

**Achievement of Market-Friendly Initiatives and Results Program
(AMIR 2.0 Program)**

Funded By U.S. Agency for International Development

**Governance and Strategic Planning
Business & Professional Women's Club - Amman
Amman-Jordan**

Final Report

**Deliverable for BMI Component, Task No. 232.3
Contract No. 278-C-00-02-00201-00**

April 2002

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Attachments:
SOW for Law Firm

1.0) ACRONYMS USED IN THIS DOCUMENT

AMIR	Achievement of Market-Friendly Initiatives and Results Program
BOD	Board of Directors
BPWA	Business and Professional Women’s Club-Amman
ED	Executive Director
GA	General Assembly
MIT	Ministry of Industry and Trade
MoI	Ministry of Interior
MoSD	Ministry of Social Development
SOW	Scope of Work

2.0) EXECUTIVE SUMMARY

- 2.1) In compliance with the Scope of Work (SOW), the consultant met with the Chairwoman and Executive Director (ED) of the Business and Professional Women’s Club – Amman (BPWA) and briefed them on the options available for transforming their legal/governance status. The consultant also discussed pre-requisite actions that needed to be taken prior to the transformation process, given the clear structural weaknesses that prevail under the current setup.
- 2.2) There are three possible scenarios for the BPWA legal structure, each carrying a set of pros and cons pertaining to the registration process:
 - i) Maintain status quo: Continue to operate under the Ministry of Social Development (MoSD) and maintain current vision and mission.
 - ii) Register under Ministry of Industry & Trade (MIT): Requires revamping of vision, mission, strategic direction, as well as governance and institutional structure.
 - iii) Register under Ministry of Interior (MoI): Requires fine-tuning of strategic outlook and political clout at governance and/or management level.
- 2.3) The transformation of legal status under the latter two scenarios outlined above will require the dissolution of BPWA as an entity under the MoSD and the establishment of a new entity under either the MIT or MoI. In either case, BPWA should undergo the transformation process under close supervision from experienced legal counsel to avoid any complications with the MoSD on issues related to the transfer of assets.
- 2.4) As it stands, BPWA has some strengths as well as some clear weaknesses. The strengths are “market clout” and an established infrastructure. The weaknesses are lack of strategic focus, limited institutional/employee capacity, and cluttered organizational structure.
- 2.5) Except for maintaining a status quo, any change in BPWA status must be preceded by strategic institutional restructuring in order to achieve the desired objectives of a wider membership base and operational sustainability.
- 2.6) Unless the Board of Directors (BOD) and management of BPWA recognize the necessary elements that are required for such a strategic shift, **it is recommended that BPWA either maintain its current status or re-register under the auspices of the MoI.**

- 2.7) Based on observations made throughout the consultancy period, it is recommended that, if at all, AMIR should lend support to building the institutional capacity of BPWA as a precursor to the legal transformation process.

3.0) INTRODUCTION & SCOPE OF WORK

3.1) Under the contract with Chemonics Inc., April 15, 2002, the Consultant worked closely with the BPWA and AMIR to fulfil the assignment according to the objectives identified in the SOW, summarized below:

- ~~✍~~ Assess BPWA's current legal status.
- ~~✍~~ Explain to BPWA's Board and management the process the process involved in changing ministries; the challenges and barriers that will need to be overcome; and the functions that the BPWA should perform in order to best prepare for this process.
- ~~✍~~ Brief AMIR on the process of changing ministries, with specific emphasis on the pros and cons of registering with the MIT versus the MoI.
- ~~✍~~ Develop a comprehensive written report addressing all of the aforementioned points and recommend the most appropriate Ministry.
- ~~✍~~ Develop the SOW for a law firm to legally change BPWA's official registry.

3.2) This report consists of an executive summary, an analysis of BPWA's current status, and recommendations for choosing the most appropriate Ministry. The analysis identifies existing strengths and weaknesses, and provides detailed options for changing the official registry. Finally, it outlines a SOW for the legal counsel overseeing the transformation process.

4.0) OVERVIEW OF CURRENT STATUS

- 4.1) The Business and Professional Women’s Club – Amman (BPWA) is a voluntary business association established in 1976 and registered under the MoSD.
- 4.2) BPWA’s mission statement is “*to provide, create, support, enhance, and foster a constructive dialogue or action that ensures and empowers women participation in all social cultural, legal, business and economic development in Jordan through education, advocacy, networking, training and professional support*”.
- 4.3) BPWA’s governing body consists of nine board members (three of whom recently resigned) who are elected every three years.
- 4.4) The BPWA currently runs three main projects: the Legal Consultative Services Office (LCSO), Information and Documentation Center (IDC) and the Women Enterprise Center (WEC).
- 4.5) The current financial base consists of two sources of revenue:
- ✍ Membership fees: Set at JD30 with minimum flexibility for future due to restrictions by MoSD.
 - ✍ Grants: To date, BPWA has received grants from various sources, including AMIR, to develop and expand their services.
- 4.6) **Strengths:**
Under the current structure, BPWA’s strengths lie in its long history, established infrastructure and commitment of its BOD. BOD members have enough “market clout” to make things happen – unfortunately, they lack the vision to push the institution forward.
- 4.7) **Weaknesses:**
The weaknesses are clearly visible in the following areas:
- i) Structural: Too many chiefs and no Indians! The organizational structure is too cluttered with directors for each department, as well as separate missions and visions. There is a lack of one coherent vision that governs the entire institution.
 - ii) Strategic: Again, lack of vision clarity leads to erratic strategic choices. Despite its name, the target group for BPWA seems to be ALL women who have free time and little money to spend. This has weakened BPWA’s strategic positioning in the market as a professional business association.
 - iii) Legal: BPWA’s registration as a voluntary “club” under the Ministry of Social Development prevents it from expanding its product line/services and financial base. As with other similar institutions, the MoSD often interferes in fees generated from memberships and other activities, thus

limiting the revenue base that contributes directly to operational sustainability. On a similar note, BPWA's association with the Ministry of Social Development gives the impression that it is a charitable entity and that services should often be offered "free of charge". Any attempt by management to offer services at competitive market prices might raise eyebrows.

5.0) OPTIONS FOR LEGAL STATUS

- 5.1) BPWA has three options for its legal registry, each with advantages and disadvantages, as well as pre-requisite steps that need to precede the transformation process. Following is an overview of the possible options:

OPTION 1: STATUS QUO

Ministry: Social Development

Pros:

✍️ Maintain current operations without any distortion, especially given the limited institutional capacity for handling legal transformation “baggage” – building new image; recruiting competent individuals on Board; revisiting mission, vision and strategy; consolidating operations; overall institutional restructuring.

✍️ Continuing to attract grant capital, as long as it is available, without the need to go commercial as institution expands.

Cons:

✍️ Limited operational maneuverability – MoSD tends to interfere directly as institutions expand.

✍️ Limited revenue base from membership fees and other activities.

✍️ Lack of appeal to larger “professional” market.

✍️ Limitations in expanding “market-oriented” products and services, as these would have higher costs to clients.

✍️ Difficulty in achieving operational/financial sustainability.

Required Pre-requisite Steps:

None.

OPTION 2: GO COMMERCIAL

Ministry: Industry & Trade

Pros:

✍️ “Professional” institutional image.

✍️ Possibilities for designing services to meet market demands at appropriate costs.

✍ A required ingredient for reaching operational/financial sustainability.

✍ Free reign of operations.

✍ Speedy processing of registration.

Cons:

✍ Need to capitalize institution (minimum paid-in-capital required for a limited liability company is JD30,000).

✍ Need to attract investors to buy into model.

✍ Need to revamp institutional structure and image to make the investment worth it.

✍ Need to invest in building institutional capacity as a precursor to the transformation process; staff must be well trained to work in a more commercial environment.

✍ The possible institutional structures for BPWA under MIT are: 1) Limited Liability, non-profit company; or 2) Limited liability for-profit company. Both choices require paid-in capital by shareholders, as well as clear vision for operation ✍ Difficult to achieve given current governance structure.

✍ Loss of institutional name and history; need to start from ground zero.

✍ Careful planning of transformation under strict supervision by legal representatives to avoid clashes with the MoSD.

Required Pre-requisite Steps:

1. Dissolve BPWA by order of an extra-ordinary session for the General Assembly (GA).
2. By law (under MoSD), all assets may be transferred to an institution with similar mission and objectives, as called for by the GA members and **approved** by the MoSD. The MoSD may choose to retain all assets. For this reason, and unless prior approval is secured/guaranteed by the MoSD, BPWA should transfer most of its assets discretely prior to initiating the transformation process. This would apply to the office premises, as well as to the cash in banks (currently around US\$80,000).
3. Prepare a 5-year Business Plan – involving staff, management and BOD- to govern operations under the new entity.
4. Prepare a comprehensive transformation plan, covering the following areas:
 - ✍ Marketing of new image; expanding client base (marketing department needs to be established to deal with this).

- ~~✍~~ Recruiting and training new BOD members.
 - ~~✍~~ Definition of roles for each department (may have to consolidate, restructure current setup).
5. Seek potential investors who are willing to put up the capital even without return on investment should the new structure be a limited liability, non-profit company.
 6. Seek donor support throughout the process to minimize MoSD scrutiny.

OPTION 3: “ASSOCIATION-IZE”

Ministry: Interior

Pros:

- ~~✍~~ Professional image, albeit more “institutional” – an association - than “commercial”.
- ~~✍~~ Not much structural change required to shift from current setup under the MoSD; same requirements apply.
- ~~✍~~ No involvement in details of operations (membership fees, revenue sources, activities) - as long as these do not jeopardize national security as judged by MoI.
- ~~✍~~ Unlike the capital requirements for setting up a commercial entity under the MIT, the MoI law governing associations is very similar to the MoSD law governing NGOs.

Cons:

- ~~✍~~ Every step to be taken by the institution at any future date must be clearly detailed in the Articles of Association upon registration. These are to be approved by the MoI, and any future changes may be difficult to get through.
- ~~✍~~ Approval of Articles of Association usually takes the longest time under MoI.
- ~~✍~~ Given that there is no need for structural change within the institution as a precursor, BPWA management and BOD might not feel the urge to rethink their vision, mission and strategic objectives. Accordingly, BPWA might find it difficult to attract more “professional” profiles who are willing to pay higher fees.

Required Pre-requisite Steps:

1. Dissolve BPWA by order of an extra-ordinary session for the General Assembly (GA).
2. Transfer assets to other entity prior to initiating transformation process. However, this

process may be avoided if discussions are held at highest level at the MoSD, and approval is granted for transferring assets directly to the new association. Legal advice is needed on this matter.

5.2) To summarize, the grid below identifies key areas that differentiate the process of registration at either MoI or MIT:

Ministry	Capital Requirement	Structural Change Required	Structure Conducive to Sustainability	Direct Involvement in Operations	Impact on Image
Industry & Trade	YES (JD30,00 minimum)	YES	YES	NO	Complete image change
Interior	NO	NO	YES	NO (as long as all activities clearly stated in AA and approved by MoI)	Not much impact

6.0) RECOMMENDATIONS

- 6.1) Unless BPWA is willing to invest heavily (including financially) in building its own institutional capacity in preparation for a more commercial approach, *the consultant recommends that BPWA register under the Ministry of Interior.* (Another option could be for BPWA to maintain its current legal status under the MoSD, if no resources are available to undertake a strategic overhaul of operations.)
- 6.2) Registration under the Ministry of Interior requires minimal change at the institutional level, and buys BPWA more time to think through their strategy if resources are not available for that immediately.
- 6.3) Whatever choice is made, it is vital that the BOD and management of BPWA recognize the need to revamp the institutional image, focusing more on strategic options that will eventually lead to operational and financial sustainability. This entails flattening the organizational structure, empowering the ED and implementing a more hands-off approach by the BOD, as well as designing products and services that respond to market demands. Most importantly, BPWA should price its services at a carefully studied rate that is conducive to operational and financial sustainability.
- 6.4) To avoid potential problems and extensive scrutiny by the MoSD, BPWA should engage a legal firm with experience in similar undertakings. The consultant recommends the law firm of Rajai Dajani (Tel. 568-0111; Fax: 568-0333). This firm has the most experience to deal with the legalities of corporate issues at the highest levels.
- 6.5) A suggested SOW for the law firm is attached at the end of this report.

ATTACHMENT

Draft Scope of Work for Law Firm

Draft SCOPE OF WORK

Specific Tasks of the Law Firm

Total Expected LOE: 10-15 Days

Task and Consultant

I. Specific Challenges Addressed by this Consultancy

During the next 3-4 years, the USAID-funded AMIR Program, through the Business Management Initiative will strengthen the management skills and advocacy capacity of Jordan's private sector to effectively compete and succeed in the global economy. This will be achieved through enhancing private sector capacity to identify, create and capitalize on opportunities within Jordan and in the global economy. Our work will proceed on three main tracks: Skills development of business executives, support to public-private partnerships and strengthening of business associations.

For Jordan's economy to grow rapidly, business associations must play a more active role in promoting competitiveness, productivity, efficiency, and diversification. They must also focus on delivering information and services that strengthen the skills of Jordan's workforce and spur private sector-led economic growth. Consequently, we will work with business associations, building their capacity to serve their members and contribute measurably to Jordan's economic development.

The Business and Professional Women – Amman (BPWA) is a voluntary business association, established in 1976. It is directed by an active committee of nine members who are elected every three years. The BPWA acknowledges the urgency to redefine its focus, mission and objectives, and reorganize its programs and services accordingly. Another pressing issue is the financial troubles that the association is experiencing. The BPWA needs to significantly change its dues structure and introduce new and diversified membership categories focused on individuals as well as organizations. One of the challenges the BPWA faces is the fact that it is registered under the Ministry of Social Development, resulting in limited flexibility to raise membership dues. Therefore in addition to changing the focus and implementing a new strategic and work plan, it is essential for the BPWA to change its official registry to either the Ministry of Industry and Trade or Ministry of Interior, as an important step towards achieving operational and financial sustainability.

II. Objective

To assist BPWA in transforming its legal status from a voluntary organization registered under the Ministry of Social Development (MoSD) to an association registered under the Ministry of Interior (MoI). To advise BPWA on all actions need to precede the transformation process, especially related to the financial structure, in order to minimize MoSD direct involvement in the process and maintain BPWA ownership of assets.

III. Specific Tasks of the Consultant(s)

Under this Scope of Work, the Law Firm shall perform, but not be limited to, the tasks specified under the following categories:

A. Background Reading Related to Understanding the Work

Consultant(s) shall read, but is/are not limited to, the following materials related to fully understanding the work specified under this consultancy:

- Law Firm
 - BPWA Articles of Association/Bylaws
 - BPWA Financial Statements

B. Background Interviews Related to Understanding the Work and Its

The Consultant(s) shall interview, but is/are not limited to, the following individuals or groups of individuals in order to fully understand the work specified under this consultancy:

- Law Firm
 - Wijdan Saket, BPWA Chairperson
 - Ms. Shireen Nasser, BPWA Executive Director
 - Other key individuals

C. Tasks Related to Achieving the Consultancy Objectives:

- Law Firm
 - Assess BPWA's current institutional and financial structures, and advise on steps need to be taken to transform the legal status from the MoSD to the MoI while preserving association's assets
 - Undertake and supervise registration process under the new Ministry.

IV. Time frame for the Consultancy.

Unless otherwise specified, the following time frame will govern the timing for the completion of this consultancy:

	Start	LOE	To Post	From Post	Field Work	3rd Country	U.S.A.
Law Firm	TBD	10 Days	0 days	0 days	10 days	0 days	0 days

V. LOE for the Consultancy.

This consultancy will require the effort of the following consultants:

<u>Consultant Name</u>	<u>Travel</u>	<u>Field</u>	<u>U.S.</u>	<u>3rd</u>	<u>Total</u>
Law Firm	0	10	0	0	10
<i>Subtotal</i>	0	10	0	0	10

VI. Consultancy Qualifications