

Small and Medium Enterprise
Competitiveness Enhancement Program (SMECEP)

Contract Number 690-C-00-02-00002-00

Quarterly Progress Report
Third Quarter
July 1, 2002 through September 30, 2002

Submitted to USAID/Namibia

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Sigma One Corporation

Small and Medium Enterprise Competitiveness Enhancement Program (SMECEP)

Contract # 690-C-00-02-00002-00

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Reporting Period: July 1 to 30 September 2002

Implemented by Sigma One Corporation

1. Background

The objective of this contract is to provide technical services to assist USAID/Namibia to accomplish the goal of Economic Empowerment of Historically Disadvantaged Namibians (HDNs) in furtherance of Strategic Objective (SO) Number 1 “Economic Empowerment of Historically Disadvantaged Namibians Through Accelerated Private Sector Growth” and its Intermediate Results:

Intermediate Result 1.1	Increased numbers of HDN’s acquiring enhanced managerial and entrepreneurial skills
Intermediate Result 1.2	Improved local capacity to deliver quality business support services for Small and Medium Enterprises
Intermediate Result 1.3	New business linkages and markets formed

The Statement of Work is conceived as a four-year effort, with a two-year base period (Phase I), followed by a two-year option depending on successful implementation of deliverables under Phase I.

2. Expected Outputs

Sigma One Corporation is to accomplish six targeted results to help USAID achieve the SO and its IRs. These targeted results are mutually reinforcing of each other and lead towards the accomplishment of the SO and IRs. The Targeted Results are:

- Targeted Result No. 1:*** Increased income and job creation by SMEs owned by HDNs
- Targeted Result No. 2:*** Enhanced Competitiveness of Namibian Businesses
- Targeted Result No. 3:*** Increased Utilization of IT by SMEs
- Targeted Result No. 4:*** Improved Local Capacity to deliver business support services to SMEs
- Targeted Result No. 5:*** Increased numbers of HDNs acquiring enhanced managerial and entrepreneurial skills
- Targeted Result No. 6:*** New Business Linkages and markets formed

These targeted results will be achieved through the implementation of contract level outputs for each of the targeted result. The performance monitoring report reports against the contract level outputs as described in the Appendix J of the contract.

3. Activities Undertaken In the Quarter

(Organized by Contract Level Output in Targeted Result sequence)

Targeted Result No. 1: SMEs owned by HDNs report increased income and create new job opportunities

1.1 Provide the services of a resident technical assistance team

Dr. Edgar Ariza Nino was mobilized as the Senior Executive for Enterprise Competitiveness/Chief of Party on July 26, 2002.

Mr. Abrar Sattar served as Acting Chief Of Party between 1 July to 25 July 2002.

Operational

Local staff was hired and equipment was purchased for the Windhoek office.

1.11 Provide Annual Work Plans

A draft work plan was delivered to USAID on September 13, 2002. Discussions between the CTO and Sr. Representative for Competitiveness followed during the remainder of September.

Targeted Result No. 2 Enhanced Competitiveness of Namibian businesses

The Scope Of Work for Targeted Result 2 is to design and complete a competitive analysis and submit a report that examines, for key Namibian industries, the potential for greater innovation; the advantages and disadvantages of, and potential for, increased forward linkages; opportunities for cluster cooperation; and effectiveness of the current public-private dialogue; propose to USAID a plan of action that addresses identified gaps and implement elements of the action plan agreed upon by USAID and MTI. Additionally, three studies on specific topics are to be conducted relating to SME competitiveness.

A team of experts in several appropriate clusters was in Namibia in May/June, led by Dr. David Franklin to carry out the cluster competitiveness analysis. The subsequent months were used to develop additional and comparable data related to competitiveness of the competitors for various sectors.

2.1 Design and complete “competitiveness analysis” for the textile cluster and submit a report on the analysis undertaken.

Dr. David Franklin and Sigma One Corporation staff conducted comparative analyses of the competitiveness of the Cotton / Textiles sector in Namibia. This work included collaboration with the Maricopa County Extension Service in Arizona, the premier

research extension facility for cotton grown under desert conditions, North Carolina State University School of Textiles, the Uganda Investment Authority which provided comparable cost of production for the apparel industry in Uganda,

2.3 Design and complete “competitiveness analysis” for the Tourism cluster and submit a report on the analysis undertaken.

Dr. Andrew Keeler edited the draft report for competitiveness of the tourism cluster in July 2002. In addition, under Dr. David Franklin’s direction, Ms. Barbara Pietuch collected market demand information for USA eco-tourists likely to select Namibia as their tourism destination. In addition, while on TDY in Namibia, Ms. Pietuch gathered additional insights of tourism which is incorporated into the final tourism competitiveness report. She met with Nacobta, WWF, and other members of the tourism cluster in order to assess their views of SME expansion and development in the tourism sector.

Dr. Jonathan Bloom participated in a tendering bidders workshop in September 2002 for management of community sites.

2.4 Design and complete “competitiveness analysis” for the small scale mining and gems cluster and submit a report on the analysis undertaken.

Mr. Christopher Johnson continued to conduct field work related to the small scale mining and gems cluster in Namibia. He also prepared his draft report to be submitted to the team leader during this quarter.

2.5 Design and complete “competitiveness analysis” for the handicraft and artisans cluster and submit a report on the analysis undertaken.

Ms. Elaine Bellezza continued to analyze the competitiveness of the Artisanal sector in her TDY visits to Namibia in August and September. Although this output was not the principal reason for her TDYs(which were to follow-up with artisanal producers and exporters),each TDY added more insight into the potential market competitiveness of Namibian goods. Her final report for the competitiveness of artisanal products incorporates her insights gained in all of her trips to Namibia.

Mr. Bill Talvitie contributed to the competitiveness report of the artisanal sector through his two week TDY in September in which he examined the potential for wood products made throughout Namibia.

2.6 Assess gaps in cluster analysis within clusters and possible need to add clusters

Dr. David Franklin reviewed the team members’ recommendations and analyses to assess potential gaps in the cluster analyses. These gaps will be identified after the completion of the competitiveness cluster reports.

The woodworking sector was examined by Mr. Bill Talvitie in detail in September. This sector is composed of many small businesses that include services linked to construction, cabinet making, coffin production, and other wood products. This TDY was initially in support of the artisanal wood products, but the potential for providing training to SMEs in this sector led us to separate the services of wood workers from the artisanal products such as wood carvings and wooden bowls.

2.7 Propose an Action Plan to guide all contract activities (based on competitiveness cluster analysis)

Using information and reports developed during the implementation of competitiveness cluster analysis (2.6), Dr. David Franklin and staff reviewed the proposed activities to be undertaken in the 2002 work plan so that they were in keeping with the results of the cluster competitiveness analyses.

2.12 Provide direct assistance to SME owners and potential owners as a key tool for SME competitiveness enhancement and to attract investment (assistance to at least 50 SME's throughout Phase I)

Assistance to Medium scale SME, JIREH Ginning Namibia (Pty) Ltd.

Mr. Abrar Sattar of Sigma One Corporation staff, assisted the principals of Jireh Ginning Namibia to present their business plan to Namibian banks for funding in July 2002. Jireh's business plan and a request for financial working capital loan and long-term financing was presented to several banks in Windhoek by the principals of Jireh. In addition, the presentation of the business plan was also presented by the Jireh principals in a joint session with the Minister of Agriculture, Minister of Trade and Industry and the Minister of Finance. These three government entities are involved because the size of a requested Agribank loan would require government guarantee.

Assistance to NAWEGRO

Dr. Jonathan Bloom provided assistance to NAWEGRO to prepare a detailed action plan for their enterprise to expand their business to export hand-made Namibian products.

Initial Meetings with Several SMEs in Northern and Central Namibia

Ms. Barbara Pietuch and Ms. Tonata Itenge-Emvula met with SMEs in northwest Namibia to assess their potential for becoming an SMECEP assisted firm. These firms spanned the tourism, manufacturing, craft, agribusiness and textile sectors. These eight to ten firms are being included in the project's potential target client base and specific consistent criteria will be applied to determine whether or not the firm qualifies for mentoring and assistance under SMECEP.

Targeted Result No. 3: Increased Utilization of IT by SMEs

During this quarter, Sigma One Corporation did not work on activities for Targeted Result number 3 because CLIN 0001A, the funding line item for work to be undertaken under Targeted Result No. 3 was not fully obligated until September 15.

Targeted Result No. 4: Improved Local Capacity to deliver business support services to SMEs

4.1 Develop criteria and protocol for assistance to BSOs that aim to provide direct support to SMEs

In order to assess the assistance to be given to BSOs under SMECEP, Dr. Edgar Ariza-Nino spent much of August meeting with Namibian BSOs to determine their current capacity to serve SMEs. Agreements for support to SMECEP were developed between Sigma One Corporation and some BSOs.

4.12 Support coordinated visits to trade shows by SME owners and BSOs

Fancy Foods Show, New York, NY July 2002

Ms. Elaine Bellezza and Ms. Andrea Snyder attended the annual Fancy Food Show for one day to determine the potential for using Namibian baskets for the display of fancy foods in the future. They also assessed the market competitors from Southern Africa who were displaying goods at this show in order to assess the potential for Namibia to participate in this show in the future.

New York Gift Show, New York, NY August 2002

Sigma One Corporation facilitated the attendance of a principal of NAWEGRO, Ms. Maria Nuyoma, at the NY Gift Show held in August 2002. This was on a cost-sharing basis with NAWEGRO, by Sigma One Corporation providing lodging allowance and NAWEGRO covering all other travel costs. Ms. Andrea Snyder, a Sigma One Corporation consultant, provided on-the-job training to Ms. Nuyoma during this trip to orient her to the purpose of the show, the vastness of the competitors, the marketability of quality products, an understanding of the logistics of taking orders at the show and fulfilling these orders in a timely manner.

Targeted Result No. 5: Increased numbers of HDN's acquiring enhanced managerial and entrepreneurial skills

5.6 Facilitate attendance at short term off-shore or in-country training programs for SME owners, SME employees and key GRN partners.

International Cotton Advisory Council Meeting, World Bank, Washington DC. July 2002

Sigma One Corporation facilitated the attendance of Mr. Taswell Chivere of the Ministry of Agriculture who is the proposed operations manager for Jireh Ginning, to the International Cotton Advisory Council Meeting held in July 2002 in Washington DC. Dr. Edgar Ariza-Nino accompanied Mr. Chivere to these meetings prior to his mobilization to Namibia. This provided an opportunity for this Namibian SME principal to network with other international exporters of cotton fiber.

5.8 Organize conferences and workshops on latest business development skills and knowledge

SMECEP staff and several SMECEP potential clients identified by our staff participated in a two-day workshop conducted by the Rossing Foundation in early August 2002 in which the presenter covered topics of trade facilitation to the European Union markets.

Targeted Result No. 6: New business linkages and markets formed

6.6 Assist selected artisans to become producers and wholesalers for international markets and teach product quality, buying, global standards to meet demands

Several international wholesalers, led by Ms. Elaine Bellezza, evaluated product quality of several artisans in light of global standards during August and September 2002.

Ms. Andrea Snyder conducted workshops in the creation of gift packages for the tourist markets in Namibia during her TDY in September.

In August 2002, the representative from Nawegro was accompanied by Ms. Andrea Snyder to meet many international buyers in New York City, including buyers participating in the NY Gift Show, in order to assist Nawegro to form new business linkages.

4. Grantee and Subcontractor Reports

None

5. Performance

Work which was scheduled to be done in this quarter proceeded as scheduled. This included fielding resident personnel, opening an office in Windhoek, contract planning and technical assistance activities to implement the contract.

6. Statement Of Work Revisions Needed

A change in the Statement of Work is not necessary at this time.

7. Budget Status

The attached spreadsheet details the budget for the contract, amount spent this quarter, amount spent cumulatively and amount remaining. At this time the contract budget is adequate to complete the required performance elements by the contract termination date of February 28, 2006.