

Small and Medium Enterprise
Competitiveness Enhancement Program (SMECEP)

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

Quarterly Progress Report
Second Quarter
March 1, 2002 through June 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

Quarterly Progress Report

Reporting Period: March 1 to June 30, 2002¹

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

¹ The Contract effective date was 1 March 2002. For simplicity, the month of March is included in the report for the second quarter of 2002

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 are 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

Mr. Edward Tarpinian took up the position of Senior Business Development Advisor in early April, 2002. Unfortunately, Mr. Tarpinian resigned effective 30 June 2002 and Sigma One Corporation is currently conducting a search for his replacement.

Ms. Claudine Mouton took up the position of Financial Director as part of the resident team in mid-May 2002.

Ms. Marielouise Harrell arrived in Namibia in late April to lead contract activities through 20 June 2002.

Mr. Abrar Sattar arrived in Namibia on 18 June to assume the position of acting Chief Of Party through 25 July, 2002.

1.2 Open and operate a Core office in Windhoek

Sigma One Corporation opened an office to support SMECEP activities in Windhoek in late May. The office is located in the Ausspannplatz area near downtown at 17 Nachtigal Street.

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 were in Namibia between May 7 to June 15, led by Dr. David Franklin to carry out the cluster competitiveness analysis.

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

Dr. Edgar Ariza-Nino undertook an analysis of the Cotton / Textiles sector in Namibia, including a visit to the Cotton growing area near Rundu in Northern Namibia during his visit to Namibia from May 4 to 17, 2002. His report was presented to Activity Team leader, Dr. David Franklin. Mr. Colin Usurua of Agri Futura accompanied Dr. Edgar Ariza-Nino on his field trip to Grootfontein and Rundu.

2.2 Design and complete “competitiveness analysis” for the food processing cluster and submit a report on the analysis undertaken.

Mr. Miguel Diz undertook an analysis of the food processing sector during his visit to Namibia from May 7 to June 8, 2002. He met with many industry representatives and stakeholders. His report was presented to the Activity Team leader, Dr. David Franklin. Mr. Diz was supported in his field work by staff from Institute for Management and Leadership Training (IMLT).

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

Mr. Raj Kishore Bunjun undertook an analysis of the Tourism sector during his visit from May 5 to June 15, 2002. He met with many industry representatives and stakeholders. His report was presented to the Activity Team leader, Dr. David Franklin.

Dr. Jonathan Bloom collaborated with Mr. Bunjun with particular emphasis on the marketing aspects of tourism. Mr. Bunjun concentrated on the quality and content issues related to tourism. Dr. Bloom visited Namibia from May 6 to May 25, 2002 and from June 2 to 15, 2002.

2.4 Design and complete “competitiveness analysis” for the Gemstones and Jewelry cluster and submit a report on the analysis undertaken.

Mr. Christopher Johnston, who resides in Omaruru, undertook an analysis of the Small Scale Mining sector in Namibia. His work was performed intermittently over May and June during the quarter. His report was presented to the activity leader, Dr. David Franklin.

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

Ms. Elaine Bellezza undertook an analysis of the Artisanal sector. She visited with numerous SME owners in the sector to review their products and assess capacity for

improvement to meet international standards. She also met with many stakeholders to understand their views and priorities. She visited Namibia from May 5 to June 15, 2002. Staff from the Women Action for Development (WAD) supported Ms. Bellezza's field activities in the Northern areas through their Northern office. Her report was presented to the Activity Team Leader, Dr. David Franklin.

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

Dr. David Franklin designed the cluster competitiveness analysis activity for each sector and then guided the team work in the field on a day to day basis. He remained in Namibia from April 23 to late June, 2002. On May 8 and 9, Sigma One Corporation organized a two day session at the Windhoek Country Club to present their approach to the work to be done. Sigma One Corporation subcontractors and partners were invited to attend the session and provide their input.

For the greater part of June, Dr. Franklin vetted preliminary reports from team members. Dr. Andrew Keeler assisted the competitiveness analysis team to assess the gaps in the cluster analysis. Dr. Keeler assisted the team using the foundations of competitiveness as a guiding principle to assess the competitiveness of the sectors.

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 initiated drafting an action plan to guide contract activities based on the assessment of the gaps in cluster analysis and the need to add more clusters.

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.

At the request of the Government of Namibia and our USAID/GTN partner, Sigma One Corporation provided extensive consultation to Jireh Ginning Namibia (Pty) Ltd, a medium scale Namibian firm, in their efforts to set up a Cotton Ginning plant in Namibia. Our staff worked with the principals to fine tune their business idea, establish a financial plan and a marketing strategy that is realistic and draft a complete Business Plan for the proposed venture. The business plan was then presented to the Government, including the three key Ministers of Finance, Trade and Industry, and Agriculture. Dr. David Franklin coordinated the assistance, advising on the business idea. Dr. Edgar Ariza-Nino's report on Cotton and textiles in Namibia served as a resource material and guidance in developing the market strategy and understanding the technical specifications of the project. Ms. Marielouise Harrell vetted the financial plan for the project. Mr. Abrar Sattar was asked to write up the documentation for the business plan for the Jireh principals and

finalize the presentation of the business plan. This work was in progress on June 30, 2002. The Jireh principals were to present the business plan to Namibian banks for funding in July and August of 2002.

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 number was not obligated until August 2002.

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, Sigma One Corporation staff met with several Namibian BSOs to determine their current capacity to serve SMEs. The staff met individually with the following BSOs:

Enterprise Namibia
Women for Action and Development (WAD)
Joint Consultative Committee (JCC)
Agrifutura
IMLT
Patron Investments Corporation
DeCosa
Mud Hut Traders (within Rossing Foundation)
NCCI
Women in Enterprise and Business (WEB)
Representatives from the NCCI Northern office
Representatives from the UNAM Northern campus

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.

African Women in Business Forum, Nairobi, June 2002

Sigma One Corporation staff facilitated attendance, through a cost sharing of travel expenses and administrative support for two Namibian women entrepreneurs to participate in the African Women in Business Forum. The African Women in Business Forum was held in Nairobi, Kenya from June 19 to 21, 2002 and served as a platform to empower women entrepreneurs through skills, leadership and motivation seminars and

networking with successful African women entrepreneurs. SMECEP covered conference fees and lodging and administratively facilitated the attendance of 2 Namibian women:

Ms. Martina Mokgatle of Namibia Fishing Industries Ltd and also a founder of Kairos Packaging. Ltd (a new SME)

and

Ms. Otilie Lamberth, currently working for the Forum for African Women Educationists in Namibia (FAWENA)

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

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

Eliane Bellezza, in May and June of 2002, evaluated product quality of several artisans in light of global standards. Artisans received assessment of their products, including Women associated with the Women Action Development (WAD) project in Omahenene, artisans currently displaying works at the craft market in Namibia, artisans selling their crafts in Spitzkope and the Wood Carvers Cooperative in Rundu. Ms. Bellezza brought samples of Namibian crafts back to the US to share with international buyers.

6.7 Organize African Growth and Opportunity Act (AGOA) awareness and access to benefits seminars

Dr. David Franklin presented a talk “Competitive Opportunities for Namibia under AGOA” on 24 April at the Hotel Furstenhof. The session was addressed to a newly formed Women in Business group entitled Women in Enterprise and Business (WEB) and attended by 12-15 Women entrepreneurs, Ministry of Trade staff, Sigma One Corporation resident staff, and the GTZ advisor to Ministry of Trade. Discussion was vibrant and very relevant for small and medium enterprises trying to access the US market through AGOA.

4. Grantee and Subcontractor Reports

None

5. Performance

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

6. Statement Of Work Revisions Needed

A change in the Statement of Work is not necessary at this time. Requests for a contract modification to modify selected clauses of the contract were submitted to the RCO and CTO, and the modification was written in August 2002.

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.