

# 11

## The Role of Institutions

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### *A. National Coalitions of Services Providers in the Caribbean*

*Michelle Hustler*

#### **Introduction**

This case study is about a services coalition in a developing country that provides a viable solution to developing the services sector in a country. The focus of the case study is Barbados, a very small island (166 square miles) in the Caribbean with a population of 280,000 people. Services constitute 84 per cent of the island's GDP. Services also constitute two-thirds of the world's economy and form the fastest growing component of world trade.

#### **Overview**

A coalition is an organisation of stakeholders who have similar goals and who need each other to achieve those goals more successfully. They have many diverse sub-sectoral interests, but common industry-wide objectives. In the case of the Barbados Coalition of Services Industries (BCSI), stakeholders fall into two categories. 'Association Members', of which there are 45 in the BCSI, are professional organisations ranging from engineers, doctors, lawyers and accountants to filmmakers, musicians, reiki practitioners and masseurs. The other membership category is 'Individuals/Companies'.

The BCSI represents the full gamut of what we refer to as the 'non-traditional services sector'. BCSI is not responsible for tourism or offshore financial services, because Barbados is very strong in those two areas, and the whole point of the coalition is to develop and diversify the services sector away from tourism and offshore financial services.

The coalition emphasises co-ordination, co-operation and collaboration. It is an umbrella body for a diverse and fragmented sector. Governments tend to respond well

to co-ordinated lobbying efforts, and this is one of the coalition's roles. The coalition organises and strengthens the services sector. It collects and disseminates information. It fosters networking, partnering and international trade and it contributes to the generation of foreign exchange.

BCSI draws lessons from the US Coalition of Services Industries (USCSI), the first such coalition to be formed. The USCSI was established in 1982 as a response to the WTO Uruguay round. It is primarily an advocacy organisation and its stated objective is:

*Expanding the multilateral trading environment to include more countries and more services, enhancing bilateral services trading relationships, and ensuring competitive services trade in the global marketplace.*

Essentially the USCSI seeks to expand its market share for its members – very large services companies like AT&T, FedEx, Deloitte & Touche, GE Oil and Gas. The board members and the working committees comprise leaders from MetLife, Microsoft, Citigroup, Verizon and others, and the membership fee is US\$20,000. The membership and functionality of the organisation have few similarities with the realities of a coalition in a developing country.

Any services umbrella body, whether or not it is called a coalition, can become a member of the Global Services Coalition, an informal grouping that lobbies on behalf of the global services sector. BCSI is a member. Some other coalitions that are members include: Australian Services Roundtable, Canadian Services Coalition, European Services Forum, USCSI, Hong Kong Coalition of Services Industries, Jamaican Coalition of Services Industries, Japan Services Network, NASSCOM, Taiwan Coalition of Services Industries and International Financial Services London. The following excerpt from a press release of the Global Services Coalition demonstrates its concerns and connections:

***Global services businesses call for positive action on trade to create jobs, growth and development***

*14/10/09 – An unprecedented gathering of over 400 services businesses, governments and other leaders from all over the world took place in Washington over the last two days, with six Trade Ministers, from the United States, European Commission, Australia, India, Columbia and Panama, as well as the Chairman of the House Ways and Means Committee and the Director-General of the WTO.*

*All agreed on the importance of fighting protectionism and allowing trade to bring a multiplier effect to the emerging economic recovery. All agreed that services are fundamental enablers of economy-wide productivity and drivers of economic growth, employment and development. The time has come to recognize this interconnectedness and to refocus the global trade agenda so that new job opportunities in services can provide the necessary platform for sustained economic expansion.*

*We call on our governments to draw on the energy of the G20 to overcome difficulties and speed progress in the WTO. G20 Leaders provided a forceful lead in Pittsburgh in September, recognizing that ambitious and balanced completion of the Doha Development Agenda, during 2010 at the latest, is an essential prerequisite in underpinning and sustaining any significant revival of world trade. We urge our governments to re-engage with a commensurate sense of urgency exploring all options to boost confidence and move forward together on all three market access pillars towards a settlement that will achieve positive growth in world trade...*

## **The formation of BCSI**

In 1997, the idea of a Caribbean coalition came up at a regional workshop on trade and services. The Caribbean Export Development Agency then commissioned a paper, 'Towards a Caribbean Coalition of Service Industries'. In 2001, CARICOM's Council for Trade and Economic Development agreed that all members of the regional grouping should form a coalition of service industries. Now Barbados was the first; it established BCSI in 2002. Several other coalitions have since been launched, but there are only three that are fully operational today: Trinidad and Tobago, St Lucia and Barbados.

Exploring why the BCSI was established, and the pieces that fell into place: I like to call it a perfect storm because a lot of negative things resulted in something good. Although it was a CARICOM suggestion, at the same time, the professional services providers in the private sector had come together to formulate a response to the Free Trade Agreement of the Americas (FTAA) that was then being negotiated. They were also preparing to enter new agreements with the EU where they would no longer be accorded preferential treatment, and they were facing declines in the agriculture and manufacturing sectors. The year, 2001, was also the year of the 9/11 attacks in New York and Washington, and we felt for the first time how volatile our tourism industry could be, as well as our offshore financial industry.

The Government of Barbados offers free tertiary education, which means lots of very smart people are graduating and unable to find work beyond low-end jobs in the tourism industry. This situation is enhancing the nation's brain drain. There is therefore a need to create value-added jobs. Lastly, Barbados, having a larger educated work force, has a comparative advantage. So for all of these reasons, the government decided to financially support the Barbados Coalition of Services Industries.

## **The BCSI model**

The CARICOM objectives with respect to the development of the services sector in the region are to:

- Provide the services providers with knowledge of export opportunities;

- Organise trade missions to identify and exploit market opportunities;
- Encourage services providers to develop export programmes and promotional activities through local, regional and international collaboration;
- Promote the further development and competitiveness of the services sector;
- Ensure that the highest industry standards are met by all services providers;
- Educate the services providers on relevant aspects of the CARICOM Single Market and Economy (CSME), FTAA, the economic partnership agreements (EPAs) of the EU-ACP, the WTO General Agreement on Trade in Services (GATS) and any other trade agreements or developments on trade in services;
- Educate services providers on relevant government policies that can assist or hinder the export of services;
- Represent the interests of the services sector, including lobbying government and promoting fair multilateral rules for trade in services;
- Promote the formation of services providers into associations;
- Advise governments on market conditions/trends with a view to implement/relax policies to facilitate the growth of local practitioners;
- Encourage strategic alliances/partnerships with regional and extra-regional counterparts;
- Ensure that factors such as population, GDP, size of country and educational resources are contemplated during the implementation of any trade agreement.

At BCSI we have summarised these into five objectives:

- To promote the further development of and competitiveness of the Barbados services sector;
- To encourage services providers to adopt the highest international standards;
- To educate Barbados services providers on relevant aspects of trade agreements and on any government policies or issues that can affect trade in services;
- To represent the interests of Barbadian services providers by lobbying government for legislative and policy changes to promote fair multinational rules for trade in services;
- To provide Barbadian services providers with knowledge of export opportunities, and to promote export activities.

The mission of the BCSI is to foster the international competitiveness of the Barbados services sector by seeking to encourage and enable services providers to export their

services. A developed services sector is informed, organised, supported, contributory, competitive and, most of all, exporting efficiently and effectively.

When it started, the BCSI was not much more than a concept; we knew we needed a coalition but there was no firm work plan and no clear understanding of how to proceed. The templates of the other coalitions that were in existence – the USCSI or the European Services Forum or the Hong Kong Coalition or the British Invisibles (at that time) – had nothing in common with the BCSI reality, with its membership of micro and small enterprises and a board of directors consisting of the association representatives, who generally have not exported. We devised a new model, a progressive strategy towards services exporting. Our template has four components, as follows:

*Education and development* – The aim of the education is to increase understanding of trade in services and why it is important, what it means to be a services provider and exporter of those services, and export openings in the context of existing agreements and those being negotiated. The BCSI offers a horizontal approach to development, which means it is not sector specific but skills and strategies based to encourage or enable any service provider to export more successfully. For example the use of IT, or the importance of strategic alliances in services exporting, or networking, or relationship marketing. These are areas where we might offer developmental support.

*Export promotion* – Once you have developed the capacity to export, the next step is export promotion. BCSI to date: we are in the middle of planning our eleventh. The BCSI was one of the first services organisations to offer a services exclusive trade mission and so far has undertaken ten such missions. Again, there is no model for a services trade mission, and it has to be considerably different from a goods mission. Building on our experiences we have now developed a strong services trade mission model.

*Lobbying and advocacy* – Services providers who have never exported tend to base a lot of their understandings with respect to trade on misconceptions; they tend to take a defensive stance to liberalisation and do not actively consider offensive positions. When we approached our members about negotiating the economic partnership agreement with the EU, they indicated that they wished no additional liberalisation, and of course we could not negotiate in that fashion. Once an organisation has exported, however, they tend to be more offensive. They recognise how some inputs will add value to their offerings and they pay more attention to the policies the government puts in place with respect to trade. We find therefore that persons are much better lobbyists once they have exported. We try to take people through the whole process, from learning about trade and services to developing capacity to export, and on this basis they are better able to lobby the government for the type of framework they wish.

## ***Funding***

The BCSI can be described as a 24/7 lobbying agency for the government, which gets paid in advance. The BCSI is fully funded by the government; we receive a subvention every year. Currently we are working with the Ministry of Health to establish a Wellness Council; with the Ministry of Culture to develop a set of incentives and policies for the cultural industries; with the Ministry of Tourism in establishing a strategy for the Health and Wellness Sector; and with the Ministry of Trade in negotiations with Canada. We work with several ministries to collect the private sector's views and to inform the private sector, a service that would otherwise have to be outsourced.

So the government could perceive the subvention allotted to the BCSI as payment for services 'to be rendered'. It could be seen that the government actually ends up saving money, because the amount of advocacy and information dissemination and collection we do on its behalf might otherwise be more costly if there was no coalition.

## **Role of the BCSI**

We have established a core project for each of the BCSI's four export strategy areas:

*Education* – Our main project is *The Flying Fish*, a bi-weekly e-newsletter that covers trade news, opportunities from all the international financial institutions (which we collect weekly and post on our websites), trade events, and coalition news.

*Development* – we offer a programme called SECEP (the Service Exporter's Certificate of Excellence Programme). Last year it was a seven-module course (participants could take one or all seven) offering different skills in services exporting.

*Export promotion* – We organise services trade missions.

*Lobbying and advocacy* – We established the Association Incubation and Support Unit to support the BCSI Association Membership category, which includes 45 service associations. Eight of these have secretariats, meaning that 37 do not. These associations tend to be very weak; where, at best, they hold an AGM and/or one special event per year. Without strong associations, lobbying and issues related to standards become more challenging, which is why the Unit offers them administrative and development support. Ten associations are currently in our Lobbying and Advocacy Programme. We perform some of their administrative functions, which allows them to focus on the more important elements of running an association – the development of their sector. We also contribute to the development of the associations in devising membership strategies or export programmes that the association themselves can implement.

### Box 11.1. Summary of the role of the BCSI

**Education or Awareness Building** – Raising awareness of the importance of the services sector, and educating the private sector and the governments on trade in services issues.

**Institutional Development** – Organising the services sector through the establishment of services associations, and strengthening existing associations to serve as meaningful focal points for the sector.

**Sectoral Development** – Increasing the capacity of service providers to export through sector development initiatives, and encouraging the adoption of the highest international standards.

**Private Sector Development** – Equipping service providers with the skills to increase their competitiveness nationally and internationally.

**Lobbying and Advocacy** – Representing the interests of the services sector, promoting a ‘services-first’ approach by governments, encouraging the adoption of fair multilateral rules for trade in services, contributing the negotiation processes, and collection and dissemination of information.

**Export Promotion** – Identifying export opportunities, organising trade missions/shows, encouraging associations to adopt export focused programmes, facilitating trade initiatives (inbound/outbound), networking.

A national services coalition requires the support of many in the development of the services sector, namely the professional associations, the government, the private sector, educational institutions, lending institutions, and other business support organisations. These organisations along with the coalition must take responsibility for development of the sector. The government has an important role to play. Many governments talk a lot about their services sector, but, as is the case with other coalitions in the Caribbean, they do not support the coalitions financially – although they are continuously supporting the agricultural and manufacturing sectors.

## Challenges

Following are some of the challenges that the BCSI faces:

- Capturing service statistics especially those related to who is exporting what via which mode.
- Inter-regional travel and transportation of goods is both costly and complicated. A single market and economy is not as useful as it could be when our products and personnel have to go up to Miami in the US and then back down again in order to get to Jamaica.
- International property rights, IT infrastructure: again, in Barbados the internet tends to be very expensive, and much slower than what is offered in the US.

- Trade facilitation: this is really practical solutions to trade. When the government negotiates these agreements, and basically says 'Go!' the private sector does not really know how to respond. They have not bridged the gap between what they hope that we would accomplish in, say, the EPA, and what we are accomplishing right now with respect to the EPA.
- Again, private sector perception: people think it is hard to export your services, or you have to be really big, or you have to have some kind of foundation before you can export, and none of that is true. A one-man company – a consultant, an architect, and an engineer, for example – can export their services once they have the right vision.

The most important things to consider when setting up a coalition:

- You need a private sector champion, someone who understands and believes in services exporting and is a pillar of the business community.
- That champion has to be paid: this is really important, because if there is nobody paid to do the work of the coalition, as so often happens, no tangible work really gets done. Everybody involved has a business to run, and running a coalition is a lot of work.
- You need private sector support. Most countries have an agriculture association and a manufacturing association, but very few have a services umbrella body. You need the private sector to push for this, and understand why it is important to have a voice in just the way that the other sectors have a voice.
- Public sector support: government ministries need to understand and tap into the resource potential of the coalition.
- You need a sector assessment: where to start, strong sectors, sectors with the most export potential and so forth.

## ***Financing***

Things get really tricky when it comes to financing a coalition. As already noted above the BCSI is fully supported by the government of Barbados. The problem is that our subvention has gone from small to large and now back to small; we are never sure what is going to happen next year – or indeed, year to year. USCSI, on the other hand, at \$20,000 a member, is supported by its membership. We have been toying with the business model; if the government does not want to offer the subvention that can sustain the organisation, then we can charge them for the services we are offering or perform other services consultancies and even charge a commission on opportunities we successfully acquire for our members. We also subsidise all of our events very heavily; when there is a trade mission, we subsidise up to 50 per cent of all



costs, including airfare, accommodation and consultancy fees. The alternative would be to decrease the subsidy and increase the contributions of those taking part.

## Conclusion

The flying fish logo we have adopted may seem strange since BCSI is not about fish, but it is actually a very good match. Flying fish are very small. But given the right impetus, they can fly the length of three football fields; they can fly really far, if the wind catches them right, and if they are going at the right speed – they break the water and they just go. It is the perfect analogy for the Barbadian services provider; they are also really small, but if you give them the right impetus and the right push, they can compete in any market.

By way of example: A few days into one of our first trade missions, one of the delegates pulled me aside. He was the head of a construction company that had never exported before. He told me, ‘We just completed our strategic plan, and it cost a lot of money and it took a lot of time to do. When I get back to Barbados, though, I am ripping it up, because I am not a national company, I am an international company.’ It is this light that the BCSI tries to switch on in people: you are not national companies; Barbados is not your market. At worst you are a regional company, and at best, you are an international company. We generate possibilities. This same gentleman went on to do a large construction project at an international sporting event in Guyana, and has established a long-standing relationship with Guyanese construction companies in which he sources products and so forth. This company now includes exporting as part of his strategic plan; he has been successful in Guyana, and he is successful otherwise. This is one of many success stories of the BCSI.

## *B. Public Support Institutions in Malaysia*

*Ir. Ahmad ‘Asri Abdul Hamid*

### Introduction

This case study looks at the role of the Professional Services Development Corporation (PSDC) in developing the Malaysian professional services sector. It outlines the rationale for establishing a body such as the PSDC and the challenges that we faced. It ends with an assessment of the way forward in addressing the issues and challenges.

## The establishment of the PSDC

In 2000, the government of Malaysia decided that it was time for Malaysia to liberalise its services sector since it had been identified as the engine of growth in the 1995 Uruguay Round. Malaysia had been perceived as a closed, protected market that constrained the development of the services sector, and hence limited its contribution to the country's economic development.

The professional services sector became concerned as a result of the government's decision. The Board of Engineers Malaysia, the body that governs and regulates the engineering profession in Malaysia, together with 21 other professional associations, issued a memorandum to the government outlining the challenges that they would face if Malaysia were to liberalise its services sector at that point in time.

They argued that Malaysia's professional service providers were just not ready for liberalisation, and they needed time. They came up with a number of recommendations about defending and protecting the market, assisting professional services firms in capacity building, and facilitating and supporting the export of professional services firms. They proposed the formation of a lead agency to enhance the capacity, capability and international competitiveness of Malaysian professional services firms.

Against this background the Professional Services Development Corporation was established on 30 April 2002. It was set up as a company limited by shares, and 100 per cent owned by the Ministry of Finance, but placed under the supervision of the Ministry of Works. It is governed by a board of directors comprising public and private sector representatives, and is chaired by the Secretary General of the Ministry of Works.

The rationale for the establishment of PSDC was based on two considerations. The first was the feeling within the professional services sector that they were not ready to face the challenges that come with liberalisation as up to 80 per cent of the firms are small with very limited resources. When it comes to export, if you are small you have to focus your skills, and it becomes difficult to bid for World Bank or Asian Development Bank (ADB) projects. It was felt that public institutional support was required to assist them to find and penetrate export markets initially. The other reason for developing the PSDC is the importance of the professional services sector. In Malaysia, the compound annual growth rate (CAGR,) for the services sector was estimated at 35.5 per cent from 2007 to 2009. The professional services stake has continued to rise; it went up by 216 per cent between 2006 and 2008. It is a growing and highly productive sector: it was estimated in 2008 that the Malaysian employee contribution for professional services sector was about 1.3 times more than the Malaysian average for all sectors.

PSDC have been carrying out surveys since 2008 and we have found that there are 145 professional services firms exporting their services. In terms of breakdown,

the engineering companies lead the way with 25 per cent of them exporting their services, followed by companies in architecture (23%), legal and surveying (15%), and accounting (7%). Overall, 78 per cent is from the construction sector, while 22 per cent is from the non-construction sector: accountancy, legal and so forth.

In terms of size, it is interesting to note that 72 per cent of the exporters are small and medium enterprises (SMEs). In terms of region, most of our projects and firms are in ASEAN and other Asian countries, followed by the Middle East. The involvement of Asian professional services firms in the African continent is very limited.

At the outset PSDC had a problem in identifying the scope; everyone claims to be a professional so where should we draw the line? The PSDC board of directors decided that we would focus on accredited professionals who offer ‘a service requiring specialised knowledge and skill, usually of mental or intellectual nature, and usually requiring a licence, certification or registration’. The key element of this definition is that it is a knowledge-based industry, i.e. based on people. These professionals are governed by codes of ethics, and they must have a licence or some kind of certification, qualification or registration accreditation. Our scope, then, covers a number of possibilities from non-construction professions (legal, pharmaceutical, medical and health, and accountancy), as well as the construction ones (architecture, engineering, surveying, interior design, landscaping, town planning and project management).

In terms of our key stakeholders, because of the scope that we cover, we are owned by the Ministry of Finance, and placed under the Ministry of Works. Several government agencies are stakeholders. Some of these agencies do capacity building, some do export, and others are regulatory in nature. Those that are involved in policy include the Ministry of International Trade and Industry (MITI), which is in charge of policy for services, and the Malaysian Industry Development Authority (MIDA), which promotes service investment.

## **The PSDC vision**

PSDC seeks to be the prime mover and leading exporter of professional services in Malaysia. Its mission is to promote our professionals overseas, to build capacity and capability, advocate for the professional, and to be an information centre for the professional services sector.

For capacity and capability building, we concentrate on training in export-related areas like marketing and management, and we try not to duplicate or encroach on the territories of associations and boards by undertaking technical training. We also focus on best practices such as six-sigma and value management, and on soft skills. We include technology and building industrial modelling and 3D design because we believe that in order for many architectural firms to survive or to prosper in the overseas market, they need to know building information modelling (BIM). We also

do training for accreditation – International Organization for Standardization (ISO) and Project Management Professionals (PMP) – because we believe that internationally recognised accreditation is a source of competitive advantage, or at least, a requirement in several markets, particularly in the Middle East.

In terms of international marketing, we promote the achievements and capabilities of Malaysian professional services firms. We use a slogan that was introduced by our former Prime Minister, ‘Malaysia Boleh!’, which means ‘Malaysia can’. Our Prime Minister said, ‘If people can build a world-class airport, Malaysia can; if people can climb Mount Everest, Malaysia can’. So he instilled in us ‘Malaysia Boleh’ and what I am telling the world in promoting our professional services firm is, if other professional services firms can do world-class design, ‘Malaysia Boleh’: Malaysia can.

We also disseminate information about opportunities and facilitate ventures; help in lobbying for overseas projects and try to get leads in overseas markets for our players; and monitor and assist in addressing issues in international projects. In terms of advocacy, we provide a platform for the professional services sector for discussion, to raise issues with the government and to establish international links. Finally, we have become an information hub for our professional services sector. It is very challenging sending out surveys to our professional services firms: we send out 9,000 survey forms and we get back 400 forms. It takes a lot of persuasion. It is not easy getting information, especially about money; when you ask them about revenue, they will not tell you. So that is why we have statistics on the countries’ involvement, we have the scopes of involvement, we have the year of involvement, but we do not have the value. We also publish promotional material for the professional services sector.

## Challenges

### *Company status*

PSDC is a very tough organisation to run because the founders established it as a company in order to speed up the process: if you want to set up as another kind of entity, it will take time, but setting up as a company is easier. That poses a challenge because the role that we are expected to play is a developmental one. We are supposed to promote and assist export, and promote and assist capacity building. If you charge high rates to train people to become exporters, they will not come. Instead, if you give them subsidised training they will come. So there is the thing: we are expected to play a developmental role, and we are formed as a company. This means that every year without fail we will get a letter from the Ministry of Finance asking why this company has lost money. Now, they are saying that they are going to stop the supply of fund, and that we will have to be self-sustainable and survive on our own. It is very difficult if you run as a company, and are expected to play a developmental role: there is a contradiction.

## ***Limited stakeholder support***

The second challenge arises from the fact that there is limited support from stakeholders. Some of them just do not come, because it is on a voluntary basis, and there are three reasons for that. The first one is this attitude: ‘You are a company and I am a company so why do I need you?’ We have to develop, then, provide them with something that they need; we have to develop the honey to attract the bee. That is a challenge in itself. The second is that we do not have a source of legal power; we do not have regulatory power or any act to support us. We do not even have the ability to influence policies, and with government funding about to dry up our final source of power will be gone and our ability to attract stakeholders will be weaker. The final challenge relates to our status under the Ministry of Works. This is not something that I complain about, but a lot of others do; accountants in particular want to know why they should come under the Ministry of Works when they have always been under the Ministry of Finance. As a consequence, when we want to champion the cause of our professional services sector, some accountancy firms are reluctant to give us any input.

## **Moving forward**

There have been a number of workshops and high-level meetings to discuss how to position PSDC. One of the proposals is that PSDC be turned into a statutory body, parked under an operational ministry such as the Ministry of International Trade and Industry. Another is that we must be given sufficient and sustainable funding to support our developmental role.

The third one is that PSDC must be formally recognised as a professional services cluster leader, because, to develop the professional services sector as a whole, it needs to be able to influence demand. In relation to production, for example, a lot of firms complain that graduates coming to the job market nowadays are not ready to become professionals – they are not ready to work. PSDC should be looking into such issues and creating training programmes to address them. Being recognised as cluster leader would also give a boost to our efforts to promote ISO (international accreditation) for professional services companies. We say ISO is very useful, and that it is necessary to venture and get projects in the Middle East market. Yet, in local projects, ISO is not given any consideration. This undermines our message; people come back to us and say, ‘What is the use of your ISO?’ If PSDC were in a position to influence demand, it would be better able to resolve such issues.

## **Conclusion**

The professional services sector is very important to the national economy because it is a highly productive sector, and it can also support other industries. So the success of the professional services sector will also be the success of other sectors.

It is appropriate to establish an entity to spearhead the professional services sector development. However, the entity must be provided with sufficient and continuous funding. The entity must be empowered and recognised as the cluster leader, and ultimately, the success of this entity will depend on long-term and firm commitments from stakeholders.

## *C. ICT Software Clusters in Uganda*

*Charles Basajja*

### **Introduction**

The ICT Software Cluster-Kampala is a membership-driven organisation that brings together over 50 small and medium enterprises (SMEs) working in software development to share knowledge, information and business opportunities. The cluster facilitators and leadership team created a five-year strategic plan (2010–2015) to give direction to its purpose and thereby provide a guide for implementation of the cluster activities.

### **Composition**

In 2009, an international team of innovative systems and clustering programmes initiated a training of seven participants from academia (most were from Makerere University), the Government of Uganda represented by the Uganda Investment Authority and the private sector represented mainly by SMEs. These pioneering members formed an administrative component called the Facilitation Group (also known as the Executive). The chairperson is the assistant vice chancellor of Makerere University. This later gave birth to the Leadership Group with a chairperson who is also a member of the National BPO Strategy Task Force. The Leadership Group functions as the management team and was elected from the registered membership of SMEs. These two functional settings form the core team that is responsible for the daily activities of the cluster.

### **What does the cluster stand for?**

*Vision:* To gain recognition for Kampala as the great hub of software development by 2015, and as the leading mover of the Ugandan economy.

*Mission:* To enhance competitiveness and build capacity in specialised software development in SME companies in Kampala.

### *Goals:*

- To make possible growth and development among business owners working with academia and government to innovate and provide high quality products and services to customers; and
- To use the triple helix advantage to purposely create synergies between academic research and innovation with commercial interests that team up to deliver one solution, with the aid of a good governance environment fostered by the government.

### *General Objectives:*

- To promote standardised projects and business management systems with cluster members;
- To actively build collaboration and linkages among cluster members and stakeholders;
- To establish and maintain sustainable structures that will enable the cluster to run as a professional and profitable company; and
- To stimulate and promote innovation amongst cluster members.

### *Specific Objectives:*

- To carry out activities of opportunities identification, growth and development as well as increase competitiveness, capacity and collaboration between cluster members;
- To carry out activities of advocacy and communication with a view to increase cluster activities and presence in the country;
- To carry out research into the possibilities of taking innovations and commercialising them whilst promoting a conducive environment for operations of various commercial initiatives;
- To establish a standardised approach to project management and technical implementation.

## **Achievements**

Over time, the ICT Cluster has managed to attract membership from various stakeholders in the IT industry and several others from other business sectors. With support from SIDA/SAREC,<sup>1</sup> and working with stakeholders, we have also conducted functional workshops and seminars, and sourced business opportunities for our members. Among other activities, the cluster participates in major EXPOs and trade fairs in its efforts to communicate its vision and attract more enthusiasts. Currently, we are engaged in

the process to establish cyber laws in Uganda, advocating for more relevancy for our members through Private Sector Foundation Uganda, an umbrella body.

## **Challenges**

There are several challenges that an organisation like the ICT Software Cluster-Kampala could be facing yet the most aggressive one is that of busy schedules for all stakeholders, whether from academia, the private sector or government. Insufficient funds is another challenge. We are implementing self-sustaining projects, like the e-Learning Project and the National ICT Awards, to address this challenge but we also need to build trust and confidence among our member companies to take up collaborative business opportunities.

## **Future projections**

In our business plan, which is a component of the strategic agenda, business development is the top priority. We have put in place teams, working to deadline, for the attainment of various goals on projects related to the following areas: Business Development; Technical Certifications; Research and Development; and Advocacy and Communications.

## **Conclusion**

The mandatory concern of ICT Software Cluster-Kampala is a simple commitment to establishing a strong vibrant capacity in IT innovation, enhancing the rate, quality of flow and transformation of innovative ideas into new products and businesses. Through clustering, our member companies will grow and therefore improve their incomes. In the process, the government will be able to achieve growth in the IT sector and therefore the services sector as whole as a result of the cluster potential appropriately harnessed.

IT adaptation in services organisations will increase and thereby make them more efficient, faster and competitive in a global economy. It is evident that the use of IT services, particularly software, to raise productivity has helped several nations with business investments in the IT services sector to achieve higher levels of real, non-inflationary growth and higher living standards.

## **Note**

1. SAREC is a department of the Swedish International Development Cooperation Agency (SIDA).