and
- market linkages and information

It is clear that there are overlaps between the conclusions of the competitiveness working group and the COMESA CTA strategy priority level one activities for ACTIF. To enable ACTIF focus on implementation, rationalization of the priorities is necessary.

2.3. Choice-making Rationale

Given ACTIF's current structure and resources, it is unrealistic to expect that the total of 91 activities as set out in the regional CTA strategy to be implemented over the four-year period of this strategic and operating plan. It is, therefore, proposed that implementation focuses on priority level one activities. Distillation of the regional CTA strategy priority one activities for ACTIF and the recommendations of the regional competitiveness working group indicates the following as the areas where interventions are most needed:

- institutional capacity building,
- marketing, market information and investment promotion,
- productivity and quality,
- risk management,
- trade policy and
- value-chain capacity building

If ACTIF is to make an impact on any of the above areas, choices have to be made as to the nature and depth of involvement. The following are underpinnings of the choice of activities that are to be proposed:

- With exception of trade policy where activities are expected to be mostly of an advocacy nature, it seems rational that the cotton production segment of the value chain is best left to national institutions that are in close proximity to the players at that level since ACTIF's secretariat is removed from its membership in the sense that it has no national chapters through which to drive activities;
- Besides proximity, the current resource envelope, as described in 1.4.1, cannot allow ACTIF to have a meaningful impact at that level. Even when the resources at ACTIF's disposal increase, it is preferable that the country-level institutions, many of whom are statutory bodies with budget allocations from their governments, take the lead in serving the production segment of the value chain. However, whenever it is possible for ACTIF to leverage its unique strengths in terms of membership and regional reach to secure resources to support the upstream segments of the value chain, this should be delivered through the structures of national level institutions and
- Although institutional capacity building in various forms is one of the membership and stakeholder's expectations of ACTIF, this appears to be unrealistic. The institution itself is a start-up that should over the period of the strategic plan consolidate its structures and systems, including income generation, if it is to assure its long-term sustainability. For this reason, ACTIF should concentrate on building its own institutional capacity to enable service delivery to membership

2.4. Suggested Focus Areas

Given the needs of the CTA sector and the structure as well as resources of ACTIF as described in the preceding sections, the choice of strategic priorities should seek to add value to member associations and companies in the areas of:

- Market linkages;
- Productivity and quality;
- Risk management and
- Trade policy

3. Strategic Priorities

The strategic priorities proposed for the period 2010-2014 have been formulated through distillation of membership and stakeholder priorities as articulated in the regional CTA strategy and the recommendations of the regional competitiveness working group. The strategic priorities will enable ACTIF to narrow its focus on the delivery of those services that are demanded by membership and stakeholders and which it is best placed to deliver, given its resources and structural configuration. The proposed strategic priorities are as follows:

- Strengthen market linkages through collection, synthesis and dissemination of information and provision of business-to-business platforms necessary to forge market linkages across the sector;
- Drive productivity improvements through provision of training to the ginning, textile and apparel segments of the CTA value chain;
- Provide training to enhance risk-management in the sector and
- Promote the competitiveness of the sector through representation of private sector perspectives on trade policies at the regional and international level

3.1. Approaches to Service-delivery

To deliver on expectations in line with the strategic priorities, approach to service delivery will have to be revamped as proposed below:

3.1.1. Market Linkages

To deliver on the strategic priority of strengthening market linkages demands creativity on the part of the ACTIF secretariat. The provision of market information will be expected to enhance market linkages, product development and value-addition within the CTA sector. The organization will be expected to leverage its membership across the 19 countries to obtain and synthesize primary production data at little or no cost. The primary data will be augmented with freely available information that is relevant to the sector. It will be a task for the secretariat to identify and catalog free information sources. Subscription to industry publications will also be made to provide depth of analysis to the information that will be disseminated. With regard to the medium for dissemination, online tools will be predominant and take the form of e-newsletters and reports.

Given the fact that ACTIF has very limited sources of funding, effort will be made to deliver information on a cost-recovery mode at the start and eventually to build in a margin. To that end, market insight reports will be prepared using the vast information available and sold at a profit. Such reports will aim at analyzing conceptual connections between the dynamics inside and outside of the industry.

The cottonafrica/ACTIF website will have to be revamped since it will be the primary medium through which market information will be disseminated. In addition, its online trading features will be enhanced and a short-message-service (SMS) for transmittal of market alerts to membership incorporated. Cost-recovery will be an operating principal for this platform too.

Besides information, the secretariat will facilitate the attendance of membership to established business-to-business (B2B) events such as trade fairs and missions like the Hong-Kong Prime Expo, ginner and textile manufacturer B2B meetings and market access meetings. However, this will be purely arranged on demand of membership and the secretariat will draw on the expertise of professional hand-holders in the match-making area to enhance the possibility of deals being struck. In that sense, the secretariat will only play a coordinative role. The attendant professional hand-holding costs will be met by members who wish to take part in these events.

In terms of organizing and hosting B2B events, ACTIF will limit itself to organizing the Origin Africa event once a year. The concept behind Origin Africa is to raise awareness about Africa as a sourcing destination

by targeting a global audience of buyers, business leaders and designers. The event will showcase the region by bringing to the fore the fibre-to-fashion value-addition dimension. Besides the main exhibition, hospitality and side events will also be introduced to maximize interaction between exhibitors, buyers and designers. Investment in the development and marketing of this product will be made with the target of making this event ACTIF's flagship B2B product by the end of this strategic and operating plan's implementation period. In addition, focus will be placed in growing revenues from this event so as to make a surplus that will support the secretariat's overheads.

3.1.2. Productivity and Quality Improvement

ACTIF will leverage its regional reach and resource mobilization experience to mobilize grants and undertake the following activities with regard to productivity and quality improvement:

- develop a training programme for technical personnel in the areas of shop floor management and quality control within the segments of textiles and apparel. Such a training programme will sensitise and give practical guidance to technical managers with regard to best practices in shop floor management and quality control;
- following the development of the training programme, training manuals will be developed and training of trainers undertaken to build the capacity of member associations who will, in turn, arrange training for their members and
- besides training manuals, handbooks on shop floor management and quality control will be published and distributed to member associations for onward transmittal to their membership

In view of the fact that ACTIF's financial and other resources are presently limited, the interventions in this area will be designed in a project format with grant funding sought from donor agencies and cost-sharing by member associations and companies in the form of staff time, training facilities and attendance fees.

3.1.3. Risk-management

Given that cotton trade, like most agricultural commodities faces, risk in the form of variable weather conditions and price volatility. Since weather is outside of anyone's sphere of control, ACTIF's potential role appears limited to price volatility. To that end, ACTIF should engage with agencies that have specialist knowledge in hedging against price volatility in agricultural commodities such as the World Bank's Commodity Risk Management (CRM) group to customize and disseminate available information on approaches to price risk management. Beyond information dissemination, training on practical application of risk management tools could be undertaken. Here too a project mode should be adopted to mobilize grant funding to prepare manuals, handbooks and undertake training of trainers at member association level with cost-sharing features that draw on the resources of member associations and companies incorporated.

3.1.4. Trade Policy

To promote the competitiveness of the sector through advocating for relevant changes in regional trade policies, the secretariat will use in-house expertise and external resources to:

- identify trade policy constraints through research,
- undertake impact simulations,
- publicise findings,
- propose policy alternatives and
- participate in policy discussion fora

ACTIF will exploit its regional reach to bring a regional dimension to trade policy and work in concert with regional integration agencies such as COMESA and EAC to foster the adoption of progressive policies. In addition, the organization will take the lead in representing private sector perspective of the sector at both regional and international level. To the extent possible, grant funding should be sought to undertake research and publicise findings. However, core analytical capacity should be built at the secretariat and take advantage of the vast information expected to be collected in terms of market and investment aspects to

consistently churn out policy positions at no extra costs other than routine payroll and administrative overheads.

3.2. Mission and Vision

The formulation of strategic priorities effectively sets out ACTIF's strategic focus. The realignment of strategic focus calls for the revisiting of the organisation's mission and vision to ensure that they embody the essence and aspirations of ACTIF as expressed in this strategic and operating plan.

A mission is a brief statement, typically one or two sentences, that defines why the organization exists, especially what it offers to its customers and clients and, in the case of ACTIF, membership and stakeholders. On the other hand, the vision is a concise statement that defines the mid-to-long-term goals of the organization.

The present mission of ACTIF is, *"to promote trade and increase market access for the cotton, textile and apparel industry in Africa"* while the vision is *"an integrated cotton textile and apparel industry that effectively competes on the world market."* The vision is quite aligned with the new strategic priorities which all aim to drive the competitiveness of the industry on the world market through addressing aspects related to market information, investment, quality and productivity, risk-management and trade policy. However, the present mission is somewhat out of sync with the proposed strategic priorities and activities. It ought to provide focus in terms of the activities that are to be undertaken and for whom. As a result, the following mission and vision are proposed for the 2010-2014 Strategic and Operating Plan:

- mission: *"to develop and successfully deliver services that enhance our membership's competitiveness in the world market"*
- vision: *"an integrated cotton, textile and apparel industry that effectively competes on the world market."*

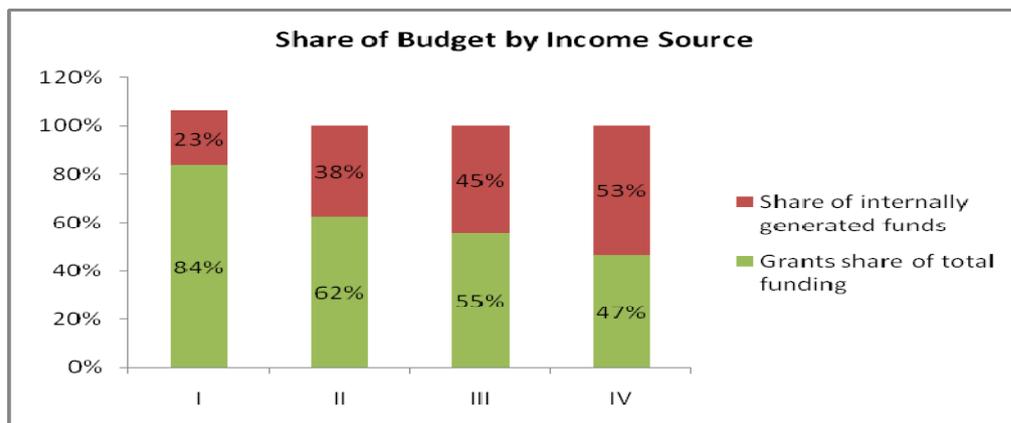
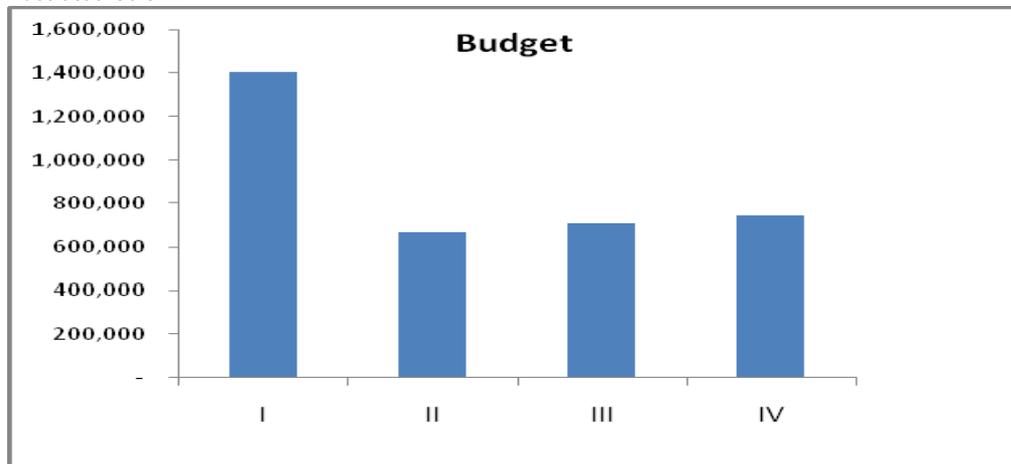
The proposal to amend the mission is intended to provide focus on the strategic priorities for the period 2010-2014. However, it does not in any way alter the organization's objects as set out in the MEMARTS. In that sense, the alterations remain true to the vision of the promoters organization whilst taking into account emerging priorities and the changing operating environment.

4. Budget and Work Plan

4.1. Budget

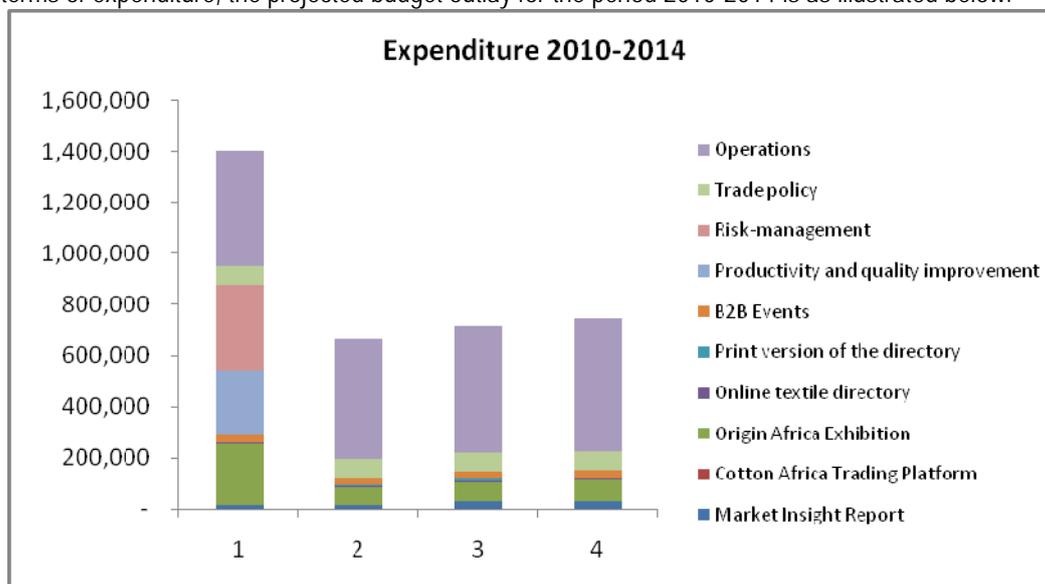
A budget for the period 2010-2014 has been prepared in line with the activities envisaged to be implemented and is at Appendix B.

Given the drive to serve membership better through introducing a range of services, initially the budget outlay will markedly increase to cater for product development costs. However, in the years subsequent to the investment in product development, the budget will stabilize at about US\$700,000. A key source of income at the outset will be grant funding projected to account for 84% of the budget in the first year. However, as the new products gain traction, the share of grant funding will decline to an estimated 47% of the budget by the end of the fourth year. Conversely, internally-generated funds will account for 53% of the budget by year four, growing from a base of 23% at the beginning of the four-year forecast period as illustrated below:



Although a significant share of the initial budget outlay will be devoted to product development to shore up internally-generated funds, grants will still account for a significant share of the budget by the fourth year. This is because ACTIF is currently almost 100% dependent on grants and yet newly developed products need a longer period of time as compared to the forecast period to mature as revenue streams. Nonetheless, significant headway in terms of assuring financial sustainability will have been made if by the fourth year the budget share of grants is reduced to 47% from the present 100%.

In terms of expenditure, the projected budget outlay for the period 2010-2014 is as illustrated below:



4.2. Product Development

Preliminary cash flow analysis for income-generating services expected to be launched has been undertaken. However, detailed business plans will have to be prepared to more definitely ascertain the feasibility of introducing the proposed services. The services expected to be introduced are the Cotton Africa trading platform, the Origin Africa Design Exhibition, the online textile directory and a Market Insight Report. The capital outlays for product development are estimated at US\$14, 000, US\$174, 500, US\$3,000 and US\$30,500 for Cotton Africa Trading Platform, Origin Africa Design Exhibition, online textile directory and the Market Insight Report, respectively. In terms of return, the preliminary cashflows have the following Internal Rate of Return (IRR) and Net Present Value (NPV):

Product	IRR	NPV
Cotton Africa Trading Platform	388%	US\$41,403
Market Insight Report	12%	US\$1,159
Origin Africa Design Exhibition	21%	US\$28,252
Textile Directory	264%	US\$171,131

4.3. Work Plan

The budget and work plan are intended to translate the priority actions into concrete activities by estimating cost, identifying sources of funding and firming up the dates for implementation of particular activities. The tentative work plan for the first year and the expected outcomes are outlined below

4.3.1. Market Linkages

The objective for implementing designated activities under the above priority area is to provide CTA value-chain in its entirety with relevant market information and B2B events to enhance their competitiveness on the world market. In addition, some of the activities such as the market insight report and cotton Africa trading platform are conceived as income-generating products that will set ACTIF on the path to financial sustainability through reducing the grants share of the budget whilst shoring up internally-generated funds. The activities expected to be undertaken are as itemized below:

	Activity	Month											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1	Market Supply & Demand side Information												
	Hire product development consultant	■	■										
	Identify and catalog free information sources												
	Create primary data collection links with national associations		■	■									
	Subscribe to relevant industry publications				■								
	Revamp website and online trading platform				■	■							
	Market website and trading platform							■	■	■	■	■	■
	Production of maiden market insight report							■	■				
	Sale of market insight report									■	■	■	■
	<i>B2B Events</i>												
	Prepare and publicise calendar of events	■	■										
	Confirm interest and register membership participation		■	■									
	Hire trade linkage expert					■							
	Prepare members for attendance of selected events						■	■	■	■	■	■	■
	Attend event and review results on return									[Dependant on dates]			
	<i>Origin Africa Exhibition</i>												
	Hire product development consultant		■										
	Firm-up and approve event concept		■	■									
	Hire event manager					■							
	Market event					■	■	■	■	■	■	■	■
	Host event												■
	Review outcome against targets												■

The expected outcomes are:

- greater information content on the ACTIF website
- Deals between buyers and sellers facilitated by the cotton trading platform
- A Market insight report in line with the circulation targets
- Revenues from subscription and advertising from both the market report and trading platform in line with set targets
- No. of delegations held annually
- No. of participants attracted to Africa Origin Show case
- Africa Origin show case revenue generated
- Business relationships forged from the B2B events
- Attendee rating of Africa Origin showcase and other B2B events

4.3.2. Productivity and Quality Improvements

The planned activities under productivity and quality improvement are expected to take the form of a one-year project with its deliverables as the a training programme on shop floor management and quality controls, manuals and handbooks on the same subject and training of trainers as well as relevant line managers. In addition, training capacity by way of training of trainers will be built within member associations as a measure to enhance sustainability. The project's work plan is as outlined below:

Activity	Oct 2010-Sept 2011											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Hire consultants to develop training material for quality and shop floor management												
Develop training material for quality and shop floor management												
Validate training content and scope												
Develop,publish and distribute training manuals												
Undertake training of trainers												
Develop,publish and distribute shop floor and quality management handbooks												
Train floor and quality managers in member countries												
Revise and update manual and handbook in line with emerging best-practice												

4.3.3. Risk-management

The activities earmarked for implementation under the risk-management priority area are also expected to the form of a project with the aim of disseminating information on risk management and sensitizing the sector on practical application of risk-management tools. The project will be expected to put in place a training programme on risk-management, publish and distribute manuals and handbooks, train risk managers and build the training capacity of member associations through training of trainers. The work plan for this proposed project is detailed below:

Activity	Oct 2010-Sept 2011											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Hire consultants to develop risk management training material												
Develop,publish and disseminate risk-management training manuals												
Undertake training of trainers in risk management												
Develop,publish and distribute risk-management handbooks												
Train risk managers in member countries												
Revise and update manual and handbook in line with emerging best-practice												

4.3.4. Trade policy

The activities under trade policy are intended to identify trade policy constraints through research; undertake impact simulations; publicise findings; propose policy alternatives and participate in policy discussion fora. The expected outcome is that trade policies of member countries be realigned to support the competitiveness of the CTA sector. The work plan for this priority area is specified below:

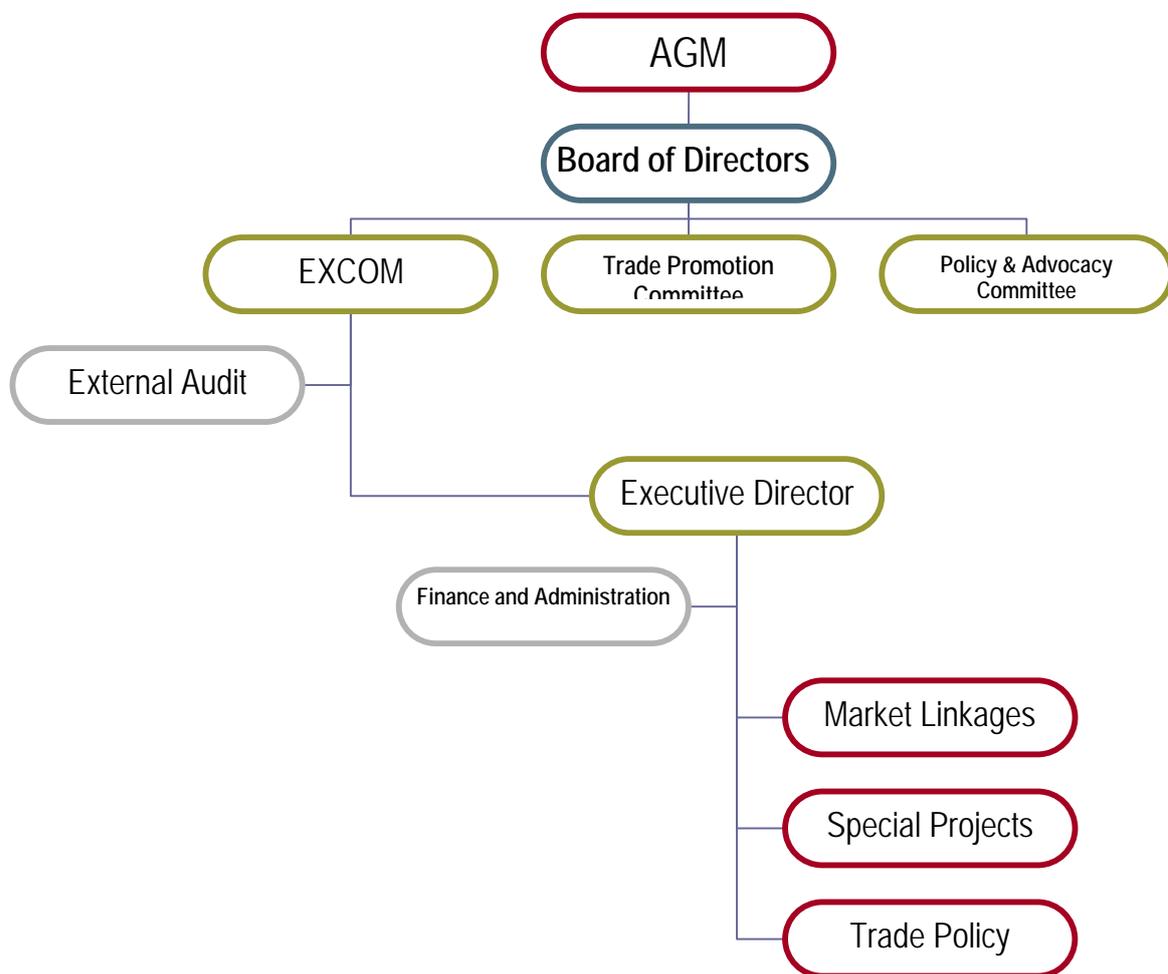
Activity		Oct 2010-Sept 2011											
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
	Undertake research to identify trade policy constraints	■	■	■	■								
	Preparaae impact simulations to demonstrate constraints			■	■	■							
	Prepare policy alternatives				■	■	■						
	Publish and disseminate findings and agrred positions						■	■	■				
	Monitor policy implementation								■	■	■	■	■

5. Set-up for Implementation

For successful implementation of the strategic plan, the organizational structure, values and processes have to be fit-for-purpose in the sense that they further the achievement of the selected priorities.

5.1. Organisational Structure

Given the fact that ACTIF is a relatively newly established organization in the sense that its secretariat has only recently gotten off the ground and it almost exclusively relies on grants to finance its operations, no headcount increases are expected in terms of staffing. However, provision has been made to draw on external expertise in product development and in the delivery of some of the services. Nonetheless, ACTIF is expected to maintain a lean secretariat with the current human resources deployed optimally to man departments and units focused on achieving the strategic priorities. As a result, the organizational structure will be revamped to convey the desired strategic focus as proposed below:



The frontline departments charged with delivery of services to membership in line with the strategic priorities are Market Information, Special Projects and Trade policy. The Market Linkages Department will be charged with the collection and dissemination of market information through leveraging the information gathering capacity of member associations. It will also manage the production and marketing of the market insight report and the cotton Africa trading platform. In addition, this department will be tasked with organizing B2B events, including the Africa Origin Design Exhibition. The Special Projects unit will assume responsibility for

the projects on shop floor and quality management as well as the risk-management project. The expectation is that if funding is successfully mobilized and the projects implemented, core training management capacities will be built in this department setting the stage for the unit to formulate other training programmes for the two segments of the value chain. The Trade Policy department will take the lead in policy research and related lobbying and advocacy work. Lastly, the Finance and Administration department will house all support functions such as payroll and treasury management, membership database management and other human resource management. The departmental heads will all report to the Executive Director(ED).The ED will be tasked with providing administrative support to the Board through advising and informing Board members on all matters concerning the organization's performance and acting as an interface between the staff and the Board as well as successfully convening Annual General Meetings; overseeing the design, promotion and delivery of the organizations programmes in line with the Strategic Plan; recommendation to the Board of an annual budget for approval and prudent management of the organization's resources as per the budget guidelines and in line with current laws and regulations such as tax regulations; overseeing membership recruitment and retention through delivery of relevant services; management of the organization's human resources according to approved human resource policies and procedures and in line with existing labour laws and oversee fundraising planning and implementation, including identifying resource requirements, researching funding sources, establishing strategies to approach funders,submitting proposals and administration of fundraising records and documentation.

5.2. Processes and Values

ACTIF is expected to remain lean in terms of staff headcount over the implementation period of this strategy. This calls for effective teamwork and coordination. As a result, the work processes adopted by the organization should further teamwork and optimize efficiency and effectiveness. The other challenge that the organization faces is that of meeting the product development targets set out in this strategic plan. This will require adoption of work processes that are flexible and optimize technology to facilitate the development and nurturing of new services. To that end, considerable investment has already been made in technology and more upgrades have been provided for under this strategy.

Values prescribe the attitude, behaviour and character of an organization. As ACTIF embarks on its quest to become an effective and sustainable membership organization, values that promote high-performance, innovation and service-delivery should be adopted.

5.3. Performance Measurement

Monitoring and evaluation is critical to strategy implementation. It helps to ensure that the activities under implementation remain in sync with the strategic priorities. It also enables mid-course correction should implementation veer off-course. The key performance indicators that are to be tracked with regard to individual departments and the organization as a whole are tabulated below:

Department	Performance Indicator
Market Linkages	<ul style="list-style-type: none"> ▪ Country coverage in terms of primary sector data collected and disseminated ▪ Website traffic/hits ▪ No and value of deals facilitated by the Cotton Africa trading platform ▪ Market Insight Report sales/subscriptions ▪ Cotton Africa subscription and advertising revenue ▪ No. of delegations/B2B events coordinated annually ▪ Total number of companies participating in the B2B events ▪ Revenues from the Origin Africa Design Exhibition ▪ No of delegates and exhibitors to the Origin Africa Exhibition ▪ Participant rating of events coordinated and hosted by ACTIF
Training	<ul style="list-style-type: none"> ▪ Trainee rating of content and instruction methods ▪ No. of training of Trainers(ToTs) held and total number of participants ▪ No. of training manuals and handbooks distributed ▪ Recipient rating of manuals and handbooks ▪ No.of shop floor and quality managers ▪ No. of risk-managers trained
Trade Policy	<ul style="list-style-type: none"> ▪ Quality of position papers developed ▪ Level of awareness of policy constraints amongst key stakeholders ▪ Degree to which trade policies of member countries are aligned to the CTA sector's competitive needs ▪ Circulation of relevant publications
ACTIF[entire organization]	<ul style="list-style-type: none"> ▪ No.of corporate and associate members ▪ Share of internally generated funds of the total income ▪ No.of service products successfully launched ▪ Extent of membership satisfaction with service delivery