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Ghana Supply Chain Development Program

Quarterly Report

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ACRONYMS

AGI	Association of Ghana Industries
BEP	Business Enhancement Plan
BSP	Business Service Provider
CDCS	Country Development Cooperation Strategy (USAID)
CoP	Chief of Party
CRO	Client Relations Officer
CSO	Civil Society Organization
DCoP	Deputy Chief of Party
DO	Development Objective
EDC	Enterprise Development Centre
EG	Economic Growth Office (USAID)
FtF	Feed the Future
GNPC	Ghana National Petroleum Corporation
GoG	Government of Ghana
IFC	International Finance Corporation
IOC	International Oil Company
IR	Intermediate Result
ISSP	Industrial Sector Support Programme
MDA	Ministries, Departments and Agencies
METSS	Monitoring, Evaluation and Technical Support Services
MoEP	Ministry of Energy and Petroleum
MoTI	Ministry of Trade and Industry
NBSSI	National Board for Small Scale Industries
NOC	National Oil Company
OMB	Office of Management and Budget (US)
PIRS	Performance Indicator Reference Sheet
PITT	Performance Indicator Tracking Table
PMP	Performance Management Plan
RF	Results Framework
SCD	Ghana Supply Chain Development Program
SME	Small and Medium Scale Enterprise
USAID	United States Agency for International Development
USG	United States Government

INTRODUCTION

The final quarter of 2013 began slowly for the Supply Chain Development (SCD) Program as activities and plans were hampered while awaiting a resolution to collaborative efforts sought with EDC and MoEP. Despite the slow start, the SCD Program was able to successfully launch the project, implemented a number of key activities and engaged with key stakeholders. The bulk of activities and deliverables achieved during the quarter increased and enhanced relationships, added important contacts to the SCD Program's BSP and SME directory, and provided key insights and learnings relevant to the program. .

During the reporting quarter the SCD Program continued to develop sustainable relationships with the key stakeholders and secured significant support for the program from the Ministry of Trade and Industry (MoTI) of Ghana. The SCD Program and the MoTI actively explored potential alleys for collaboration and identified common areas for the cooperation. As the period came to a close, the SCD Program and MoTI developed a draft Memorandum of Understanding (MoU) and set a date to formally sign the document.

PROGRESS OF PROGRAM ACTIVITIES

Coordination with key stakeholders

After months of direct engagement with the EDC, including both the Tullow representative to EDC and the MoEP, the SCD Program was unable to conclude any final agreement with the EDC. This unfortunate reality is not necessarily a permanent condition, but for this reporting period, the SCD Program decided to move ahead with other plans without any MoU or other hopes for agreements. All initial efforts focused on the potential of signing a MoU with the EDC / MoEP. However the SCD Program's attempts to collaborate with EDC/MoEP were unsuccessful despite the Program's best efforts and continuous outreach to these stakeholders. It came to the Program's attention that MoTI, another GoG partner in the EDC, was very interested in collaborating with the SCD Program.. From the inception of the SCD Program, MoTI has expressed keen interests in partnership and support for SCD. The MoTI representative to the EDC's program steering committee (PSC) spearheaded discussions with SCD about collaborative efforts. These discussions were noteworthy because of the direct interest and involvement of the Minister, the Honorable Haruna Idrissu. The Minister's interest in the SCD Program and MoTI's active participation in the Program's launch and organization of BSP workshops helped to expedite the efforts on both sides to explore ways for the effective collaboration.

SCD also maintained strong relations with the STCCI. The Sekondi-Takoradi Chamber of Commerce, one of Ghana's most vibrant, has pledged to support SCD activities and objectives. The SCD team has met twice with the general members and maintains regular contact with the STCCI leadership.

The SCD team initiated discussions about possible signing of a MoU with STCCI. The discussions are expected to be concluded early in the coming quarter. Additionally, SCD continues to build relations with leading entities in other sectors such as Newmont Mining and the Volta River Authority.

The AGI is a key stakeholder with MoTI and within the Ghana’s SME sector. Though a private entity, AGI enjoys a close and semi-official relationship with the GoG. They accompany the President and Ministers on trade missions, advise on policy issues, and have a mandate to speak on behalf of key industrial sectors. A new AGI Executive Board was recently elected. SCD has met with the new President and is developing a joint MoU framework for implementation in early 2014.

Program Launch

On November 7th, the Program held its official launch, which was attended by more than 150 people. Among the notable guests who attended the launch were the USAID Mission Director, the Western Region House of Chiefs, Members of Parliament and the Regional Representative of the MoTI. The speakers praised support for the USAID Ghana funding, the Program itself, and Ghana’s local content law. The guest of honor, the Omanhene of Lower Axim Traditional Area Awulae Attibrukusu III, admonished workers in the oil & gas industry to enhance their human resource capabilities to meet international standards and expertise. The Program is expected to fully embrace the new local content law as part of its deliverables. The SCD Program plans to closely monitor the recently promulgated law to ensure that its requirements and policy implications are well-known and adhered to in SCD activities.



Mission Director Bever and VIPs officially launch the SCD Program - November 7, 2013

Engagement with Business Service Providers

This has been a successful effort thus far. The SCD Program met with over 100 BSPs in an effort to assess and pre-qualify some for early activities. This process produced a list of 28 Tier-1 and Tier-2 BSPs. This group of 28 were participants SCD's BSP workshops which took place in December. Each represented BSP had unique characteristics, talents and experiences that make them suitable for partnership with SCD. It is unlikely that all 28 BSPs will have an opportunity to deliver services this year, but all those interested will have an opportunity for continuing engagement and capacity building offered by the Program. SCD has produced an initial BSP directory with detailed information on the pre-qualified BSPs. Each BSP listed in the directory has undergone some level of due diligence from SCD which includes site visits, meetings with key personnel, and an independent assessment of output. The directory will be updated periodically. Additionally, the Program is building a national BSP database. The database will contain relevant contact and other information on a wide range of BSPs, including those across the three tiers. This database will be designed in an appropriate user-friendly format which will serve to give all BSPs, SMEs, GoG, and the private sector basic data and information on available and verifiable services. A similar set of deliverables will also be replicated for those SMEs relevant to the Program.

The SCD Program engaged this initial group of BSPs to engender partnership for future delivery of program activities. Using the professional facilitation / organizational development skills of an IFC-certified BSP, Rainbow Consult, SCD designed and delivered two useful workshops. The initial BSP workshops, entitled "Opportunity for Partnership" were held in Takoradi and Accra on December 17th and 19th. One important outcome of the workshops was to establish a framework for high-quality delivery of trainings and technical assistance from BSPs. This approach would enable the SCD Program to assess and screen providers as well as ensure consistent delivery of training and technical assistance services to SMEs in the coming quarter.

These workshops provided the SCD Program with the opportunity to complete a thorough assessment of BSPs, helped BSPs to develop a clear understanding of their potential engagement with the SCD Program, and most importantly produced several proposals for immediate service delivery which the SCD Program will analyze and assess for implementation in the coming quarter. The workshop provided BSPs with direct guidance enabling them to submit proposals that are responsive to SCD goals and objectives.

The workshops were well-attended in both regions. They were interesting and interactive with a number of exercises carried out to meet the above stated objectives. The exercises included group work on the following topics:

1. Challenges that you expect the program to face and what solutions do you propose
2. What are the key challenges SME's will face in serving the Oil & Gas sector?

3. How can SCD support BSP to bridge this gap?

In a brief feedback session each team reported on their very interesting and useful responses to the above topics. The responses are summarized in the following table:

	Challenges	Proposed Solutions
1	Effective communication of important program information to stakeholders in a manner that is well understood	<ol style="list-style-type: none"> 1. Establish a website (www) that is regularly and constantly updated. 2. Use other technologically friendly means of effectively reaching targeted groups/people constantly and consistently. 3. Use other established media/mediums like the AGI News Flashes to reach clients and targeted groups
2	Prevailing attitudes of BSPs	<ol style="list-style-type: none"> 1. Educate the BSPs to have improved positive attitudes to business e.g. improved business ethics and culture. A special area is the need for punctuality and timely delivery of services. 2. Institute management improvement training to encourage change in practices, processes and procedures and to orient BSPs to (internationally) accepted best practices. 3. Cultivate a desire in people to appreciate and use technology.
3	Determining the needs and wants of the Oil & Gas industry operators and the clients: Identifying the target groups (BSPs) and pre-qualification or certification that would be needed	<ol style="list-style-type: none"> 1. Develop lists of pre-requisites or criteria for qualification of BSPs onto the program. 2. Identify and focus on the core players in clusters in the Oil & Gas industry; work with them to know their needs; and provide tailored solutions to support and upgrade the BSPs in the various clusters to the expected standards. 3. SCD to create a Database of industry operators and BSPs 4. Operate an Open door policy for all concerns
4	Managing the transition from the entry level to acceptable international standards	<ol style="list-style-type: none"> 1. Have a clear process for transition to the required final standard. 2. The process or path for growth must be clear and the migration of SMEs as BSPs must develop to meet a clear final acceptable international standard
5	Differing definitions of SMEs (and sometimes very broad) will pose a challenge in the identification of SMEs as BSPs.	<ol style="list-style-type: none"> 1. The program should define SMEs in its own context (the program could work with BSPs to define SMEs). The definition should be useful in selecting SMEs to work with on the program. 2. Consider using, but not limiting to, pool of SMEs in databases of various organizations and trade associations in both public and privates sectors like AGI, Petroleum Commission, and GNPC

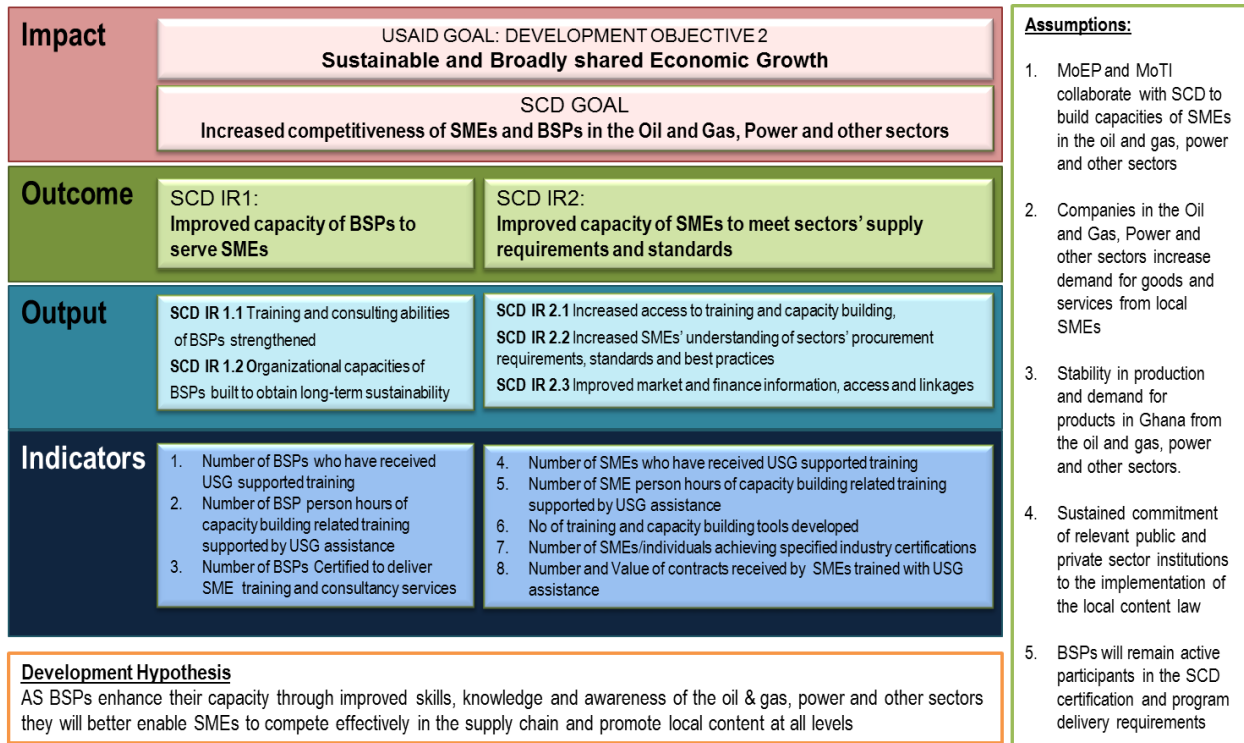
		3. Develop and roll out outreach plans to let people know of PYXERA Global and its program(s).
6	The challenge of continued ownership and commitment to the program	<ol style="list-style-type: none"> 1. The program should consider some level of cost sharing to encourage ownership of the program which would breed commitment and sustainability. 2. There should be a means for measuring success and for sharing success stories to encourage other entrants onto the program.
7	Lack of Government and Institutional support	<ol style="list-style-type: none"> 1. Advocacy for support from corporate organizations

Capacity Building Activities

The Program has completed some initial capacity building tasks previously identified. In order to fully develop suitable interventions, and trainings, the SCD Program needs to gather more complete supply-demand information directly from the oil & gas sector. From the inception, this task was to have been shared with the EDC, allowing the EDC and MoEP, specifically to take the lead in information gathering and dissemination. If that has happened through the EDC, SCD has not yet benefited from that information. Towards the end of the reporting period, fruitful discussions with MoTI have addressed this concern. MoTI, as an EDC partner, can assist in building the necessary collaboration for more effective information sharing in the critical area.

Results Framework and Progress Indicators

During the reporting period, the SCD team spent time with METSS, a local consultant, staff and key stakeholders in order to develop and validate a results framework (RF) for the Program. Under USAID’s DO 2, Sustainable and Broadly Shared Economic Growth, the twin objectives of increased BSP and SME capacity will be viewed through six intermediate results and an additional eight indicators, the overall goal of which is to increase the competitiveness of SMEs in the supply chain. The data collection on some indicators has already begun. These eight indicators will guide the measurement and evaluation of SCD activities. Though this activity was delayed in its delivery, the timing allowed for discussion of the RF with BSPS at the workshops. Gaining their understanding and buy-in with Program commitments was an important outcome from the workshops that would not have been possible without the RF. Specific group exercises at the workshops allowed BSPs to study the RF, make suggestions and provide an assessment of additional challenges that may arise.



SCD Results Framework

KEY CHALLENGES

MoU development

As reported in the previous Quarterly Report, the SCD Program spent considerable time in pursuit of a MoU specifically with the EDC. That effort was driven by a commitment to the original proposal as well as the feedback received from MoEP since the Program's inception. This has not proven successful as not a single MoU draft was ever agreed to by EDC, though MoEP indicated its support on various occasions. The Program still believes some form of agreement, or expression of interest is needed to support the programmatic efforts. A MoU will continue to be an objective for the Program, though it may not be with EDC or MoEP as originally envisioned. The SCD Program accelerated discussions with MoTI soon after the Program launch. These discussions, with the direct involvement of the Minister, have led to an exchange of draft documents and focused discussion leading to a final MoU. SCD expects to sign a MoU with MoTI in January 2014.

Engagement with EDC

Numerous efforts have been made to engage with EDC. From the earliest encounters with EDC, this Program has offered to share information, plans, and even resources with EDC. Avoidance of duplication and coordination of efforts should be principles both EDC and SCD adhere to. The Program continues to refer SMEs to EDC, invite EDC to all SCD activities, and promote information-sharing and other collaborative efforts with the cross-town neighbor organization. Collaborative efforts will continue if not directly with the EDC, SCD will pursue necessary sector information, guidance and direction from GNPC, the Petroleum Commission, the Jubilee Partners and other IOCs.

Program Reporting

SCD reporting fell behind some of the target dates. The Program accepts responsibility for these delays and is committed to improvements in this area. During the reporting period, both the PMP and Annual work plan were due. Despite the team's diligent efforts to meet these deadlines, it became necessary to seek additional time from the AOR in order to submit the documents.

KEY OPPORTUNITIES

Visibility and Outreach

The Program enjoys good visibility and awareness, particularly in the Western Region. Principally due to effective stakeholder engagement and timely USAID support at key functions, many BSPs, SMEs, GoG officials and media have approached SCD for information and engagement. This has allowed the CROs to build an extensive list of SMEs who have expressed interest in the Program. Currently the list of the Program's list SMEs contains more than one thousand entries, however the Program must continue to streamline the list. The information will be fully vetted and due diligence completed on those SMEs selected for further activities.

MoTI interest / support

In addition to the positive indications from MoTI on the MoU, the Ministry has been proactive with the SCD Program to ensure EDC collaboration, to gain support for their own SME development activities, and to consider how they can support the SCD Program. MoTI has specifically addressed the issue of coordination between EDC and SCD. MoTI also seeks to support SCD through some of its own programs. MoTI Directors have proposed including their Industrial Sector Support Programme (ISSP) as part of any MoU with SCD. The ISSP is a comprehensive set of programs and initiatives that, among other things, will:

- Increase supply and improve quality of SME entrepreneurial and management skills
- Identify and strengthen existing training institutions

The ISSP objectives support SCD objectives as well.

PROGRAM NARRATIVES: *THE SCD PROGRAM'S IMPACT ON A LOCAL BSP*

During the reporting period, thanks to a number of the outreach and engagement activities, the Program developed close relationships with some BSPs, SMEs, and opinion leaders. Managing their expectations in relation to the SCD Program is a very important task. Some of these contacts are already providing the Program with examples of their own work and how the SCD Program is affecting them. The local business –DANEST – is one of the great examples of how the work of the SCD Program has already impacted Ghanaian business service providers. The Program first met DANEST at the AGI Workshop in October 2013. Following the initial introduction, DANEST visited the SCD Program's office in Takoradi for a number of meetings. The Program's CROs paid additional site visits to DANEST's office to learn more about the business, its challenges and plans for the future growth. DANEST was also among the select BSPs invited to participate in the December, 2013 workshops held in Accra and Takoradi. Here

is a brief narrative about Danest’s current status and a recent innovation - Ghana 100 Qualified Welders Project - which the Program will assess and closely monitor.

The Ghana Supply Chain Development Program is focused on making Business Service Providers realize the opportunities in the O&G operations. A mechanical engineer who has set up and managed a limited liability company, Danest Engineering Company Limited (DANEST) for the past 14 years has this story to share.

Out of my experience and engagements as a Mechanical Maintenance Engineer with a reputable gold mine, I started my own company in the welding and fabrication industry serving the mining and services companies. By 2006 I have moved into the business of welding inspection and quality control, and set up the Welder Training and Testing Centre (WTTC-Takoradi), a half a million dollar welder training facility with state of the art welding and testing equipment. The centre is equipped with 32 welding booths for the training, testing and qualifying of welders in Shielded Metal Arc Welding (SMAW), Gas Metal Arc Welding (GMAW), Flux-Cored Arc Welding (FCAW) and Gas Tungsten Arc Welding (GTAW) to international codes and standards such as the AWS, ASME, API, ABS, LB and DNV. Danest also offers Certified Welding Inspector (CWI) services including WPS, PQR and Welder qualification.

Owing to the numerous challenges that have been gripping my operations, such as welding and fabrication activities not conforming to international codes and standards, very little appreciation for weld quality and assurance, lack of national standards for the qualification and certification of welding activities and high cost of training and certifications leading to low patronage have slowed the progress of my business.

My engagement with the SCD team has been very fruitful. I first got to know of this program when the SCD team made their presentation at the 4th AGI Conference in Accra. I followed up with a visit to their office at Anaji, Takoradi. After my first visit to their office and discussions with an officer, I realized the opportunities in the program. I was motivated by the program objectives and goals and finally their workshop on 17.12.2013 at Takoradi. These engagements made me come out with the idea of launching the “Ghana 100 Qualified Welders Project” which seeks to enhance local content participation in the oil and gas, mining and construction industry in Ghana by selecting, training, qualifying and certifying 100 welders and placing them on the website: www.ghanaqualifiedwelderlist.com.

The “Ghana 100 Qualified Welders Project” Launch at Akroma Plaza, Takoradi attracted highly ranked opinion leaders, artisans, students and others who have interest in welding and fabrication and are optimistic of providing services for some of the subsidiary Oil and Gas companies.

With the collaborations made and my project receiving fair patronage I am hopeful to benefit from their capacity building trainings to better serve my clients and the SMEs they will refer to me.

-Daniel Kwarkyi (Managing Director) Danest Engineering Co. Ltd- Takoradi



NEXT QUARTER PLANS / ACTIVITIES

From the outset, the SCD team expects the next reporting period to be its most active. The following list is based on the 2014 annual work plan (Appendix 3). SCD will embark on the following activities:

MoU – It is expected to conclude a MoU with MoTI early in the period, followed by similar MoU's with AGI, STCCI, and perhaps some of the relevant local associations with direct interest in supply chain activities.

BSP / SME Database – The first phase will be completed during the period. The database will include only those names / contact information for which due diligence has been performed.

BSP Capacity Building – This ongoing activity will continue as SCD will provide support for its BSP partners. It is expected that the BSP capacity building will be a continuous process that allow BSPs to also deliver SME services as required, while continuing to enhance their own skill sets. Business Enhancement Plans (BEPs) will be developed for individual firms.

BSP Service Delivery - Simultaneously the BSP assessments will continue and key BSPs will be selected to assist in generating development plans for the SMEs and subsequent trainings for capacity building. BSPs who participated in the workshops were encouraged to submit proposals. Those proposals which conform to SME development plans will be assessed for implementation and immediate delivery.

SME Gap Analysis / Needs Assessment – Activities are already underway working with some Tier-1 BSPs, STCCI, AGI, and MoTI to understand the issues. Early in the quarter, it is expected that more specific oil & gas information will be included in the analysis. This information will guide the formation of activities described below.

SME Workshops / Training / Seminars – A full slate of activities, including workshops, trainings and seminars will be presented this term. The activities will begin in February-March, ideally with the support MoTI in terms of SME selection and referral. Based on current knowledge and feedback, these activities will address the following challenges faced by SMEs:

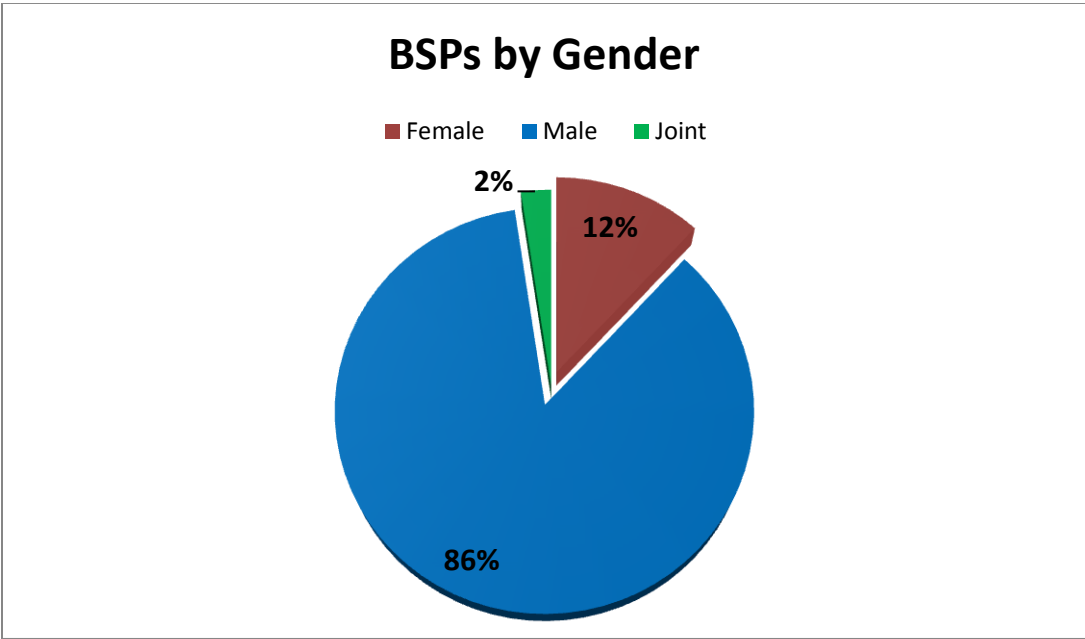
- Procurement experience
- Bid-and-proposal know-how
- Quality standards and performance
- Necessary business support service
- Access to financing
- Workforce capacity and experience
- Trust between industry and local SMEs

Website / Social Media / Newsletter – There will be an SCD website developed during the quarter. This will be an ongoing activity as the goal is not only a user-friendly site, but one with

timely and relevant market and sector information. Local resources will assist in the IT development. Additionally social media (Facebook, Twitter) will be utilized to support the Program, its activities and its continuing outreach.

GENDER BREAKDOWN

The current figure represents the gender breakdown among the owner / operators of BSPs affiliated with the Program. Further gender breakdowns will be calculated on all Program beneficiaries (additional BSPs, SMEs, trainees, participants). The results will be used to insure every effort is made to seek gender equity among the Program’s beneficiaries.



CONCLUSION

The reporting period ended on a positive note. The SCD team and its first set of beneficiaries, the BSPs, all felt empowered by the workshops and the outcomes. The engagement with and feedback to the staff was invaluable. Clearly there is now a small but expanding core group ready to deliver services. The SCD team will remain committed to the BSP capacity development, while at the same time begin a focused effort to identify the most suitable SME’s for training and support.

The SCD activities continue to receive headquarters support. The Vice President for Enterprise and Community Development, Harry Pastuszek attended the Program Launch and made one additional site visit. Senior Program Manager Kuralai Kunz also paid a visit to review activities and provide staff training. Additional HQ support on M&E and planning activities continued throughout the reporting period.

APPENDIX 1 – BSP Directory (Phase 1)

APPENDIX 2 – BSP Workshop Report

APPENDIX 3 – 2014 work plan