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Review of the Implementation of the
National Linkages Program in Jordan
and Recommendations for its Future
Final Report

Author's Name: David Lovegrove, Chemonics International Inc.

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Table of Contents

	Page
Executive Summary	5
Chapter 1. Introduction	9
1.1 Background	9
1.2 Scope of Work for Consultant	9
1.3 Methodology	9
1.4 Report Structure	10
Chapter 2. Report on Work Undertaken	10
2.1 Meetings with staff	10
2.2 Designing the data base and MIS	11
2.3 Liaison with JUMP Program	12
Chapter 3. Review of Progress against the Implementation Plan set out in October 2004 Document	12
Overall implementation plan	
1. Secure budget for full implementation of the National Linkage Program	12
2. Training of staff	13
3. Agree working relationship with JUMP program	13
4. Design and purchase hardware and software to operate the NLP	14
5. Carry out promotional campaign to raise awareness of the NLP	15
6. Establish agreements with key partner organizations	16
7. Seek commitment of purchasing companies to participate in the program	17
8. Contact and brief purchasing managers	17
9. Quantify critical mass of demand of products and services	18
10. Identify supply companies with potential to participate in the program	18
11. Commence program of audits	18
12. Progress against targets	19
Chapter 4. Work Program for first quarter of 2005	21
4.1 Agreeing working relationship with Jump	21
4.2 Establishing contact with purchasing companies	21
4.3 Establishing contact with potential supply companies	21
4.4 Establish database and MIS	21
4.5 Organize training for NLP staff	21
4.6 Put in place best practice office systems	22
4.7 Integrate the Small Scale Component into the NLP and commence B2B	22

Appendices:

Appendix 1: List of Interviews	23
Appendix 2: Report by Eng. Mohammad Nijem, on Study Tour to Tunisia	24
Appendix 3: Copy of presentation developed by Eng. Nijem	
Appendix 4: Copy of letter (English translation) sent to 64 Companies	

EXECUTIVE SUMMARY

It has been accepted that the development of a National Linkage Program (NLP), whereby small and medium sized Jordanian enterprises supply some of the demand components of the countries larger companies, is a worthwhile exercise.

The concept for this Linkage Program was developed under the AMIR Program and recently approved for implementation by the Minister for Industry and Trade. The NLP is being implemented as a component of the Jordan Upgrading and Modernization Programme (JUMP).

The purpose of this report is to review progress to date in implementing the NLP and to make recommendations relating to the work plan for the immediate future.

The overall implementation plan, as set out in the October 2004 document stresses the following topics as being critical for the success of the NLP:

1. Securing the budget for full implementation of the National Linkage Program
2. Training of staff
3. Agreeing working relationship with JUMP program
4. Design and purchase of the hardware and software to operate the National Linkage Program
5. Carrying out a promotional campaign to raise awareness of the National Linkage Program
6. Establishing agreements with key partner organizations
7. Seeking commitments of purchasing companies to participate in the program
8. Contacting and briefing purchasing managers
9. Quantifying critical mass of demand of products and services
10. Identifying supply companies with potential to participate in the program
11. Commencing program of audits

In addition to, and as part of the above, there are a number of specific issues requiring action. These are:

Agreeing working relationship with JUMP

The NLP (particularly Linkage 1) is reliant on the full support of the JUMP incentives and facilities. While the NLP will draw on a number of sources for its support systems, the delivery of the overall package of assistance from JUMP is critical to the ability of the NLP to work in a developmental manner with the selected potential supply companies. In this sense the working relationship should be seamless from the perspective of the companies being handled by both JUMP and the NLP. However, despite the need, from the companies perspective for this closeness, it is important to remember that the programs have separate funding arrangements (JUMP by the EU and the NLP by USAID) and accordingly it is necessary to ensure the identity of both. The consultant met with the CEO of JUMP on a number of occasions and came to an outline agreement with him as to how the NLP and

JUMP will work together. This outline agreement will be further developed in a memorandum of understanding to be entered into between the Director of the NLP and the CEO of JUMP.

Establishing contact with purchasing companies

The immediate priority in this area is the identification of companies in Jordan that have a requirement for a large number of components. Due to delays in the start-up of both JUMP and the NLP, the contact with purchasing companies has been slow. Sixty four letters have been sent to potential purchaser companies and follow up meetings have been held with four of them. The remaining 60 companies will be contacted by Eng. Nijem.

Integrate the Small Scale Enterprise component into the NLP and commence the Business to Business service

The Report (Update Report on establishing a Linkage Program in Jordan, AMIR September 2003) sets out the case for introducing a “business to business” (B2B) function into the NLP. It is deemed that this will be particularly beneficial to the smaller enterprises participating in the program.

The small scale enterprise executive has been recruited and will start work at the beginning of February 2005. One of her first priorities, along with the Director will be to formalise the agreement with the Zarqa Chamber of Industry, whereby they act as co-sponsoring host to the pilot program and also allocate office space to the NLP.

As the small scale enterprise executive has not yet commenced work, there has been no progress on this component.

Establish data base and MIS

In summary the situation is as follows:

- i) CDG have been given specific briefs by both NLP and JUMP and are progressing the development of the MIS.
- ii) It is likely that the data base will not be operational until the end of January 2005. However, in the meantime CDG have provided a temporary data recording system that will be integrated into the full system when it is operational.

Organize training for NLP staff

It is important that the NLP staff are given thorough training as well as benefiting from on going technical assistance. This training should take the following form:

- i) The NLP staff are to be included in all training for the Jump staff. Mr.. Mohammad Nijem recently participated in the JUMP study tour to Tunisia and his report is attached as an Appendix to this report.

- ii) The NLP staff will benefit from the program of visits by the consultant during 2005. These will provide hands-on assistance and training in the mechanisms to be used in progressing the NLP.
- iii) The NLP staff will participate in a week long training program/study tour to Ireland to see at first hand exactly how the Irish linkage program operated.
- iv) It may be necessary to organize other specific training as the program develops. These requirements will be identified by either the AMIR management, the NLP Director or the consultant. Having quantified the specific requirements, suitable training will be identified.

Targets for the National Linkage Program

The October 2004 Report recommended the following targets for the period up to December 2005. Progress to date against these targets is as follows:

Criteria	Linkage 1	Progress
Number of participating purchaser companies (Minimum)	40 companies	Nil
Number of identified potential supplier companies	40 companies	Nil
Number of technical audits completed	20 audits	Nil
Number of development plans drawn up	15 plans	Nil
Number of development plans completed	10 plans	Nil
Value of new production from linkages achieved as a result of development plans	JD 2,000,000	Nil
Value of new business achieved through business to business	Not applicable	

Criteria	Linkage 2	Progress
Number of participating purchaser companies (Minimum)	200 companies	Nil
Number of identified potential supplier companies	200 companies	Nil
Number of technical audits completed	Not applicable	
Number of development plans drawn up	Not applicable	
Number of development plans completed	Not applicable	
Value of new production from linkages achieved as a result of development plans	Not applicable	
Value of new business achieved through business to business	JD 4,000,000	Nil

Overall assessment

Overall the consultant is disappointed with the progress in implementing the NLP. This is due to a number of circumstances:

- The rejection by Eng, Reda Mazzawi of the Director position.
- The lack of a clear understanding of the working relationship between JUMP and the NLP
- The delay in implementing JUMP, specifically the awareness program, which has postponed the NLP awareness program
- The delay in recruiting staff for both JUMP and the NLP.

In order for the ambitious targets which have been set for the NLP to be achieved it will be necessary to commence the program as soon as possible.

I. INTRODUCTION

1.1 Background

The purpose of the consultancy was to assist and support the National Linkage Program establishment and start-up, review progress to date and make recommendations for the future development of the NLP.

1.2 Scope of Work for the Consultant:

The Scope of Work for the consultant specifies the following tasks:

1. Continuous review of the progress on implementation of the NLP
2. Advise on best practices in developing new mechanisms for Jordan.
3. On going monitoring and revision of the NLP action plan
4. Advise on the design and development of the NLP MIS
5. Develop a training plan for the NLP staff
6. Advise on and map out the NLP processes and working mechanism
7. Develop NLP procedures
8. Conduct a review at the end of 2005 of the achievements/problems/difficulties of the NLP and make recommendations for its development in 2006.

The consultant carried out the above tasks and in addition undertook the following tasks while in Amman:

- i) **Met with H.E. Dr Ahmed Hindawi, The Minister for Industry and Trade to discuss strategy development for enterprise growth.**
- ii) **Met with Ms Linda Faris Kawar and Ms Randa Salman of the Community Development Group (CDG), the company responsible for designing the NLP and JUMP database and MIS.**
- iii) **Met with Dr. Yousef Mansour Chief Executive, the Jordanian Authority for Economic Development (JAED) and provided advice on the start-up and future development of JAED.**
- iv) **Met with Mr.. Yarub Qudah, Director JUMP to review the working relationship between JUMP and the NLP.**
- v) **Undertook, along with Ms Suhair Khatib and Mr.. Rashad Othman Senior Advisor, JUMP, interviews to select a new Director for the NLP.**
- vi) **Met with Mr.. Brad Fusco and Mr.. Mohamad Al-Ississ to review and plan for the implementation of JAED.**
- vii) **Met with Ms Dianne Scott and Ms Shereen Balkar to review the options for the roll-out of the communications strategy.**

1.3 Methodology

The methodology used by the consultant on this assignment was as follows:

- i) Meeting with Eng. Mohammad Nijem on a number of occasions to:
 - explain in great detail the functions and mechanisms of the NLP and to answer any questions that he had about the implementation of the program in general and his work in particular.

- review progress to date and provide advice on difficulties encountered.
- ii) To attend all meetings relating to the implementation off the NLP with the AMIR staff and advise on best practice with regard to the implementation of issue such as:
 - The data base and the MIS
 - The communications and awareness program
- iii) Meetings with the Director of the JUMP program to:
 - ensure that there is no MIS understanding about the functions of the NLP and to impress on him the importance of JUMP getting operational as soon as possible.
 - Come to an overarching agreement on the working relationship between JUMP and the NLP. The details of the agreement to be finalised when the Director of the NLP is appointed.

1.4 Structure of report

The remainder of this report is structured as follows:

- Chapter 2 provides an overview of the work undertaken by the consultant.
- Chapter 3 provides an overall implementation plan for the NLP and a review of progress to date.
- Chapter 4 sets out specific work, tasks and assignments to be carried out by the NLP team in the immediate future.

2. REPORT ON WORK UNDERTAKEN

2.1 Meetings with staff

During the visit to Amman, the consultant met on a number of occasions with Eng. Mohammad Nijem and senior members of the AMIR management team in order to fully understand the progress to date and the issues emerging as the NLP is developed. The content of these meetings is summarised below:

Meetings with Eng.Mohammad Nijem:

In the course of the visit the consultant met on a number of occasions with Eng. Mohammad Nijem, the issues covered during these meetings included:

- i) Review of the experiences to date and advice on how identified difficulties can be overcome.
- ii) Review of the systems being used to record data and how these will ultimately integrate into the MIS.
- iii) The importance of the program and the achievement of the targets given the resources that are being devoted to it.
- iv) Review of the role of the NLP and how it is interacting with JUMP.

- v) Detailed discussions on exactly how the NLP will function and the role that Eng. Nijem and his colleagues will fulfil in developing and running the NLP.
- vi) An indication of the manner in which purchasing companies are to be approached and exactly what type of data is required.
- vii) An agreed action plan concentrating on:
 - Identifying the population of potential purchasing companies
 - Initiating contact, either at CEO or Purchasing Manager level to solicit participation by the company in the NLP.
 - Identifying, with the support of purchasing departments, products currently being imported that have the potential of being manufactured in Jordan.
 - To examine other sources of product identification eg., Government procurement, import statistics etc.

Having completed the review, the consultant recommended that due to the delay in the start-up of both Jump and the NLP contact only be made with the 64 companies that have received the letter informing them of the NLP. No other new initiatives be commenced until the Director is in place and the awareness program has begun.

- viii) A review of the working relationship between Eng. Nijem and the consultant whereby the consultant provides off-site back-up to Eng. Nijem.

Meetings with senior AMIR staff

The main issues discussed at these meetings related to the general management of the NLP:

- i) The relationship between JUMP and the NLP and involvement with other potential hosts for the program in the event of JUMP not having its operating procedures in place in a timely manner
- ii) The critical issues for implementation in the immediate future
- iii) The recruitment of the new Director
- iv) How the MIS will operate and the demands that are likely to be made of it
- v) Issues relating to the budget
- vi) Training for the staff to ensure that they receive the best assistance possible
- vii) The future direction of the NLP

2.2 Designing the data base and MIS

The consultant had one meeting with Ms Linda Faris Kawar and Ms Randa Salman of CDG to review the progress in developing the system for data storage and MIS for the NLP.

In summary the situation is as follows:

- i) CDG have been given specific briefs by both NLP and JUMP and have prepared a draft design specification which is being reviewed by the consultant and Ms.Suhair Khatib
- ii) It is likely that the database will not be operational until the end of January 2005. However, in the meantime CDG have provided a temporary data recording system that will be integrated into the full system when it is operational.

2.3 Liaison with JUMP Program

The consultant met on a number of occasions with the Chief Executive Officer and Advisors to JUMP in order to clarify how the two programs will work together.

These meetings were generally very positive and there is no doubt that there is a willingness for the NLP and JUMP to work in a fully integrated manner. However, the consultant is concerned that there is still not a full understanding among the executives of JUMP as to the distinctions between the two programs, namely:

- the NLP is a market driven program responding to specific business opportunities that have been identified
- the NLP is not a general capacity upgrading program, rather it is focused on selected companies who are deemed to have the potential to achieve set standards and specifications, thereby becoming an accredited supplier.

In addition, while the NLP cannot function without the range of services and support systems that will be available through JUMP, it is important to ensure that the NLP does not lose its identity and be fully subsumed into JUMP. At discussions with JUMP the consultant went to great lengths to explain carefully how the two programs can exist side by side, building on the strengths of each other, yet maintaining an identity. The situation in Ireland was quoted as a good example, whereby the Linkage Program was located within IDA and drew heavily on its developmental capacity, yet maintained a separate identity.

Clearly, one of the first tasks facing the new Director of the NLP will be to agree in detail exactly the manner of co-operation between the two programs and detail it in a memorandum of understanding. The critical issue to remember is that both programs are set up to assist Jordanian companies and the delivery of a top class, professional service by both should not suffer as a result of administrative differences.

3. OVERALL IMPLEMENTATION PLAN FOR THE NATIONAL LINKAGE PROGRAM AND REVIEW OF PROGRESS TO DATE:

Overall Implementation Plan

The items specified below are those that are considered critical, in the short-term for the successful implementation of the NLP. The data in *italics* is taken from the Implementation Report of October 2004 with comment given by the consultant on progress towards achieving the required level of implementation

Secure Budget for the full implementation of the National Linkage Program (NLP)

- *Develop and secure the funding requirement for the operation of the NLP up to September 2005. This to include:*
 - *Salaries for the staff:*
Linkage Director
Linkage Executive
Receptionist/Secretary/Administrator
Driver
 - *Other employee related expenses (insurances etc)*
 - *Car*

- *Consumables related to car (insurance, petrol, servicing etc)*
- *Computer hardware and software*
- *Office equipment*
- *Office furniture*
- *Office consumables*
- *Travelling expenses and per diems*
(calculate on 200 days travelling to 09/05)
- *Entertainment allowance*
- *Hire of hotel rooms for promotional meetings*
(calculate on 20 such meetings)

Comment

A review of the AMIR budget projections up to July 2006 shows that there is adequate provision to fund the above elements of the program. In addition, the CEO of JUMP stated that the technical support for the NLP would be provisioned for in his budget.

Training of Staff

- *Agree that NLP staff will participate in general JUMP training to ensure that they are aware of the full range of services available through the JUMP program*
- *Undertake study tour to Ireland to see and understand the detailed workings of the Irish Linkage Programme*
 - *secure budget to undertake training in Ireland*
 - *agree timing, duration, content etc of study tour with Irish counterpart*
 - *Irish counterpart makes all arrangements in Ireland for study tour and confirms all details with AMIR*
 - *study tour takes place*

Comment:

The inclusion of Eng. Nijem in the JUMP study tour to Tunisia is welcomed. A study tour to Ireland is scheduled and it is important that, in addition to NLP staff, some JUMP staff are included. The Irish Study Tour had been scheduled for the end of January, however, it should be postponed until the Director is recruited.

Agree working relationship with JUMP Programme

- *AMIR to draw up draft Memorandum of Understanding setting out exactly how it sees the relationship between JUMP and the NLP developing. This MOU to clearly set out:*
 - *the responsibilities of each donor*
 - *how the resources, staff and budget, will be allocated in the delivery of the service*
 - *clearly establish the reporting channels*
 - *agree that the NLP has a separate and distinct identity from the JUMP program. However, all media releases etc to make mention that the NLP is part of the*

JUMP initiative and acknowledge the support of the JUMP facilities and mechanisms used in the Linkage Program

- *allocate responsibility for media contacts and briefings etc*
- *set out the JUMP services and facilities of which the NLP may avail*
- *agree on the allocation of the JUMP staff member to the NLP and set out the responsibilities and to whom the person reports*
- *develop an understanding on how certain costs can be shared*

There are many other items, however, it is better that they be left until the Linkage Program Director is recruited and the day to day practical issues can be worked out between the Director and the CEO of the JUMP Program.

Comment:

The consultant met with the CEO of JUMP on a number of occasions and came to an outline agreement with him as to how the NLP and JUMP will work together. This outline agreement will be further developed in a memorandum of understanding to be entered into between the Director of the NLP and the CEO of JUMP.

Design and Purchase Hardware and Software to operate the NLP

Ensure that the database and the MIS are:

- i) *Developed in accordance with the outline specification as agreed during the consultant's visit.*
- ii) *Developed to ensure that both the NLP and JUMP use the same database and MIS.*
- iii) *Capable of carrying out the following functions, as a minimum:*

For potential supplier companies:

- *The name, address, telephone and fax details*
- *Details on the number and qualifications of the staff, particularly those with technical qualifications*
- *Details on the products currently manufactured by the company*
- *Details on the company's customers giving quantity and value of the goods sold to each customer*
- *A facility to record the opinion of the NLP and/or JUMP executives and feed back on the company and its performance against set criteria eg:*
 - *The quality of the product*
 - *History of delivery and ability to meet delivery targets*
 - *Ability of the company to respond to the customer's requirements*
 - *The quality of the management*
 - *Ability of the company to be pro active in recommending improvements to the customer's product*
 - *The price of the product compared to the competition*
- *Details on any export markets and customers*
- *Details on the company's machinery, its age, capacity etc*
- *In addition, there will have to be other fields available for progress*

reports against agreed criteria as set out in the audit and development plan following a companies selection as a potential supplier following a successful audit.

For purchasing companies participating in the Linkage Program:

- *The name, address, telephone and fax details*
- *Name of the Purchasing Manager and other relevant staff*
- *Details on the products that are available for local sourcing*
- *Details on the level and type of assistance that the company is willing to devote to help potential supplier companies*
- *Review specification when received from consultants*
- *Initiate tender process to purchase identified package*
- *Comply with all relevant procedures for a tender process*
- *Select the most competitive tender and notify the successful company*
- *Commence process of installing equipment and inputting test data to ensure that the system complies with the technical specification*
- *Install minimal data recording system before mid November so that data being gathered can be stored. This system to be capable of being integrated into the full system when it is installed at the end of January 2005.*

Comment:

CDG have met with AMIR as well as JUMP and NLP staff in order to completely understand the data and reporting requirements of the NLP and JUMP. A draft design specification has been prepared and is currently being reviewed by the consultant and Ms. Suhair Khatib.

5 Carry out Promotional Campaign to raise understanding of NLP and its Mechanisms:

At the outset it is important to stress that the promotion of the NLP needs to be handled in a careful manner to ensure that:

- i) It does not lead to confusion in the market place between the NLP and JUMP. It is recommended that JUMP takes the lead role in awareness campaigns etc. and in the process mention the NLP, but stress that it has a narrow focus and will not be suitable for all companies.*
 - ii) It does not raise expectations among companies who will not meet the criteria for inclusion, thereby possibly discrediting the NLP.*
 - iii) Whenever possible, the difference between the two programs should be stressed ie. JUMP is a general capacity building program, while the NLP is a market driven program focussed on selected companies.*
- *It would add enormously to the success of the program if His Majesty could endorse the NLP and call on large companies in Jordan to participate as part of a National effort to stimulate the development of small and medium sized domestic companies*

- *When the Linkage Director is appointed arrange for a number of interviews with selected media in order to explain the purpose, functions and mechanisms of the NLP*
 - *Prepare a web page giving the address of the NLP, the name of the Director and staff and setting out the purpose, functions and mechanisms of the NLP. The web page also to include copies of all media coverage and any other developments*
 - *Arrange for the Director to speak at Chamber of Commerce meetings and any other gathering of senior business people who could be influential in facilitating the development of the NLP*
 - *Issue press releases indicating the successes of linkage programs in other countries and highlighting developments with the NLP*
 - *Maintain contact with relevant business groupings so to raise the awareness of the NLP with people who will be involved in its development.*
 - *Avail of every opportunity to get publicity for the NLP thereby making it easier for the NLP to get participation from major purchasing companies.*
- In all of the above it is critical to stress that the NLP is not available/suitable for all companies and that there are strict criteria for inclusion.***

AMIR has already commissioned a study to determine a communications strategy – Task No: 514.03 (Report September 2004). This report is very good and is based on a good understanding of the messages to be delivered. However, it needs to be stressed that it is not the intention to have lavish launches of the program (that will be left to JUMP), rather it will be the focus to inform the target audience of the NLP's existence, seek participation and show the results. Generally the media involvement will be low-key.

While it is difficult to argue against the detailed recommendations in the communications strategy, the consultant would request that the strategy more reflects the fact that the NLP would really only impact on a small number of companies in Jordan.

Comment:

The implementation of the NLP awareness program has been delayed at the request of JUMP as their program is not yet ready. This delay is causing a difficulty for Eng. Nijem as there is not a general awareness about the NLP in the marketplace. This makes it difficult for him to get appointments as executives in companies know nothing about the NLP and are, accordingly, reluctant to commit to a meeting. In addition, the lack of promotional material and business card is further hampering progress. However, Eng. Nijem deserves credit for his initiative in manufacturing his own business cards using JUMP cards with his name superimposed and the development of a PowerPoint presentation (see Appendix 3) to use in the absence of any promotional material.

6. Establish Agreements with Key Partner Organisations

- *Identify key private sector organisations that could be influential in assisting with the development of the NLP. Ideally these should be representative bodies whose members would be regarded as prime candidate purchasing companies (eg Chambers of Industry, Trade or Industry Associations etc)*
- *Reach an agreement with the selected organisation(s) under which they will:*

- *Encourage their members to participate*
- *Help identify suitable purchasing companies for inclusion in the program*
- *Help identify companies with potential for inclusion as potential supply companies*
- *Assist with the promotional aspects by providing speaking platforms and publicising the NLP in any of its publications*
- *Assist with the administration of the program*
- *Act as co-sponsor of events when required*

Comment:

Due to the lack of a Director, there has been no progress in this area.

Seek commitment of Purchasing Companies to participate in the NLP

- *Through both the participating partner organisations and direct contact, meet with the CEOs of companies identified as potential purchasing companies and seek commitment to participate in the program. It will be necessary to explain fully the consequences of participation and the ultimate objective will be that the purchasing company will switch part of its sourcing to new domestic suppliers. In addition, it will be necessary to explain that the purchasing company will be required to actively participate through assisting the selected potential supplier company to achieve the standards necessary to become a supplier.
The range of services available through the JUMP Program should be carefully explained so the purchasing company is aware of the support that it will receive from NLP/JUMP.*

Comment:

A letter, on JUMP letterhead and signed by the CEO of JUMP has been sent to 64 companies outlining the intent of the NLP (see Appendix 4). Positive replies were received from 4 companies:

- 1. Jordan Cement**
- 2. White Cement Company**
- 3. Advanced Furniture Company**
- 4. Al-Karama Group**

Eng. Nijem met with all four companies, with Jordan Cement being the most positive. At the meeting a representative from the purchasing department was present and indicated a number of products that the company would like to see manufactures locally. These included iron castings, carbon brushes etc.

In addition, the Executive Director of the King Abdullah II Development and Design Bureau contacted the NLP and listed a number of products that they would like to have manufactured locally.

Contact and Brief Purchasing Managers

- *Having received agreement from the CEOs of companies to participate in the program, hold briefing meetings for the Purchasing Managers of these companies to explain how the program works and what is expected from them in the process*
- *Following initial contact, at the group meetings, with the Purchasing Managers, arrange individual meetings in order to explain in detail the mechanisms involved*
- *At these meetings, request the Purchasing Managers to review their purchasing requirements for goods and services in order to identify:*
 - i) *Products and services which, in the opinion of the Purchasing Manager, could be produced locally by a domestic company without any improvement in its capacity or capability if such a company could be identified by the NLP*
 - ii) *Products and services which have the potential to be produced locally following an improvement in the capacity and/or capability of a domestic company*

Comment:

Contact has been made with purchasing staff at the companies indicated above.

Quantify critical mass demand products and services

Input the sourcing requirements of purchasing companies onto the linkage program database. This information to be used in quantifying aggregated demand for certain products and services that can be sourced easily without a full linkage intervention. This data will facilitate business to business (B2B) deals for lower level goods and services identified through 8i above. It is most likely that the majority of supplier companies to benefit from these exchanges will be small companies who lack marketing expertise and the finance to undertake marketing.

Comment:

There is no progress in this area.

Identify Supply Companies with Potential to participate in Program

- *Build up data base of domestic companies that are deemed to have the potential to become suppliers to large purchasing companies. This to be done by contacting a number of sources to help identify these companies. The sources to be used include:*
 - *Purchasing Managers of purchasing companies*
 - *Partner organisations*
 - *Relevant industry and trade organisations, especially those related to companies that export*
 - *The personal knowledge of the NLP and JUMP executives.*
- *Having compiled a list of “good companies with Potential”, a small number of company names will emerge as being recommended by a number of sources. These companies will provide the A list of companies for possible inclusion in the linkage program.*

- *Having compiled the list of companies with potential, the linkage executives consult with the purchasing managers and technical staff in the purchasing company to draw up a short list of potential supplier companies that the purchasing company would be interested in working with in order to upgrade to become a supplier company.*
- *The final selection of a company to be included in the linkage program will be made by the purchasing company.*

Comment:

There is no progress in this area.

Commence Program of Audits

- *Agree with each purchasing company the potential supply companies that it is willing to work with in a developmental manner.*
- *Agree the composition of the audit team. Ideally it should comprise:*
 - *A member of the NLP*
 - *At least one technical representative from the purchasing company*
 - *A representative from the purchasing department of the purchasing company*
 - *Other technically qualified persons as required as long as their participation is agreed with the management of the company being audited*
 - *At least one representative from the senior management of the company being audited*
- *It is feasible for a purchasing company to work in a developmental manner with more than one company at a time. However, the Linkage Director will need to be satisfied that the company can spare the resources to work with each supplier company in a thorough manner.*
- *When the technical audit is completed, the audit team prepares a deficiency report, which clearly sets out the areas where the company does not meet, the standards of the purchasing company. This information is then used to draw up a development plan which sets out the actions that the supplier must undertake in order to reach the standards to become an accredited supplier to the purchasing company.*
- *It is critically important that the senior management of the supplier company fully agrees with the development program and undertakes to implement it. Should the supplier company subsequently fail to meet the achievement milestones it will be dropped from the program*

Comment:

There is no progress in this area.

Targets for the National Linkage Program

The key outputs of this program are:

- i) *Linkage 1: new business generated through supplier companies up-grading themselves – and that is the critical item that should be measured.*

- ii) *Linkage 2: business to business generated without up grading. Normally, this activity would not be recorded by backward linkage programs, but, given the current state of the sub-supply industry in Jordan and the lead times involved in actually effecting linkages, it is felt justifiable to record it as it will produce results in the short-term.*

It is difficult to establish realistic targets for new business generated, as there are no existing benchmarks available in Jordan. However, using experience gained in other countries, the following seem reasonable and if necessary the targets can be amended by the consultant on subsequent visits having reviewed progress.

Accordingly, it is recommended that the following targets be adopted for the period up to December 2005:

<i>Criteria</i>	<i>Linkage 1</i>	<i>Linkage 2</i>
<i>Number of participating purchaser companies (Minimum)</i>	<i>40 companies</i>	<i>200 companies</i>
<i>Number of identified potential supplier companies</i>	<i>40 companies</i>	<i>200 companies</i>
<i>Number of technical audits completed</i>	<i>20 audits</i>	<i>Not applicable</i>
<i>Number of development plans drawn up</i>	<i>15 plans</i>	<i>Not applicable</i>
<i>Number of development plans completed</i>	<i>10 plans</i>	<i>Not applicable</i>
<i>Value of new production from linkages achieved as a result of development plans</i>	<i>JD 2,000,000</i>	<i>Not applicable</i>
<i>Value of new business achieved through business to business</i>	<i>Not applicable</i>	<i>JD 4,000,000</i>

Comment:

The progress toward achieving the above targets is summarised below:

<i>Criteria</i>	<i>Linkage 1</i>	<i>Progress</i>
Number of participating purchaser companies (Minimum)	40 companies	Nil
Number of identified potential supplier companies	40 companies	Nil
Number of technical audits completed	20 audits	Nil
Number of development plans drawn up	15 plans	Nil
Number of development plans completed	10 plans	Nil
Value of new production from linkages achieved as a result of development plans	JD 2,000,000	Nil
Value of new business achieved through business to business	Not applicable	

Criteria	Linkage 2	Progress
Number of participating purchaser companies (Minimum)	200 companies	Nil
Number of identified potential supplier companies	200 companies	Nil
Number of technical audits completed	Not applicable	
Number of development plans drawn up	Not applicable	
Number of development plans completed	Not applicable	
Value of new production from linkages achieved as a result of development plans	Not applicable	
Value of new business achieved through business to business	JD 4,000,000	Nil

4 SPECIFIC WORK PROGRAM FOR IMMEDIATE FUTURE:

It was unfortunate that Eng. Reda Mazzawi, could not take up the position of Director of the NLP. Not only was he a good candidate, but his ultimate withdrawal has delayed the effective commencement of the NLP by over two months.

Following the appointment of a new Director and the remaining staff compliment, it is recommended that the following specific issues be tabled for priority implementation within the first quarter of 2005.

4.1 Agreeing working relationship with Jump

While the consultant had a number of meetings with Eng. Yarob Qudah, Director JUMP program on the topic of the working relationship between JUMP and the NLP, one of the first tasks facing the Director of the NLP is to ensure that there is no ambiguity in the manner in which the two programs will operate. This will require the agreement of a detailed MOU clearly setting out the working mechanisms and the areas of responsibility.

4.2 Establishing contact with purchasing companies

Work should continue with the 64 companies that received the letter inviting them to participate in the NLP. Contact with other companies (unless they contact the NLP) should wait until the appointment of the Director and an awareness campaign has commenced.

4.3 Establishing contact with potential supply companies

It is recommended that the immediate priority for the linkage staff in the period up to end March 2005 is to concentrate on identifying purchasing companies suitable for inclusion in

the program. Accordingly, establishing contact with potential supply companies should only be done where a purchaser company has identified a potential supply company and there is sufficient critical demand for a viable business opportunity.

4.4 Establish database and MIS

The establishment of the database and MIS should be progressed as soon as possible. While it is accepted that these items take time to develop, CDG should be encouraged to have the system fully operational by the end of January 2005.

4.5 Organize training for NLP staff

This topic is covered elsewhere in this report, however it is useful to re-iterate the plans for the future:

- i) The NLP staff are to be included in all training for the Jump staff.
- ii) The NLP staff will benefit from the program of visits by the consultant during 2005. These will provide hands-on assistance and training in the mechanisms to be used in progressing the NLP.
- iii) The NLP and some JUMP staff will participate in a weeklong training program/study tour to Ireland to see at first hand exactly how the Irish linkage program operated.
- iv) It may be necessary to organize other specific training as the program develops. Either the AMIR management, the NLP Director or the consultant will identify these requirements. Having quantified the specific requirements, suitable training will be identified.

4.6 Put in place best practice office systems

The person who will be directly responsible for the setting-up and maintenance of the office systems is the Administrator. It is recommended that this person be recruited as soon as possible in order to ensure that proper systems are introduced at the commencement of the program. The position should be advertised immediately and the Director participates in the interview process even before he starts full time with the program.

4.6 Integrate the Small Scale Component into the NLP and commence business to business (B2B) linkage.

The following actions should be finalised before end March 2005:

- i) Ensure that the small-scale enterprise executive commences work as soon as possible.
- ii) Formalise the agreement with the Zarqa Chamber of Industry, whereby they act as co-sponsoring host to the pilot program and also allocate office space to the NLP.
- iii) Commence the task of identifying both local business opportunities and companies that can supply the requirement.
- iv) Ensure that all data gathered is compatible with the design of the JUMP/NLP database and MIS.

APPENDIX 1**LIST OF MEETINGS**

(Listed in order of meetings)

Eng. Mohammad Nijem	Linkage Executive, NLP
Eng. Yarub Qudah	Chief Executive Officer, JUMP Program
Dr. Yousef Mansour	Advisor, JUMP Program and CEO of JAED
Ms. Suhair Khatib	Deputy MEI Component Leader, AMIR Program
Ms. Dianne Scott	AMIR Program
Ms. Shereen Balker	AMIR Program
Mr. Rashad Othman	Senior Advisor, JUMP Program
Mr. Mohamad Al-Ississ	Investment Promotion Sub-component Manager, AMIR
Mr. Brad Fusco	Component Leader, AMIR Program
Ms. Linda Faris Kawar	Vice President and Chief Operating Officer Community Development Group
Ms. Randa Salman	Community Development Group
Mr. Steve Wade	Chief of Party, AMIR Program
Mr. Sean Jones	USAID, Amman Embassy
Ms. Maha Mousa	USAID, Amman Embassy
HE Dr. Ahmed Hindawi	Minister of Industry and Trade
Mr. Amer Hadidi	Advisor to the Minister of Industry and Trade

APPENDIX 2**REPORT BY ENG. MOHAMMAD NIJEM ON STUDY TOUR TO TUNISIA****Study schedule**

- Dec. 23 2004, arrival in the airport.
- Dec. 24 2004, meeting in the cooperation and international relations office / ministry of industry.
- Dec. 24 2004, Discussion at the industrial strategies office / Ministry of industry.
- Dec. 25 2004, Discussion at the industry upgrading and developing program.

We were divided to three teams:

First team: technical and financial members.

Second team: task force members.

Third Team: General team (me+ a lady from EJADA and Rashad Othman).

- Dec. 26 2004, Holiday.
- Dec. 27 2004, the first team went to the upgrading office. Second team went for the task force office. My team went to the Textile Technical Center.
- Dec. 28 2004, first team to the upgrading office. Second team to the textile center. My team went to the chemical center.
- Dec. 29 2004, First team went to the upgrading office, Second team to the chemical center. My team went to the upgrading office.
- Dec. 30 2004, first team to the upgrading office. Second and third teams went to the industry development office.

General Notes:

- Tunisian Task force: is put in a separate office to help SMEs in joining the upgrading program. In the evaluation of the first 5 years of the upgrading program they found that almost all the participating companies were big companies. SMEs due to their small management structure faced difficulties in joining the program; accordingly The Task Force was formed to help them.
- Technical Centers: specialized technical centers per sector (textile, chemical, leather, food, mechanical...). They are designed to help the companies within each sector to solve all technical and training issues. Technical centers conduct studies, trends and researches about their sector upon the government request. Also technical centers conduct diagnostics studies for the companies within the sector. All the services are not free. They charge on average around 300 US\$ per day. It is very advisable to form similar centers in Jordan.

- Since 1996, By Law 1% from VAT is put in the SMEs upgrading fund. This very important. In Jordan we need to do similar thing.
- Upgrading programs are evaluated and modified every 5 years. So all the new changes in the international markets, trends and regulation are taken into consideration in the evaluation and upgrading of the program.
- Before submitting the diagnostic study to the upgrading office, the company has to get its bank approval on financing the suggested development plan. Banks are represented in the steering committee.
- During the implementation of the upgrading plans, they noticed that companies always implement the material part of the plan (machinery), but when it comes to non material part (quality systems, software's..) they found that the companies are very slow in this part. Accordingly they increased the % of grants that they offer for the non material investments (QC, MIS, HR...)
- They admitted that one of their disadvantages is that they do not have a backward linkages program.
- The Tunisian upgrading program was made upon the Portuguese module with some modifications.
- In Tunisia they started from 1972 working on developing the country to be more acceptable for the foreign investments.
- About 50% of the Tunisian companies are in the textile business. In the textile industry they started by selling work minutes to multinational companies. Now the trend is to supply a complete product from the design to the final product. This is because the multinational demand a complete product and want to concentrate only on marketing and selling the final products.
- UNIDO helped the technical centers in getting the needed Now How from the foreign similar centers.
- All the technical centers they have laboratories for conducting the needed tests from the related industrial sectors. Some of these labs are accredited from international bodies (for example the leather lab...).
- On monthly basis the Tunisian minister's cabinet discusses the results of the upgrading program. So the results of the upgrading are always under focus.
- The governors of the 24 Tunisian states are involved in the promotion and the upgrading of companies within their states. States are competing against each other.

Mohammad Nijem



APPENDIX III

تي دى تى قالا عيرش لى اري و طو نى دى ج م ب Jump
 ت ا ط ا ر ت ل ا ق ي ع ا ر ل ا
 National Linkages Programme



TEL. 5561431/2, FAX5561438, E-MAIL: info@jump.io
 Eng. Mohammad Nijem / NLP Executive Officer , Mobile 079-582-4-508

ف ي ر ع ط ا ر ت ل ا
 Backward Linkages

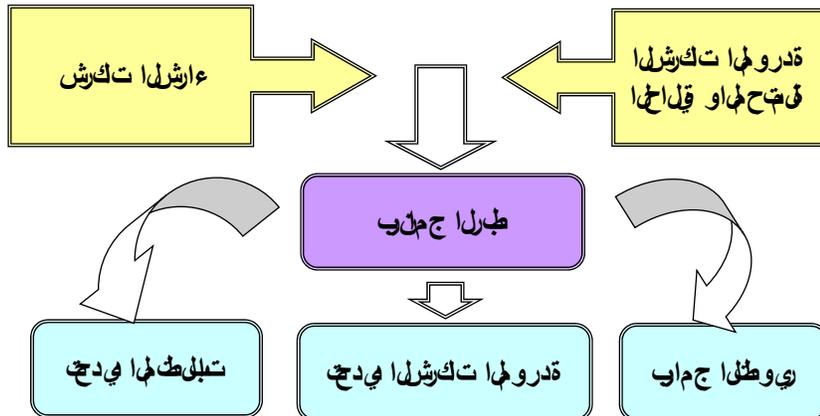


ن م ق ي ز ل ج ا ه ذ ه ف ن س ق Jump ر ي ب ق ل ل ج ا ي ط و ت ل ا
 ت ك ر ش ل ا ت ل خ د م ء ا ر ش ب ة ر ي ل ف ل ا ت ك ر ش ل ا م و ق ت ن ي ح
 ت ك ر ش ل ا ن م ر ث ك ا و ا ة د ح ا و ن م م ظ ن م ل ل ف ش ب ج م ب ل ا
 ن ي ل ح ل ا ة ر ي ن ج ر ل ا و ة ط ر و ت ل ا .

أهداف البرنامج

- ندرال في ليجيبل او يديتقوال قفلوال اوتو وعر .
 - ل فئاظوو تايعيم ولاح SMES.
- اويلاي تاكشرلا جئال يلح لها لم اعا يوتحم قنيز .
 - يلح م يرخل تدروس لها تلخ لها ل ايتسا .
- يوت ل ا SMES .
 - ل اويلاي تاكشرلا نم تاراها لياو يلج يللا ل قن SMES .
- يوتيا على عرقها نم اوي لعا او قطوت لها تاكشرلا ريكتم .
 - 'ويلاي تاكشرلا جئال اعا موي لعا اعا اوتو ليا اضرع .
- قجرا لعا تار لقا ل ا بذج .
 - اويلاي تاكشرلا امدل يلح لها يوتيا اذع روط .
- قجرا لعا تار لقا ل ا على ع فظا ليا .
 - يلح لها ديقتوال اعم اويلاي تاكشرلا تلعل ع يوت .

طرقا ابا ميس ليا



طبرك ويسبللأا ج ذوطلا



- ءارشلا تاكلرش
- تايضن لها يديض/يلاح لها ءارشلا بقسرن لها تامدلخا.
- فقو لها تاكلرشلا ددحي قيرنلها تاكلرشلا عم نولعليل طبرلا قيوستابلط لها يوؤنل.
- . تدحي طبرلا ضيع Business to Business .
- يرونلا زج او ح يديضل ءدرو لها تاكلرشلا عيقلها قيوستابلط.
- طبرلا قيوستابلط لبق نم ءرضح لها لميها ءطخو يوطلا ءطخ.
- طبرلا قيوستابلط ءدعليل يوطلا ءطخ عنن عني درو لها نورنيس لها , Jump....
- قيرنلها او طبرلا قيوستابلط لبق نم عجات يوطلا ءطخ نم قحرم لك قيرنلها.
- يوطلا ءطخ زجت امنع , قيوستابلط لبق نم عني.
- صوطلل عوض لها دعي , قيرنلها قيرنلها لبق نم ءدنتعم صميت ءدرو لها قيرنلها .

طبرك ويسبللأا ءرشعلا ءبلا



1. صالعا ءاطلا ءطراپ ءدقلا.
2. قيعوط قيرطب كيرنل فارتلا عمج.
3. مالحا ءاطلا / لوصلحا او ءرادال يي طبرلا قيوستابلط ءخا لها تاهلجا يوطلا مچنن علع.
4. قيرنلها تاكلرشلا هديت عيقلها قيوستابلط.
5. قيوستابلط و قيرنلها تاكلرشلا لبق نم م ريلخا لبي ريلخا لها يديرو لها طبرلا.
6. نم ريلخا ريلخا طورش اهلل ع قيوستابلط ءدرو لها تاكلرشلا طبر جملرلها يي قيرنلها لها.

قېنى قىروئىرا فادەل اېرل JUMP

- يدخ فتمح لهاو قىلجا يروئىا تكرش تارق ىوسم .
- طرل قىف لىق نم اهم ادقسا نكم لها قىلجا ادعل لها ردصم قىيمت رپس قى يروئىا تكرش تارق.
- صولدا قىيمت قى ادعل لها قىلجا لها ارشلا تولىل ملىا خلى اطرل ا جمل رلى.
- جمل رپ رپوٹ قى اهم ادقسا نكم لهاو ادعل لها ىرخا ردصم قىيمت اطرل.
- فتمح لها يروئىا ارشلا تكرش قىيمت قىرط نع جمل رلى عورشلا.
- تكرشل قىلجا قىعون تاذ تامدخ قى قى بجم عم بىرق لكش لملها قىلجا لها .

APPENDIX IV

JUMP – P. O. Box 950731 Amman, 11195 Jordan – Telephone: 5561431 Fax 5561438

Jordan Upgrading and Modernization Programme

Reference Number: 8/1/57

Date: December 2, 2004

Your Excellency the General Manager of

Kindly be notified that the Jordan Upgrading and Modernization Programme (JUMP), is a national program aiming at enhancing the competitiveness capability of the Jordanian companies, and developing and upgrading their capacity to be able to benefit from the economic agreements signed by the Jordanian government.

One of the basic elements of the JUMP program is the National Linkages Program which aims at:

- Identify large consumptive companies and their needs.
- Identify medium and small enterprises that provide products and services
- Recognize provider companies and make plans for their development, in accordance with the requirements and specifications of the large companies.
- Coordinate and follow-up on the implementation of the development plans for the supplier companies, in order to be considered as certified supplier for the large companies.

You are kindly requested to appoint your representative for the purpose of setting a meeting to discuss the possibilities of benefiting for the services of this program.

Sincerely yours

Eng. Yarub Qudah
Executive Director

PS: This is the English translation of the original letter in Arabic