

SOLIDARIDAD NETWORK

THE GROWTH OF AN INTERCONNECTED NETWORK ORGANIZATION

The inspiring idea behind an innovative organizational concept

It is happening already: can't you see it!

House rules Solidaridad Network

These house rules are further details and supplements to the articles of association. Besides rules and guidelines it may contain duties and powers. Also, procedures and methods may be laid down or referred to. House rules may not contradict the articles of association. Where this is the case, the articles of association have precedence over the internal house rules. The house rules can only be changed in an ISB meeting. The first rules of procedure and amendments are approved by a simple majority. House rules are public and can be requested by interested parties. The ED assesses the house rules annually on news items and provide any changes to the ISB to approve the new house rules in a ISB meeting.

I Creation of a network organization

After many years of preparation, testing and examining different alternatives and saving up money to make the initial investments possible, in 2010 Solidaridad formally started an exciting journey to transform a traditional Dutch organization for development cooperation into a network organization for international cooperation for sustainable development. At the start the basic intuition was the so called 10 / 10 formula. Creating a mature network organization would take ten years and would require an investment of 10 million euro. We are half way now. Five years walking the talk and making an investment of 6.4 million euro setting up the structures. The mid-term evaluation is positive; a lot has been achieved and the basic structures and processes are there. But a lot has to be done in the five years to come.

This decision for a gradual transformative shift of structures was primarily based on a positive evaluation of earlier decisions to initiate a process of creating a network of *Regional Expertise Centres* (RECs) covering the main regions of operation of Solidaridad.

The main lesson learnt from earlier experience was that the quality, results and impact of the programmes of Solidaridad could benefit significantly if the organization would make maximum use of local expertise, knowhow and staff, not just for the implementation of programmes but also for their design, management and evaluation. In a new network organisation policy development, evaluation and planning have to be shared responsibilities.

From this perspective the leading principle of the network organization in the making was the idea to organize management at the lowest level possible according to the subsidiarity principle, meaning in the regions where projects are being implemented. Empowered RECs

under local management with a strong mandate to plan and execute were to form the core structure of the new organization.

The second reason for creating a network structure of regional offices was related to institutional growth.

Future growth would have to be closely connected to better access to funding, both from the public and the private domain. What we saw was a tendency with funders to decentralise their decision making processes on budget allocations to the regions of operation and to restrict eligibility to local organisations. A Dutch based organization could not – easily - access embassy funds or funds from international donors, foundations or companies with a preference for funding local organisations.

A shared responsibility and mandate for the RECs to raise funds would create a new dynamic and facilitate further growth. And RECs with a local identity were a pre-condition for a successful local fundraising strategy and would unlock new funding opportunities.

From a broader perspective a certain level of ‘ local identity’ for RECs is required. Both at the level of governance and management stressing the local capacity of local structures and people. Balancing interconnection and autonomy.

So making the shift from a centralized operation from the Netherlands to a decentralized network structure could create considerable new potential, mobilizing local human capacities and funds.

At the same time there was an understanding that a balanced approach was needed.

A loose network would soon prove to be a lost network.

Sole emphasis on the autonomy of the regions would not stimulate inter-REC cooperation and would stand in the way of creating a *connected* global network, with a clear branding strategy, one mission and vision, global strategies and policies, global partnerships and trustful quality standards:

Solidaridad Network is one organization, one brand. A civil society organization of the new generation of 21 century CSOs. Solidaridad is a *dot. org*. Solidaridad Network reflects in its structures the geopolitical shift in the global relations; a fundamental change that characterizes our times.

What kind of inter-connection is needed and how should this be achieved?

Right from the start there was a feeling that also in this regard new paths should be tested. New leading principles for the network organisation had to be defined. Traditional top-down policy development and enforcement would not bring the relations and quality we were looking for.

We designed a better way forward, a new organizational principle:

participation in global policy setting as a means to create *ownership* of these policies, in order to generate the responsibility and *discipline* needed to deliver to the – jointly - defined objectives.

Although this principle has become the basic mechanism in the Solidaridad network organization, it needs to be defended and renewed at any time.

However, since we do not live in an ideal world - we might be idealists, but we're not naïve; no matter the trust and opportunities given, people can fail - a fall-back mechanism had to be created for situations in which this – ideal - mechanism does not work. These *corrective powers* were assigned to the highest authorities within the network: the International Supervisory Board at the level of governance and the Executive Director at the management level.

Network structures

Both principles of interconnection – a participative approach with autonomous local structures on the one hand, and the necessary mechanisms to correct on the other – had to be reflected in the network structure. The following choices were made:

1. We chose for a *network secretariat* instead of a headquarter: the secretariat is lean and mean, avoiding a cost centre absorbing too much resources from what really counts: our presence in the developing regions, close to our partners there. So first of all, the secretariat is a service centre for the network as a whole, providing services to the development and enforcement of our quality systems and standards for financials, accountability and control, planning, monitoring & evaluation, ICT infrastructure and human resource management. The secretariat is responsible for global communication, including our global website and the definition of a set of tools for global branding and communication guidelines.
2. Secondly an important role of the Network secretariat is to support the process of global policy setting by supporting the global institutions, like the Executive Director, the Executive Board of Directors, the Global Commodity Teams/ International Programme Coordinator, the Global Account Teams for donors and companies / Global Account Manager and the Issue Managers.

In stead of choosing for a top down CEO-concept, the network has an *Executive Director* (ED), who works closely together with the regional directors, the Managing Directors of the RECs. The relation between the ED and the MDs is like a two sided coin.

From the earlier described model of 'management at the lowest level' the MDs have a strong mandate to manage the operation in the region in full trust of his or her capabilities.

Empowered local leadership creates a high sense of ownership and responsibility. The local knowledge which we bring together in our local teams is a precondition for success and enhances the ability of a local community to determine its own future.

But strong mandates have to come with accountability. This is foreseen in the governance line to the Continental Supervisory Boards (CSBs) and in the management line to the ED, who in turn is held accountable by the International Supervisory Board (ISB).

The performance of an MD should be assessed against the quality standards, guidelines and procedures of the network as a whole on the one hand, and against the approved global strategies and programming, and the Annual Plan and the Annual Budget of the REC at the other.

A mandate of a director is always restricted by an approved framework. From this perspective the CSB is the 'supervisor' of a regional manager, while the ED can be seen as

his or her 'general manager'.

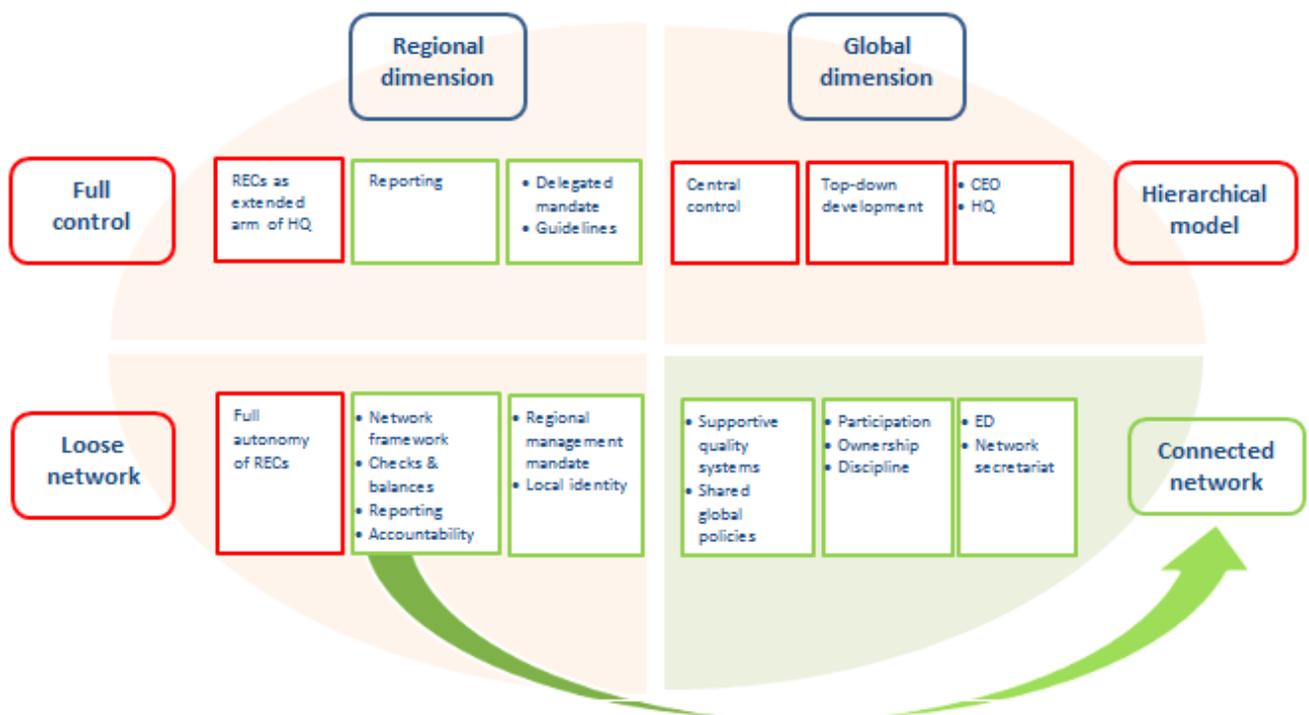
Corrective powers are crucial to avoid a loose network, with no discipline to deliver to agreed policies. The reputation of the entire Solidaridad network can be damaged when one of the RECs fails. Nonetheless, corrective powers are always formulated for a *worst case scenario*. In most cases good arguments and balanced insights will suffice and only in exceptional cases corrective powers will actually have to be applied.

The other side of this coin is that a regional director is at the same time a co-leader in the global Solidaridad network. The MD is a full member of the EBoD – the global leadership team - and this membership creates the possibility for *participation* in the global policy setting, thus enhancing *ownership* and *discipline*. So jointly the ED and MDs are responsible for the coherence in the network.

All directors have to deliver to agreed policies and have to stimulate optimal cooperation, open communication and learning exchange between the RECs. Furthermore they are responsible for creating a 'giving factor' between RECs (in the end mutual giving always means give and take), making fair deals on payment for joint and mutual services and closing hands to be stronger together.

Feeling responsible for the regional operation only and defending perceived regional interest only, is old school thinking, which will undermine the network concept and will, in the end, weaken all of us.

Figure: Hierarchical versus network structure:



II Governance - *roles and responsibilities of the supervisory boards*

The governance in Solidaridad Network is organised at two levels; the International Supervisory Board (ISB) at global level and at the Continental Supervisory Boards (CSB) at continental level. The ISB is the highest authority in Solidaridad reflecting the global dimension of the organization. The CSBs of the five continents of operation give guidance to the regional programmes on their continent from and more close to the local context.

The roles and powers of the Supervisory Boards

The International Supervisory Board (ISB) and the Continental Supervisory Boards (CSB) have three main roles:

1. the role as supervisor;
2. the role as employer;
3. the role as sounding board.

Within those roles the SBs have different powers:

- a) the CSB has an advisory status to the ISB and the power to give initial approval to the RECs within the continent or region the CSB supervises;
- b) the ISB has the power to give final approval to all RECs taking into consideration the advise of the CSB. Furthermore, the ISB has the power to give approval to Solidaridad Network Foundation.

1 - Role and powers of the SBs as supervisor

CSB:

Role of the CSBs as supervisor:

The CSBs carry out supervision of the management and the development of the RECs belonging to their continents and, as such, are the highest regional bodies. Each CSB appoints one member to form part of the ISB.

Powers of the CSBs as supervisor:

- To provide initial approval to the Multi Annual Strategic Plans (MASP) and the multi-annual budgets of RECs belonging to the region of each CSB.
- To provide initial approval to the Annual plans and Annual financial budgets of RECs belonging to the region of the CSB;
- To provide initial approval to the annual accounts of the RECs and the auditor's statements of RECs belonging to the region of the CSB.

ISB:

Role of the ISB as supervisor:

The ISB carries out overall supervision of the ED and the Executive Board of Directors (EBoD) and, as such, is the highest body within Solidaridad Network.

Powers of the ISB as supervisor:

With respect to Solidaridad Network Foundation (Network Secretariat):

- To approve the Multi Annual Strategic Plan (MASP) and the multi-annual budget of Solidaridad Network Foundation;
- To approve the Annual plan and Annual financial budget of Solidaridad Network Foundation;
- To approve the annual accounts of Solidaridad Network Foundation and the auditor's statement.

With respect to the RECs:

- To provide final approval to the Multi Annual Strategic Plans (MASP) and the multi-annual budgets of all RECs.
- To provide final approval to the Annual Plans and annual financial Budgets of all RECs;
- To provide final approval to the annual accounts of the RECs and the auditor's statements.

2 - Role and powers of the SBs as employer

CSB:

Role of the CSB as employer:

- The CSB makes recommendations to the ISB for the appointment, dismissal, appraisal and remuneration of the Managing Directors.
- The CSB conducts the annual appraisal interviews with the REC directors.

Powers of the CSB as employer:

Each CSB has decision making power for all RECs of the region represented by a CSB to:

- Appoint or dismiss the auditor;
- Make changes to banking relationships and take out monetary loans;
- Enter into alliances that could be of strategic importance;
- Incur substantial expenses which are not or not fully accounted for in the annual budgets of the RECs and which exceed an amount to be determined annually;
- Initial approval of mergers, acquisitions, demergers and divisions; final approval at ISB level.
- Give approval for commitments that involve debts and/or appreciable expenditures that go beyond approved budgets;
- Apply for a moratorium on payments and/or liquidation.

ISB

Role of the ISB as employer:

- The ISB has final responsibility for the appointment, dismissal, appraisal and remuneration of the Executive Director of Solidaridad Network and the Managing Directors of the RECs.
- The ISB has final power in relation to all issues as laid down in the Articles of Association as mentioned above with respect to all the RECs and Solidaridad Network Foundation (Network Secretariat).

3 - Role and powers of the SBs as sounding board

All Continental Supervisory Boards have an advisory role vis-à-vis the REC directors and the ISB to the ED of Solidaridad Network

There is no exact formal description of the terms of reference for that role; everything depends on the issue in question, and also on the way the different Supervisory Boards are working. Depending on the ambition of the incumbent Supervisors, the need of the MDs or ED for a 'sparring partner' and the strategic challenges facing the organisation in the coming years, this role will need to be made more concrete. The term 'sounding board' seems to best reflect the desired relationship between the SBs and the REC directors/ED.

Interpretation of the role of the CSBs and ISB as supervisors

The Supervisory Boards need to be fully conscious of the expectations that surround their role. Those expectations are not only based on a relationship between internal supervision and the functioning of the SBs and of the organisation as a whole, but also on recent examples of failures and misconduct in terms of supervision. Given the fact that SBs in general, and thus also those of Solidaridad Network, are a relatively new phenomenon, the question of how the Boards should carry out their work is still somewhat unresolved. It is important that we are conscious of a number of practical problems that can occur in the process of supervision. Some of these potential problems are outlined below. It is also indicated how the Boards periodically wish to reflect on their own functioning with a view to introducing improvements or changes if such are deemed necessary.

Balancing different roles

Finding a balance between the three different roles of the Supervisory Boards is an initial matter for attention. Good supervision is not simply a question of financial aspects, although the approval of the annual accounts is, of course, one of the most important of the formal tasks of any Supervisory Board. An integrated approach is necessary if an organisation is to be properly supervised, one that includes an oversight of policy and management, and the general progress of affairs. This makes the supervisory task more complex, because a new element such as the societal function of an organisation such as Solidaridad Network is far more difficult to pin down than the financial results. To do their work properly, the Supervisory Boards need - on the one hand - to be willing and able, and bold enough, to ask 'awkward' questions and - on the other hand - to have or develop a feeling for the complexities of managing a civil society organisation. The Boards must make every effort to achieve an understanding, constructive relationship with the directors.

Information paradox

As a body, both the ISB and the CSBs are independent of management, but rely primarily on the ED/MDs to provide them with information. This is often referred to as the information paradox. It is therefore important, in the view of the SBs, that they should also consult other sources of information; in doing so, however, they wish to be diligent and for this reason they will act in consultation with the REC Directors/ED. The provision of information to the SBs could, for instance, be improved by:

- Regular meetings with the controller and the auditor;
- Regular presentations from programme managers;
- Information on the basis of a staff satisfaction survey;
- Occasional invitations to external experts;
- Maintaining contact with members of the Supervisory Boards of other civil society organisations that are active in the domain of international cooperation.

Social performance of the organization

The SBs consider it important that Solidaridad Network should account for its 'social performance' periodically. What is the social value of the organisation? To what extent can or does it, for example, bring influence to bear in the public (and political) debate? What does that mean for the scope of activities, and which organisational constraints and possible risks (in terms of structure, finances, management and personnel) are linked to it? How substantial is the organisation's learning capacity? And what is the situation with regard to the legitimation and support of the various stakeholders?

Although the SBs are conscious that it is difficult to express the social significance of the organisation in terms of concrete indicators, it nonetheless feels that it is important to continue to keep the issue on the agenda.

Justification and accountability

A final point for attention is justification and accountability, given the semi-vacuum in which the Supervisory Boards operate. This gives rise to the question: who supervises the Supervisors? In case of Solidaridad Network it is considered important that the SBs justify and account for their actions and do so in a yearly report which in turn forms part of the annual report of the organisation.

The basis for this report can be found in the SBs own annual self-evaluation process. This is an informal meeting of the SBs in which members look back on how the SBs have functioned in the past year (self-evaluation), and discuss at least the following matters:

- Legitimacy: on whose behalf and for whose benefit do the SBs act?
- Relationship between the organisation and society: whose interests do the SBs serve?
- What role do the SBs have? To what extent is the Supervisory Framework still relevant, or in need of adjustment or change?
- Accountability via the annual report.

During this meeting, SB members also look at the future: what improvements or adjustments are necessary and which supervisory themes are relevant for the year ahead? On the basis of these discussions, the SBs draw up their annual Supervisory Agenda for the coming year. The REC directors/ED are not represented at this meeting. The outcome of the meeting will be discussed with the REC directors/ED at the next following formal meeting of the SBs and any points for improvement will be minuted.

What SB members are expected not to do:

- To derive (financial or other) benefits for self or for the organization in which the SB member is serving out of using their position as SB member in Solidaridad. However, this clause does not prevent SB members from informal networking.
- To officially represent Solidaridad in national and international forums, unless requested by the Executive Director for very specific purposes.
- The SB members may put their designations as Solidaridad Supervisory Board member in their own official cards they already have. However, an exclusive Solidaridad business or identity cards usage is the privilege of full time staff.
- To be involved in day-to-day management and operation of Solidaridad or in projects implemented by Solidaridad. It is the responsibility of the Managing Directors and the staff.
- To seek benefit for any other organization through Solidaridad.
- To have any serious strategic discussion with staff members of Solidaridad (individually/collectively) without informing the Executive Director or the pertaining REC Director. For all organizational issues, the REC Directors/ED or the Secretary to the SB in question are the point of contact for the SB Members.
- To share any strategic information of Solidaridad shared during the board meeting to an outsider or organization without due consent from the Executive Director or the SB.
- To make commitments outside the assembly without informing other supervisors and directors.
- To gather information within the organization without informing the REC Director/Executive Director.
- To assign advisers unbeknown to the REC Director/Executive Director.
- To omit to report potential conflicts of interest to the REC Director/Executive Director.
- To act in a very formally critical/distant way.
- To be hand and glove with the REC Director/Executive Director.
- To – in case of information advantage – omit to share this information as soon as possible with fellow SB members.
- To aim for personal performance instead of organizational performance.
- To remain in a position as SB member or in a special SB role (including the chair role) when it is clear that the member in question is (becoming) dysfunctional in this position.

Periodical assessment

It is desirable to define criteria for the assessment and to evaluate if the individual members:

- demonstrate awareness of the critical success factors of the organization;
- maintain their knowledge of the sector;
- prioritize the benefit of the organization as a whole;
- provide open and transparent input.

For the assessment of the chair some additional aspects are important:

- exuding of confidence with regard to the functioning of the SB;
- being a good a contact point for the REC directors/ED;

- direction of the entire supervision process.

Assessment criteria:

On the basis of the three roles the SBs fulfil and the SBs' own perception of their tasks, as set out above, the following criteria are relevant:

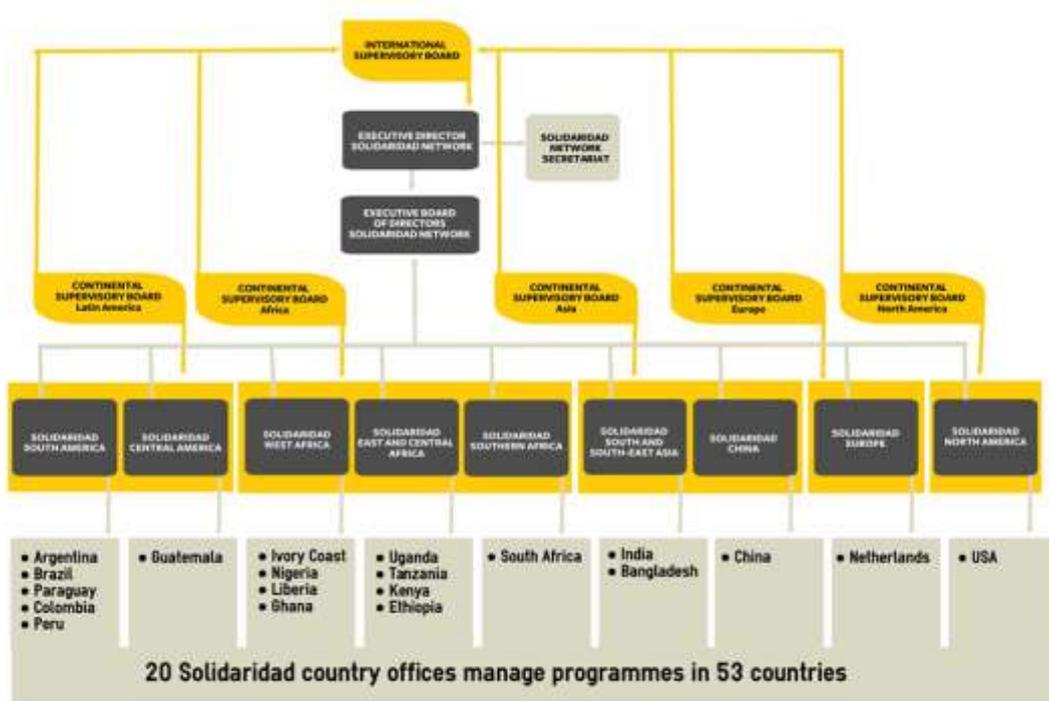
- The continuity of the organisation;
- The social task that Solidaridad Network has taken upon itself;
- The way in which the control and management of risk are organised;
- The degree to which the activities of the organisation are financially efficient;
- The social climate within the organisation must be sound;
- Active involvement of stakeholders and inclusion of environmental factors in decision-making.

Annual reporting

The annual justification and accounting which forms an integral part of the annual report should include at least the following matters:

- Composition of the Supervisory Boards: the experience and qualities of the various members, the way in which members are recruited and selected, and the way in which appointments are effected;
- Functioning of the Supervisory Boards, including an impression of the extent to which the SBs have been able to ask 'awkward' questions, its impression of the complexity of the environment in which the organisation finds itself, and how the SBs have been able to perform as a unified team;
- Points for attention/dilemmas: concerning, for example, the strategic direction of the organisation, how it is managed, the continuity and the general performance of the organisation, and also the social significance of the organisation;
- Functioning of the EBoD: achieving objectives, appointments, dismissals and remuneration;
- Approval of annual reports and annual accounts;
- Sources of information: providing an impression of the sources that the SBs have consulted in order to carry out their task (EBoD, controller, auditor, works' council, meetings of personnel, working visits, consultation of external experts and contacts between SBs);
- Consultations with the auditor;
- Practical matters such as expenses for SB members, the number of meetings and the retirement/rotation schedule.

Figure: Organogram Solidaridad Network



III Executive Director (ED) - Roles and responsibilities

The ED is based at the Network secretariat in Utrecht, The Netherlands.

The ED is the *general manager* of Solidaridad Network and the statutory director of Solidaridad Network foundation.

In relation to governance

- The ED is the secretary of the ISB: the ED prepares the draft agenda for discussion with the chair of the board and takes care of the proper preparation of the meeting. He is responsible for timely, fully and adequately informing of the ISB.
- The ED is responsible for implementing the decisions of the ISB based on the principles of the 'supervisory framework'.
- The ED is accountable to and reports to the ISB. Once a year there is a performance appraisal with a delegation from the ISB.
- The ED advises the ISB on the approval of the (Multi-) Annual Plans and Budgets and the Annual Reports and Accounts and all other strategic issues. Moreover, he can give the board solicited and unsolicited advice.
- The executive mandate of the ED is restricted by the approved Annual Plan and Annual Budget. Major or significant changes or deviations require the approval of the ISB.
- The ED prepares the agenda of the CBS's in a close cooperation with the secretary of the CSBs and has the right to participate in the meetings of the CSBs, in which he has the right to propose agenda items and the right to speak and advice.

In relation to the Network secretariat

- The ED is the statutory director of the Solidaridad Network foundation and leads the network secretariat. The team of the network secretariat consists of the employees of the secretariat and the International Programme Coordinators and the Global Account Managers for companies and funders, or other global roles. In this position the ED is accountable to and reports to the ISB.
- The ED has the right to represent the organisation at the global level or can mandate someone else to do so. He is the first responsible person for defining the global strategies and quality standards of Solidaridad Network and for the proper execution of these strategies and standards.
- The ED stimulates cooperation between the RECs and the process of defining the contributions of the regional programmes to the global strategies and ensures the consistency between the global and regional programming and the compliance with the quality standards defined.

In relation to the Managing Directors of the RECs

Appointment and dismissal

- On behalf of the ISB the ED leads the selection process of a new MD and advises the CSB/ISB on the preferred candidate according to the nomination procedure described in the house rules of Solidaridad Network foundation.

- The ED has the right to propose dismissal of an MD according to the dismissal procedure as described in the house rules of Solidaridad Network foundation.
- In urgent situations the ED has the right to suspend an MD pending a final decision of the CSB/ ISB. The type of situations justifying this procedure are described in the dismissal procedure in the house rules of Solidaridad Network foundation. To ensure the continuity of the REC the ED has the power to nominate an interim manager in consultation with the chair of the CSB.

General Management

- The ED relates to the MDs as a general manager, acting in the good spirit of the organization.
- The ED is responsible for appointing new MDs and for signing the appointment contract with the MDs on behalf of the ISB, according to the approved remuneration policies, and for defining the relation between the ED and the MD. The actual employment contract is signed with the regional or continental Solidaridad organization. The ED is responsible for the proper introduction of a new MD in the network structures and processes.
- The ED holds the MDs responsible for the proper execution of tasks and conducts at least once a year a performance appraisal review meeting with each MD. In the daily practice he relates to the MDs as a coach, offering in a cordial cooperation guidance, advice and support.

Conflict solving and corrective power:

- The ED has the role and the power to mediate, to solve and to decide in disagreements and conflicts between MDs in the best interest of Solidaridad Network.
- The ED has the mandate and responsibility to correct decisions and actions of an MD in case these are contrary to agreed Annual Plans and Annual Budgets, inconsistent with the global policies of the network organization or not in the best interest of or even harmful for Solidaridad's work or reputation.

In relation to the Executive Board of Directors (EBoD)

- The EBoD is the *leadership team* of the network. Through the EBoD, the principle of co-leadership of all MDs and the co-responsibility for the integrity, reputation and performance of the organization, its global strategies and its quality standards and systems has to be realized.
- The ED is the chair person of the EBoD meeting, which is to be held at least twice a year. The ED prepares the draft agenda and is responsible for the proper functioning of the EBoD.
- The EBoD advises the ED on policy issues, strategic decisions, the MASP, Annual Budgets and Annual Plans and the development of the quality systems of the Network organization.
If the ED rejects the majority opinion of the EBoD, the ED has the *final say* but will inform the ISB about the disagreement.

IV REC Managing Directors - *roles and responsibilities*

The MDs are based in the regions according to the designed Network Regional Expertise Centre (REC) structure with – at present 9 - regional offices and several country offices connected to these.

Mandate of the REC Managing Director (MD)

- The MD is the (statutory) director of a REC and manages the Solidaridad operation in the region. The MD is the first responsible person for the institutional development of the REC, for policy development and evaluation, building a team and offering leadership to a skilled staff within a learning organization, developing sound financial and managerial structures and processes, developing the regional programmes and projects including a network of partners, and for relation management with local stakeholders in the public and private domain, donors and business partners.
- The MD is responsible for the alignment of the regional programme with the global ambitions of the Network organisation, customizing and translating the global policies to the regional context in order to maximize the contribution to the global goals and to make a difference for people in their own region.
- The MD is the first spokesperson of Solidaridad in the region and creates visibility and recognition. The MD safeguards the reputation of the organization, in line with our vision and mission and with the right value set. The MD communicates in line with the agreed *branding* of Solidaridad in terms of content and tone of voice.
- The MD is the dedicated person to contribute to the network structures and processes, since the experience of the MD and his/her team in the region is relevant for setting a realistic and ambitious new course. The RECs are the *boots on the ground* of the network organization and for that reason a precious and valuable asset. Only a fact and evidence based evaluation of our practices leads to innovation and further growth.
- The executive mandate of the MD is restricted to the approved REC Annual Plan and Annual Budget. Major or significant changes or deviations require prior consultation with the ED, and in second instance, approval of the corresponding CSB. The ED reports to the ISB.

In relation to governance

- The MD is accountable to and reports to the corresponding CSB for his/her region. The MD is responsible for timely, fully and adequately informing the CSB. The MD is responsible for implementing the decisions of the CSB for his/her region, in line with the principles of supervision as laid down in the Solidaridad Supervisory Framework document.
- Per continent, one of the MDs acts as secretary to the CSB and as such prepares the draft agenda in consultation with the ED and the chair of the board and takes care of the proper preparation of the meeting and the implementation of the decisions of the CSB, in line with the principles of supervision as laid down in the Solidaridad Supervisory Framework document.
- The MD has at least once a year a performance appraisal with the ED (managerial line) and at least every year with a delegation from the CSB (governance line).

- The MD advises the CSB on the approval of the (Multi-) Annual Plans and Budgets and the Annual Reports and Accounts and on all other strategic issues. Moreover, he can give the board solicited and unsolicited advice.

In relation to the network structures

- The MD is a full member of the EBoD, the *global leadership team*. Through his/her participation the principle of co-leadership and the co-responsibility for the integrity, reputation and performance of the organization, its global strategies and its quality standards and systems has to be realized.
- The MD relates to the ED as to his/her general manager from the perspective that his/her REC belongs to and is a part of a network organization under central leadership offered by the ED. The ED respects the own responsibility of an MD for the regional programming and the roles and responsibilities as defined, but can hold an MD accountable for the proper implementation of the global policies and quality standards and his/her efforts to optimize the contribution of regional programmes to global strategies and commitments and to inter- REC cooperation.
- The MD relates to all his/her fellow directors as colleagues in one team, stimulating and safeguarding internal coherency, cooperation, exchange and cordial relations. The first level of cooperation is with the directors the RECs belonging to the same governance structure as offered by the CSB. The second level of cooperation is with funding RECs, be it with the RECs in Europe and North America or any other funding REC in the Network with the responsibility to report to their back donors and the responsibility for linkages to markets and knowledge. Finally on the level of the whole network the MD team acts as one *community of change*.
- The MD and his/her regional team contribute to the maximum of their abilities to the network processes through a dedicated participation in the global structures of the Global Commodity Teams, Global Account Management for donors and companies, shared IPC and Global Account Manager roles, as well as global coordinating roles for cross cutting issues and for the global teams and coordinating roles related to the services offered by the Network secretariat, such Financial control, PME, Communications and ICT. Only through this participation the basic network principles of *participation, ownership and discipline* can be realized.