



# GBM Strategic Planning Discussions - One Year After

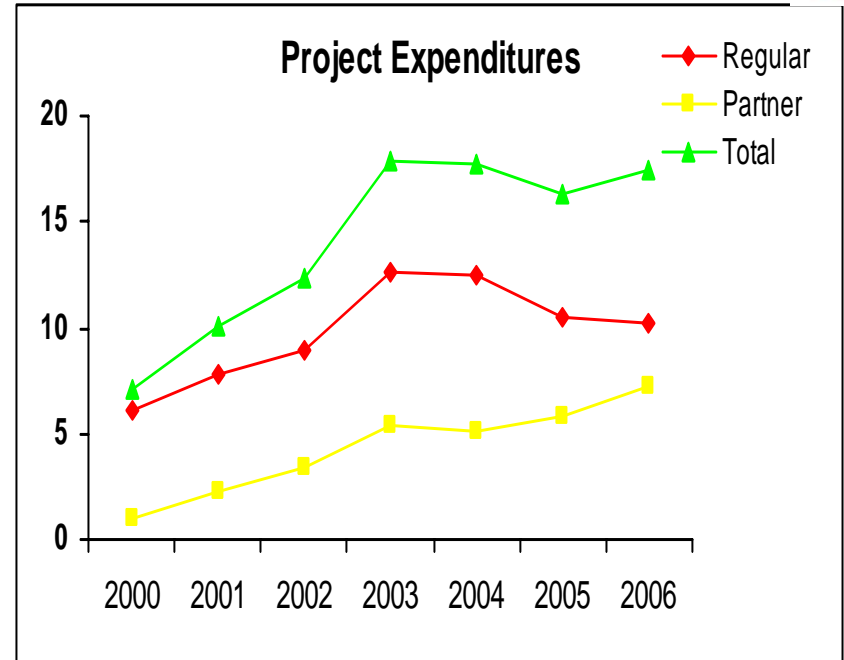
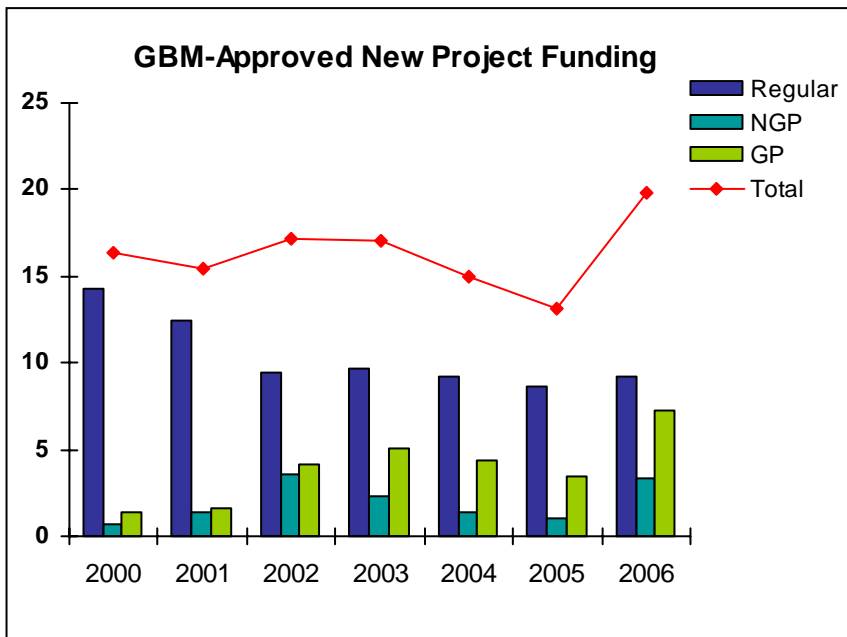
Presentation to 24<sup>nd</sup> Meeting of STCU  
Governing Board



## **In 2006, GB Began STCU Strategic Planning Discussions Based on the Following Assumptions:**

- Total Project Activity (STCU's Past Administrative "Driver") Declining, Primarily Due to Falling Regular Project Financing since 2003...
  - *U.S. Announcement at Nov. 2006 GBM Suggested a More Precipitous Reduction in New Regular Project Funding Than Anticipated.*
- ...Means that STCU Administrative Operations Needs to Begin Changing Now – More Programs and Supplemental Budget Activities; Less Project-Volume Activity
  - *U.S. Announced Financing Shift from Regular Projects to Programmatic Approach on Institute Sustainability Supports This View*
- ...Means that STCU Administrative Operations Need to Change Over Next 4-5 Years, with Appropriate Adjustments to AOB Levels in the Near-Term and Governing Board Planning on Future STCU Strategic Directions

# What is Different Now Than In 2006....



- The Year 2006 Saw:
  - Abrupt Increase in New Project Funding, Led by Dramatic Increases in Partner Project Funding (Historic Highs in Total Project Funding)
  - Turn-Around in Project Expenditures Due to Project Increases & Improvement in Internal Productivity (Faster Project Agreement Processing)
  - Appears that 2007 is Starting the Same as 2006 in New Regular & Partner Project Financing => Project Activity May Stay Level for Next ~1.5-2 Years

**Conclusion: 2006 Project Assumptions Proved Wrong;  
Project Activity Will Continue Driving STCU Operations For Next 2 Years**

# What STCU Management Still Doesn't Know...



- ***#1: What Is the Near-Term (2-3 Years) Funding Profiles For the Partners Program?***
  - Increasing or Decreasing (What Is this Politically Acceptable to Governing Parties)?
  - Stay at Same Level (Not Likely, Given Historical Record)?
  - Cyclic (How Does STCU Management Cope with Such Variability)?
- ***#2: What is the Long-Term Outlook for the STCU Mandate?***
  - Continue Mandate As Is?
  - Exit Mandate?
  - Transition Mandate to Something Else (S&T Coop., Economic Development, etc.)?
- ***#3: What Steps Must Be Taken Now?***
  - Governing Board Guidance on Near-Term Program/Budget Planning for 2008-2009
  - Political Consensus on the Long-Term Mandate and Conceptual Organizational Frameworks?

# What STCU Management Proposes...



- **ASSUME: 2008 Operations Will Be Same as 2007 Levels**

- Rising Project Expenditures + 2006 “zero growth” AOB + 2007 AOB Cut => **Returned AOB to the “10%” Guideline for Admin Overhead**
- 2007 Project Activity Is Looking Like 2006 Level => **Status Quo for 2008 Project Expenditures**
- **Partner Projects in 2007 Could be a Wild Card (Again!)**

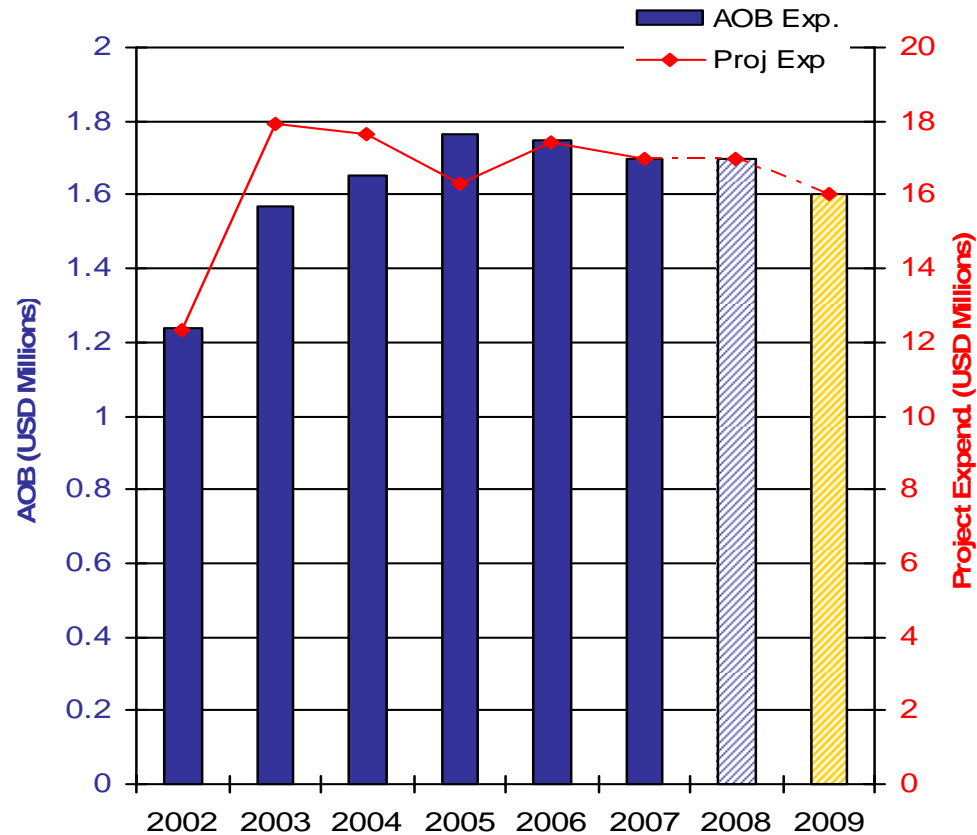
- **Propose A Zero-Growth 2008 AOB Request**

- Maintains STCU Administration of Projects While Attempting to Develop New Programs
- Allows One More Year for Longer-Term STCU Strategic Planning

- **ASSUME: Gradual Decline in Project Activity in 2009, with Gradual AOB Reduction**

- Need to be Prudent Due to Uncertainty in Future Partner Project Funding...and Regular Project Levels Could Change
- Continue to Analyze Activities and Staff Profile to Adjust to Admin “Drivers”

**AOB vs Proj. Expend.**



**Scale: AOB Bars and Project Expense Line Are Equal when AOB Expenses = 10% of Project Expenses**

**Governing Board Views on Partner Projects As the Near-Term Driving Factor Would Be Welcome**