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GHANA SUPPLY CHAIN DEVELOPMENT PROGRAM

QUARTERLY PERFORMANCE REPORT

January 2017 – March 2017



The CEO of Danest Engineering Mr. Daniel Kwarkyi demonstrating his destructive welding testing lab to His Excellency Mr. Robert P. Jackson during his visit to the SCD program on 22nd March 2017.

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Quarterly Performance Report

January 2017 – March 2017

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I. LIST OF ACRONYMS

Acronym	Definition
ABAC	Anti-Bribery and Anti-Corruption
AFP	Atuabo Free Port
AGI	Association of Ghana Industries
AOR	Agreement Officer's Representative
BSP	Business Service Provider
CEO	Chief Executive Officer
EHS	Environment, Health & Safety
EY	Ernst & Young
FY	Fiscal Year
GE	General Electric
GIPC	Ghana Investment Promotion Center
GoG	Government of Ghana
GOGSPA	Ghana Oil & Gas Service Providers Association
IIA	Invest In Africa
IFC	International Finance Corporation
IOC	International Oil Company
IP	Implementing Partner
I & P	Investisseurs et Partenaires Group
IR	Intermediate Results
JTTC	Jubilee Technical Training Center
JV	Joint Venture
M&E	Monitoring and Evaluation
METSS	Monitoring and Evaluation Technical Support System
MNC	Multi-National Company
MOEP	Ministry of Energy & Petroleum
MOTI	Ministry of Trade & Industry
MOU	Memorandum of Understanding
O&G	Oil and Gas
OHSAS	Occupational Health & Safety Advisory Services
PC	Petroleum Commission
PIRS	Performance Indicators Reference Sheet
PITT	Performance Indicator Tracking Table
PMP	Performance Management Plan
QMS	Quality Management Systems
SCD	(Ghana) Supply Chain Development Program
SME	Small and Medium Enterprise
STCCI	Sekondi-Takoradi Regional Chamber of Commerce and Industry
TOT	Training of Trainers
TVET	Technical Vocational Education and Training
USAID	United States Agency for International Development
WOB	Women-owned Businesses

2. EXECUTIVE SUMMARY

PYXERA Global's Ghana Supply Chain Development (SCD) Program, based in Takoradi, Ghana was established in March 2013 to provide capacity-building services and to improve the competitiveness of local Small and Medium Enterprises (SMEs) in both the Oil and Gas (O&G), mining, and energy related sectors. While the broad impact sought is the number and value of contracts that SMEs win with IOCs and other multinationals, the two intermediate results against which SCD Program measures progress toward this goal are: 1) improved capacity of Business Service Providers (BSPs) to serve SMEs and 2) improved capacity of SMEs to meet industry requirements and standards.

The program uses the following three primary methodologies to achieve its objectives: 1) Introduction of training and capacity-building interventions targeting enhancement of technical managerial qualifications for professionals across the sector(s); 2) Strategic and targeted campaigns to combat access to finance issues inherent to the Ghanaian private sector; and 3) Increasing market linkages amongst both domestic and international market participants. From the outset, the program has made efforts to partner closely with IOCs and their international contractors in order to align with their procurement procedures and local content needs while remaining responsive to the capacity building needs of SMEs. Sustainability, as a cross-cutting theme, has been built into the program from the outset, but more recently sustainability has become a major focus of both programmatic and managerial decisions.



This visual represents the SCD Program's impact and the momentum the program has achieved since its inception through the end of the reporting quarter. Since inception, the SMEs in the SCD Program's network have won 76 contracts valuing over \$18 million. In addition, 540 individuals representing 237 SMEs and BSPs have attended 73 training workshops and other events, which has led to 361 industry certifications and 118 new business policies and procedures developed.

In the second quarter of 2017, the SCD Program continued its delivery of high quality trainings and breakfast

meetings, including: Billing and Invoicing, Marketing Plan, and Corporate Governance. To provide enhanced learning and networking opportunities to SMEs outside of traditional trainings, the SCD Program continued to convene its CEO meetings and began planning for a similar BSP meeting. Another highlight of this past quarter included increased engagement with USAID, with two official visits including one from the United States Ambassador to Ghana, His Excellency Mr. Robert P. Jackson.

In the coming quarter, the SCD Program will continue its training and technical assistance with several trainings and the monthly Breakfast Meeting Series being planned. Finally, the SCD Program will continue to identify opportunities that will strengthen market linkages between buyers and sellers, both domestic and multinational, as well as continue efforts to further its strategic partnerships with public and private sector stakeholders. Finally, in the third quarter the SCD Program will continue developing its exit strategy through the engagement of the BSPs in a planning meeting early in the quarter.

3. PROGRAMMING

The Ghana SCD Program continues to improve its operations, trainings and other activities to support local SMEs in order to increase the efficiency and effectiveness of local content in the oil and gas industry. The SCD Program continues to provide both subsidized trainings and free trainings to build the capacity of SMEs and BSPs. In addition to traditional training seminars, the SCD Program continues to offer its shorter Breakfast Meeting Series in order to provide the SMEs with shorter seminars about trending topics that better fit their busy schedules.

The SCD Program has also continued its work with BSPs. As the program approaches its final year of operation, the SCD program renewed its focus to prepare BSPs for providing consulting services to the SMEs to ensure sustainability of the program and continued progress toward its goals. A high level of feedback on the program has been solicited through the CEO Meetings, Breakfast Meetings, and site visits. Similar meetings will be held with the BSPs in the coming quarter to discuss sustainability strategies.

Below is a list of completed and expected trainings and events for the second and third quarters of Fiscal Year (FY) 2017.

TABLE I: FISCAL YEAR 2017 SECOND AND THIRD QUARTER EVENTS

Date	Name of Event	Type of Activity	# of Participants	BSP/Expert
January 18, 2017	Good Corporate Governance	Breakfast Meeting	31	Rainbow Consult; Mr. Joe Jackson
January 24-26, 2017	Billing & Invoicing	Training	21	Budget Outsourcing; Jonathan Eshun
February 15, 2017	SME Business Branding	Breakfast Meeting	32	Rainbow Consult; Mr. & Mrs. Jackson
February 16-17, 2017	Marketing Plan Development and How To Sell Effectively	Training	13	Rainbow Consult; Mrs. Margaret Jackson
February 17 th 2017	CEOs Meeting	Feedback Session	18	The SCD team
March 15, 2017	Performance Appraisal	Breakfast Meeting	27	Perfect Team; Mr. Edward Howard
April 6, 2017	BSPs Meeting	Feedback Session	15	The SCD team
April 12, 2017	CEOs Meeting	Feedback Session	15	The SCD team
April 19, 2017	Customer Service Management and Enhancement	Breakfast Meeting	40	Rainbow Consult
April 24-28, 2017	Human Resource Management (Management Structure Dev.)	Training	15	Budget Outsourcing; Jonathan Eshun
May 3, 2017	Local Content Workshop	Training	25	Petroleum Commission
2 nd week in May	Project Management	Training	15	TBD
3 rd week in May	Employee Reward Management	Breakfast Meeting	40	Samuel Amoako
1 st week in June	Social Media	Training	15	TBD
2 nd week in June	Coaching and Mentoring	Training	25	TBD
3 rd week in June	Succession Planning	Breakfast Meeting	40	TBD

3.1. Training and Capacity Building

Training and capacity building efforts are the core of the SCD Program. Through training and capacity building initiatives, SMEs and BSPs are able to become more competitive in the Ghanaian market. In addition to traditional training seminars, the SCD Program continues to provide shorter seminars about trending topics through the Breakfast Meeting Series as well as direct technical assistance. Finally, in order to further the sustainability goals of the project, the SCD team continues to work with BSPs to improve their capacity in delivery of high quality trainings.

The SCD Program conducted a survey in late 2016 to reassess the needs of SMEs in its network and develop a comprehensive training plan for FY2017, which received responses from over 70 companies. The top needs identified included support on marketing plans and accounting systems, both of which were addressed through trainings this quarter. To supplement these trainings, the SCD Program offered Breakfast meetings on the topics of corporate governance, branding, and employee appraisals.

3.1.1. Trainings

During the second quarter, the SCD Program's trainings focused on the hard skills that businesses need to become more competitive in international markets. Based on the gaps identified in the 2016 survey, the program implemented two trainings to expand the knowledge base of the SMEs and BSPs: 1) Billing and Invoicing and 2) Marketing Plan Development and How to Sell Effectively. To complement these hard skills trainings, the soft skills focused Breakfast Meetings in the second quarter covered the topics of branding to support the marketing training and corporate governance and performance appraisals to prepare the SMEs for the first training in the third quarter, human resources management. In keeping with the sustainability objectives of the program, this quarter's trainings and Breakfast Meetings were led by BSPs trained by the SCD Program, Rainbow Consult, Budget Outsourcing, and The Perfect Team.

3.1.1.1. Billing and Invoicing Training

The SCD Program's 2016 survey revealed that the 25 of the 70 SMEs surveyed struggle with or do not adhere to standard billing and invoicing procedures, the second highest identified challenge in the survey behind marketing. These poor practices have caused delays in the selection and payment of local vendors in the oil and gas industry. A 3-day workshop on billing and invoicing was organized from January 24th through 26th to equip participants with the skills to prepare and submit accurate bills and invoices to avoid delayed payments for services rendered. This training, run by Budget Outsourcing, was a cost-share training, with each participant contributing 200 Ghanaian Cedi towards the total cost. Twenty-one people from 16 SMEs participated in the workshop, seven women and fourteen men.



A group presentation on the preparation of a draft invoice

Key learning objectives for the training were to:

- Increase the efficiency of SMEs in preparing accounting documents
- Enable participants to use appropriate billing and invoicing methods to expedite payments to ensure transparency in billing processes
- Build the capacity of participants to standardize their own processes and help reduce errors

- Teach participants how to report on buying patterns and project cash flows

The trainer, Mr. Peter Osei-Sasu, made the training interactive through group work and presentations, which ensured that all participants had the opportunity to create and critique sample invoices. Mr. Osei-Sasu also introduced the trainees to a software system to enable their businesses to automate the invoicing process and thus create efficiencies. For the follow on technical assistance, Budget Outsourcing is offering the SMEs the opportunity to have the software installed for a negotiable fee. As a result of the training the participants demonstrated a clear understanding of how important invoicing is to winning contracts and received sample tools to design bills and invoices easily.

3.1.1.2. Marketing Plan Development and How to Sell Effectively

The SCD program's 2016 survey revealed that 27 out of 70 SMEs lack the requisite skills needed to market their products and services effectively in order to make their businesses profitable. Therefore, the SCD Program held a two-day training workshop, delivered by Rainbow Consult Limited, on Marketing Plan Development and How to Sell Effectively from February 16th to 17th. The course was designed for business owners who understand the need to sell and market their products and services but have not fully grasped the strategy and skills for selling and properly marketing themselves and their businesses in the sector. The consultant from Rainbow Consult provided instruction on how these business owners could more effectively publicize their products and services to attract customers.

The training covered a variety of structured modules that equipped participants to improve their marketing and sales skills. Specifically, the objectives were to:

- Inform SMEs of the sales and marketing skills required for business growth
- Equip SMEs with the skills to improve upon tendering opportunities
- Coach SMEs to deliver services effectively
- Guide SMEs to align their sales and marketing strategies for optimal results



Mr. Philip Buckman explains how Stresster Engineering attracts customers.

The course used a problem-based methodology in order to engage participants in the active learning process. Before the course, participants were asked to raise issues that they face, which the trainer helped them address through interactive learning methods such as group discussions, case studies, role-playing, and games. During the course participants were instructed to develop an action plan for applying their new skills and tools to actual challenges at work. The interactive approach and hands-on practical workshop style of the training afforded participants the opportunity to discuss and brainstorm strategic approaches for formulating effective pricing and marketing plans that could make their businesses more competitive in the oil and gas industry.

A total of 13 SME representatives participated in this training. SMEs represented at the training include those working in logistics, offshore services, specialized oilfield services, human resource consulting, graphic designing services, civil and electrical engineering services, surveying services, fire protection and environmental services. Out of the thirteen participants, four were women and nine were men, each paying a cost-share of 200 Ghanaian Cedi to attend.

3.1.2. **Breakfast Meetings**

In order to supplement the training courses and technical assistance, the program launched its Breakfast Series in 2015. This series both provides SMEs with information on trending topics in the industry that complement the SCD trainings and allows them to network with industry experts/BSPs and other SMEs. Additionally, these events present industry experts with an opportunity to create awareness among and enhance the knowledge of SMEs of their industry and company. The breakfast meetings that took place during the second quarter focused on the same gaps identified in the SME survey and included “Good Corporate Governance,” “SME Business Branding” and “Performance Appraisals.”



“SCD has shown what it takes to grow SMEs from grass to grace, and its approach to tailoring programs to address firm-specific needs ensures our success in a continually shifting market.”

- Titus Johnson
Joframs Ghana Limited

3.1.2.1. **Corporate Governance**

The SCD team received feedback from the International Oil Companies (IOCs) and their sub-contractors, which revealed that these companies have concerns over the ability of local SMEs to establish structures and processes that promote transparency, a possible reason for the low number of contracts awarded to SMEs in the oil and gas industry. To address this constraint, the SCD Program organized the January Breakfast Meeting on the topic “Corporate Governance” on January 18th 2017. The program aimed to raise awareness among SMEs on the importance of establishing good governance structures that promote effective implementation and achievement of company goals and objectives. The expert for this Breakfast Meeting, Mr. Joe Jackson from Rainbow Consult, advised the participants on how to design succession plans, operational structures, and systems to ensure sustainability of their businesses.

At the end of the Breakfast Meeting, attendees capture the following information:

- The definition of corporate governance and its practical applications in the oil and gas industry
- The benefits of good corporate governance to local SMEs
- The structures of good governance for SMEs



Mr. Joe Jackson explaining the action lists for Good Governance

The event attracted 31 participants, comprised of CEOs and management team members. In the post-event survey, these participants expressed their satisfaction with the insights they gained into corporate governance and the steps they can take to properly restructure their businesses. Some SMEs began implementing the lessons learned in the Breakfast Meeting almost immediately and have seen positive results in their businesses.

Dinah Esi Woode, an officer from Energem, expressed the usefulness of this session to her institution saying, “My employers now adhere to the tenets of good corporate governance. For example, we have an active board of directors now; we have a Human Resource professional implementing our HR policy that had been dormant for some time.”

Another participant, Dominic Donkoh of Flat C Marine Services, indicated that his employers already had a corporate governance system in place before the training, but that the training helped him envision how to improve upon existing structures. "The policy which was once on only one computer is now on each staff member's computer," Dominic Donkor shared.

One point in the event caused some concern among the business owners and may require further training and behavior change. The expert highlighted the need for management to distribute the rights and responsibilities of company operations among different employees and to spell out rules and procedures for making decisions on corporate affairs. This caused concern among some participants of the Breakfast Meeting of the risks of relenting oversight and authority if they allowed someone else to run their business for them. This constraint has been seen among many business founders in their unwillingness to step into a management role and away from day-to-day operations, and the SCD Program is looking into a future Breakfast Meeting on succession planning and delegation.

3.1.2.2. SME Business Branding

The February Breakfast Meeting on "SME Business Branding" was held on February 15th as a lead in to the longer training on Marketing. This gave participants the ability to preview the training if they had not yet committed in addition to providing new and trending information to those who had attended previous trainings. The event, delivered by Mr. and Mrs. Jackson of Rainbow Consult, attracted 32 participants, a mix of CEOs and management team members. Participants were coached on business branding, its importance and benefits, the keys to SME branding success, and ways to effectively brand a business on a budget. SMEs are often constrained in terms of both human and financial capital, which does not allow them the luxury of time to integrate branding and marketing practices into their core business activities. The tools presented in this short meeting allowed participants to:

- Learn about innovative services which ultimately generate strong brands
- Design business products and services to compete effectively with other businesses

Feedback from the event was generally positive, with participants stating in the post-event survey that the simplicity of the presentation provided participants with clarity about how important branding is to their business reputation and growth and how branding can create value in their business by attracting and retaining the right employees and investors. One concern raised among participants of the Breakfast Meeting in the post-meeting evaluation forms was the fact that the time for treating the subject matter was too short, but 9 participants attended the follow-up training on marketing discussed above to learn more.

3.1.2.3. Performance Appraisals

The Breakfast Meeting held in March 2017 was on the topic "Performance Appraisals." About 27 participants were in attendance for the event led by Mr. Edward Howard of Perfect Team Business Consult. The aim of organizing this training was to instruct SMEs on the importance of periodically assessing their human resource base through understanding, measuring and developing the abilities of employees, which ultimately contributes to the growth of any organization. The presentation covered the importance of performance appraisals as a tool, benefits and methods of using performance appraisals, and limitations associated with performance appraisals.

The objective of the breakfast meeting was to:

- Help SMEs to improve upon the performance of staff and their business
- Sensitize participants on the benefits of developing an open organizational structure and work culture

In the post-event survey, Joana Berge of Conship Ghana Limited, stated that this will help her company conduct the appraisals of their staff more efficiently. Additionally, Mr. Nsiah of Sansiah Metal Works learned about the importance of these employee reviews for the first time and hopes to begin implementing them in his company soon.

3.2. Communications

3.2.1. Publication and Distribution of Newsletters

In FY2016, the SCD Program began publishing a monthly newsletter to increase the number of communications channels between the program and the SMEs. The newsletter serves as a place for SMEs and other stakeholders to receive information about activities organized by the SCD Program and encourages them to attend subsequent events. The newsletters also provide a summary of the program's activities in the previous month; Topics include event recaps, success stories, business advice, upcoming event promotion, and other program updates.

Three newsletters were developed and disseminated through MailChimp to stakeholders of the SCD Program in the second quarter. The January newsletter provided a recap of the trainings and breakfast meetings for those who could not attend. February highlighted new work from both the SCD team (the Local Contract Linkages program) and another Implementing Partner (Ernst & Young) who is providing complimentary services to SMEs in Ghana. The March edition (pictured right) reported on the visit by the US Ambassador to the SCD Program and the GE Oil & Gas Ghana's official office opening.

A report from MailChimp confirms the continued positive response to the newsletters - out of 253 total deliveries, the percentage of recipients who opened the three newsletters was an average of 26.8%, above the industry average of 20.7%. The click rate (number of recipients who clicked on or downloaded the newsletter for later use) averaged at 10.5%, well above the industry average of 2.1%.



3.2.2. Other Communications News

The SCD Program continues to maintain its presence both on social media and in local news outlets. The Facebook page serves as one of the main mediums to market and announces various programs, activities and relevant information for both the SCD Program and SMEs and has 365 followers and over 3000 “Likes” of its content. On the site, the SCD Program posts event-related activities, photos, and updates, and publicizes recent activities for SMEs and BSPs as well as serving as a forum through which the SMEs can connect. A recent increase in activity on the page indicates that there is an improvement in interaction among followers of the program during the month of March.

The WhatsApp platform also continues to serve as an interactive and engaging platform for the SMEs. It has become a key networking tool for 50 active SMEs to share knowledge and relevant information. Members discuss issues arising from training programs offered by the SCD Program and use the platform as a medium to market their companies to each other. With the creation of the bi-monthly

CEO meetings, a WhatsApp group solely for the CEOs has also been formed, with 30 active CEOs. In the current reporting period, information about marketing and sales opportunities have been circulated on the platform, most notably the sale of two 40 feet containers, a specialized bin for chemical disposal, 20-ton forklift, and website building services.

3.3. Partnerships and Market Linkages

In order to remain on the cutting edge of the industry so that the SCD Program can deliver the best information and trainings to its SMEs, the SCD Program works to build partnerships and market linkages. During the second quarter, the SCD Program worked towards deepening relationships with its primary partner, the US Government, IOCs such as GE Oil & Gas Ghana, and other Ghanaian SME support organizations and implementing partners such as Invest in Africa. In order to improve the market linkage opportunities for SMEs, the SCD Program began implementing its new Local Market Connections program. These initiatives enhanced program's position as a leading provider of services aimed at increasing the overall competitiveness of participants across the Ghanaian private sector.

3.3.1. Partnerships

The SCD Program strives to remain on the cutting edge of the SME development landscape in Ghana. To do this, the team participates in forums, summits, and learning events to build partnerships with others and raise the profile of the SCD Program. On the front of partnerships and market linkages the SCD program continued engagements with both old and new stakeholders. Discussions at these meetings mostly focused on opportunities for collaborations, access to finance, support for SCD programs as well as exploring market linkage opportunities for SCD Program SMEs.

3.3.1.1. US Government

The SCD Program continues to receive strong support from the US Government, which was seen in the last quarter through visits by both by the USAID Agreement Officer's Representative and the US Ambassador to Ghana.

3.3.1.1.1. AOR's visit to SCD

The Agreement Officer's Representative (AOR), Pearl Ackah-Coleman, visited the SCD Program on March 9th, 2017 to discuss the upcoming activities of this calendar year. The SCD team presented an overview of the current activities (including trainings, breakfast meetings, and other events), a review of the Monitoring and Evaluation results to date, and a review of the previous quarter's reports. Additionally, the Project Manager for the GE Oil & Gas SME Development Project provided an overview of the program and how it would complement the activities of the SCD Program.

The AOR commended the SCD team on the first quarter report for FY2017, especially for the clear presentation of training activities. The AOR made several recommendations, including:

- Sharing minutes from CEO Meetings with the CEOs
- Creating a boardroom scenario for the CEOs to know how board and general meetings are to be organized
- Editing SME guide to include financials, basic profit and loss statements, and company assets
- Backing all relevant data up for the SCD Program's final report (*completed*)
- Creating a schematic design detailing all activities of the program (*completed, in Annex C*)

To conclude her visit, the AOR visited select SMEs to review and understand firsthand the impact of the SCD Program on their business operations. The SMEs visited were Yenok Woodcraft and Run-On-Time Limited. Both CEOs confirmed that their participation in the various training programs have helped

them design and approve the policies and procedures needed in their areas of operations to help their businesses grow.

3.3.1.1.2. The US Ambassador's Visit

On 22 March, 2017, the SCD team hosted the US Ambassador to Ghana, the Honorable Robert P. Jackson, and other US Government representatives including the mission's Economic Growth Officer. The visit took place after the official launch of the GE Oil & Gas facility in Takoradi, and provided the Ambassador with the opportunity to familiarize himself with the program's activities. The program began with a visit to two SMEs for the Ambassador to understand the operations and constraints of the SMEs looking to win contracts with US companies.

After the visits, the delegation returned to the SCD Program offices and the Ambassador received an overview of the program and met with eight SCD Program SMEs to learn about their experiences in business ownership in Ghana and their interaction with the SCD Program. The SMEs and BSPs, drawn from the Transport and Logistics, Automobile Engineering, Welding, Civil Engineering, Commercial Cleaning and Business Advisory Services sectors, talked about the impact of the SCD Program on their businesses and discussed some economic challenges they are facing currently. They were grateful for SCD's assistance over the years and commended the team for their good work. Mr. Fred Odei-Birikorong of Kwansa Motors shared, "We were ignorant of some of the requirements of our buyers. Thanks to the SCD Program for coaching us on all these requirements which have facilitated contracts won." Michael Appiah of Stresster Engineering also attested to the fact that the training held on marketing has helped the company to win more contracts.

3.3.1.2. Industry Partners

3.3.1.2.1. General Electric

General Electric (GE) Oil and Gas launched their Oil & Gas operational facility and SME Development Program in Takoradi on March 22nd, 2017. The facility, located at the Takoradi Harbor, will provide support services for its \$850 million contract with ENI as well as other customer operations. The program also saw the official launch of the GE SME-Development Program, which is a partnership program between the General Electric and PYXERA Global designed to complement the SCD Program's activities. Under this program select high performing SMEs, the majority of which are from the SCD Network, operating in areas of welding and metal fabrication, engineering services, logistics and manpower, rope access, inspection services and other support services will receive more targeted technical trainings, operational support and business advisory services to ensure their ability to deliver on contracts with the O&G industry.

3.3.1.2.2. HESS Corporation

Hess Ghana Exploration Limited is an indirect wholly owned subsidiary of Hess Corporation, a leading independent energy company that explores and produces crude oil and natural gas in Ghana's offshore explorations. PYXERA Global's Vice President of Client Engagements and the SCD Program's Technical Team Lead met with the Country Manager of the HESS Corporation in their Accra office to understand their current operations and explore potential opportunities for the SCD Program to assist the company meeting their local content obligations.

3.3.1.2.3. Atuabo Freeport

A follow-up visit was made to Atuabo Freeport during the second quarter to understand the status of their work and enquire about an earlier discussion about a potential partnership around a livelihood enhancement program for the communities that will be affected by the construction of the Freeport.

The SCD team was informed in the meeting that Atuabo Freeport is still engaged in ongoing high-level discussions with the new government and investors to bring the project to realization.

3.3.1.3. Implementing Partners

3.3.1.3.1. Invest In Africa

The SCD Program has deepened its ongoing dialogue with Invest In Africa (IIA) in the past quarter by facilitating a meeting to introduce interested SMEs in the SCD Network to IIA's new Business Accelerator Program. The IIA Business Accelerator Program¹, implemented by Ernst & Young (EY) and funded by Dutch Development Bank FMO, will work with 80 growth-oriented SMEs to design and implement key systems and structures necessary for greater efficiency and sustainable growth in businesses. The EY team seeks to work with SMEs in designing and implementing improvement systems such as business plans, operating models, operational efficiency/excellence, risk management, pricing/profitability, process improvement, and customer management at a highly subsidized rate of \$30-\$60 per day for a maximum of 20 days, which is a 98% discount on international caliber consulting services. As a preliminary step the SCD Program facilitated initial mentoring and coaching sessions where ten interested SMEs were interviewed to identify the gaps and challenges in their businesses and determine if they would be a good fit for the program. To date four SCD Program companies, Run on Time, Daniak Cleaning Services, Stresster Engineering Company Ltd, and Genuine Group Logistics, are pursuing further assessments by E&Y to identify and close out existing gaps. The SCD Program hopes that through this partnership these SMEs will continue this discussion with EY and take advantage of this great opportunity to further grow their business.

3.3.1.3.2. Investisseurs et Partenaires

Access to finance continues to be a major challenge to Ghana SMEs, as result the SCD Program continually pursues new partnerships to address this issue. In the last quarter, the SCD Team met with Investisseurs et Partenaires Group (I & P), an impact investment group dedicated to SMEs based in Sub-Saharan Africa and in the Indian Ocean, driven by the conviction to that these enterprises actively contribute to a sustainable and inclusive growth on the continent. I & P aggregates different impact funds to support the growth of its partner companies, covering financing needs ranging from €30,000 to €1.5million. The I & P team is based in Paris with seven African offices in Abidjan, Accra, Antananarivo, Casablanca, Dakar, Doula and Ouagadougou.

3.3.1.3.3. Ghana Investment Promotion & Singapore Chamber of Commerce

The Ghana Investment Promotion Centre (GIPC) is the Ghanaian government agency responsible for the promotion and coordination of investments in Ghana. The agency facilitated a visit from the Network Hub Pte Ltd (a Singaporean company) to Ghana from March 12th to 16th, 2017 to meet with stakeholders in Education and the Oil & Gas Industry to understand the sectors operations and discuss possible collaborations with some institutions. The SCD Program received a visit from this delegation as an example of a key supplier development program in the SMEs space in Ghana. The delegation highlighted their agency and the Network Hub and expressed an interest in leveraging the SCD Program's dominance in Takoradi to identify potential local companies they can link with Singaporean companies for joint venture partnerships especially within the extractive sectors.

¹ <http://www.investinafrica.com/initiatives/capacity-building/business-accelerator-programme>

3.3.2. Market Linkages

Market linkages are essential to achieving the objectives of the SCD Program, especially the winning of contracts by SMEs. In the past the SCD Program has held networking events such as the Local Content Conference and Exhibition held in collaboration with the Petroleum Commission. These linkages are also promoted through aspects of the SCD Program's capacity building efforts, such as the trainings on marketing and the ability of SMEs and BSPs to network with industry experts during the Breakfast Meetings. This quarter the SCD Program has begun to explore the possibility of linking SMEs and BSPs to large Ghanaian companies in a new initiative called Local Market Connections.

3.3.2.1. Local Market Connections

The SCD Programs new initiative Local Market Connections (formerly called the Incubation program) works to create market linkages, access to finance, and other opportunities among SMEs within the Ghanaian oil and gas companies. This program aims to strengthen the capacity of SMEs and BSPs through a business support process that accelerates the successful development of its trained SMEs through the provision of linkages and contact opportunities with successful large local companies. The SCD Program Director has engaged with several of these larger firms that have successfully secured contracts from IOCs, such as Amaja and Seaweld, to understand what their operations entail and help them determine if any of their work can be unbundled or subcontracted to the SMEs in the SCD Network. Once different sectors are identified, such as cleaning, landscaping, welding, and others, the SCD Team created profiles of its tier one SMEs working in these sectors and presented them to the large companies. Upon award of a small contract, the SME will also receive some coaching and resource sharing from the contracting entity to create a knowledge transfer and ensure the work is done properly.

This quarter the Monitoring and Evaluation (M&E) team drafted indicators to measure the output and impact of the Local Market Connections program such as number of new contracts made available and hours of technical assistance provided. Though the program is yet to officially commence, as a result of initial discussions between the Project Director and Amaja Oilfield, Daniak Company Ltd, a cleaning and housekeeping service provider, has already won 2 contracts for landscaping and cleaning services with Amaja.

3.4. Client Relations

The SCD Client Relations team is instrumental in identifying specific gaps or needs that SMEs have in order to tailor capacity-building sessions towards addressing these challenges. Over the last quarter, the SCD Program continued to provide strong client relations support through constant interactions with SMEs in the SCD Program network. Over the past quarter, the client relations team has conducted site visits and enrolled new SMEs into the SCD Program. The SCD Program has continued its initiative to better understand client needs through CEO Monthly Meetings and created an additional feedback loop with SME clients on both programming content and the overall direction of the program.

3.4.1. Site visits and client visits

As a focal point of client relations, the team visited new clients in order to become familiar with their businesses in addition to existing clients to follow up on business progress. The team asked each existing client a series of questions to determine whether they had bid for and/or won a contract or developed and implemented any policy after attending trainings.

As a result of these site visits, the Client Relations Team has been able to identify challenges SMEs encounter, helping to inform the recommended training areas for the program. Some of the challenges identified this quarter included:

- Difficulty drafting required industry policies and manuals
- Inability to register with the Petroleum Commission due to financial constraints
- Inability of SMEs to delegate the right participants for trainings

For the second quarter of FY 2017, the Client Relations Team followed up on the policies developed or revised by SMEs after benefiting from trainings on business plan development, Environment Health, and Safety (EHS), Quality Management Systems (QMS), and marketing plan development. The aim of these visits was to ascertain the progress SMEs have made in developing these policies and procedures. The team visited the following SMEs:

- | | | |
|----------------------------------------------|----------------------------------|-----------------------------------|
| • Mass Logistics | • Gartmas Ventures | • South East Company Limited |
| • Ipatech | • Kwansa Auto Limited | • K Kansco Ltd |
| • Stresster Engineering | • Perfect Team Business Consult | • CBM Surveys |
| • Paa Tom | • Rakes Company | • Flat C Marine Offshore Ltd |
| • Kaak Dan Ventures | • Run on Time Engineering | • Joframs Energy Group |
| • Zodiac Marine Services | • Mobicrane | • Ardent Fire Protection Services |
| • I3:05 Engineering | • Sansiah Metals | |
| • Davitron Electricals | • Electrofax Engineering Limited | |
| • Wayoe Engineering and Construction Limited | | |

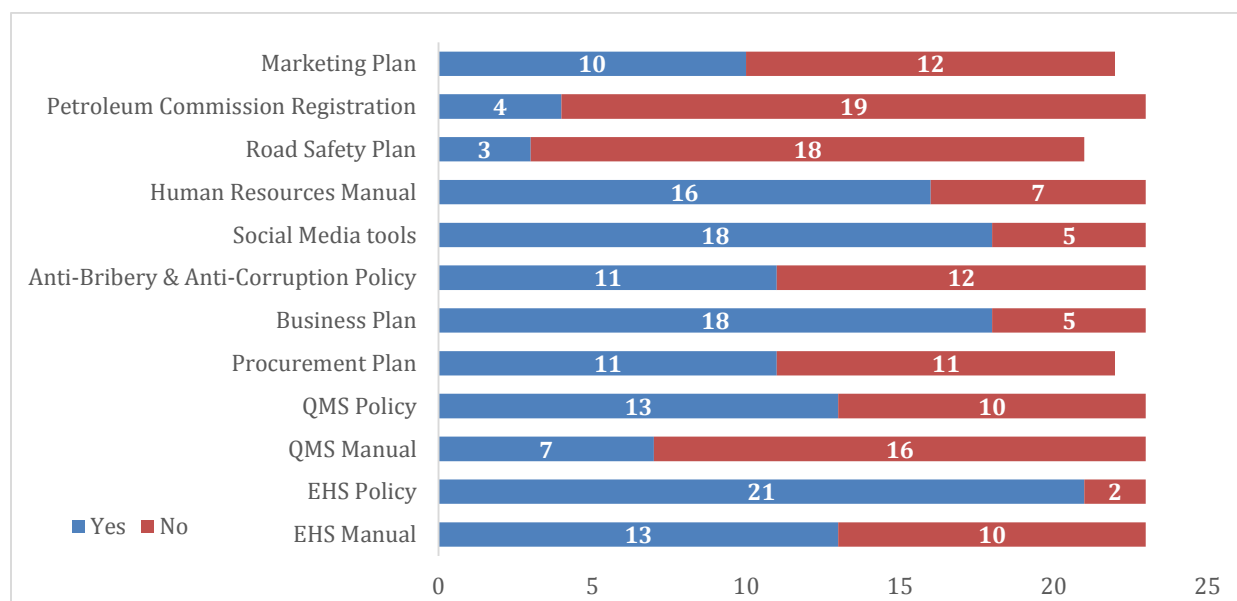
Seven SMEs and one BSP expressed interest in joining the SCD Program in the 2nd Quarter of FY17. Some company profiles have been received and are under review whilst others are yet to complete the assessment form. The list of interested clients is as follows:

- | | | |
|------------------------|-------------------------|---------------------------------------|
| • Easy Page | • Apex Shipping Company | • Macro Shipping |
| • C & C | • Trojan Resourcing | • Winans Business Consulting Services |
| • X2 Westerners Co Ltd | • Killoyds Engineering | |

3.4.2. Data Collection

The M&E Team works with the Client Relations Team to verify knowledge retention, implementation rates, and overall impact from trainings. In Q2 FY17, the M&E Team visited twenty-one SMEs and two BSPs to review records of required industry standards, including certification, tools, polices and manuals needed to improve business operations in the oil and gas industry standards. Specifically, the team gathered data from SMEs and BSPs to track implementation of trainings on business plan development, QMS awareness and internal audits, EHS, and marketing from the previous quarter. The graph below reflects the status of all policies and procedures of the twenty-three SMEs and BSPs visited during the last reporting period.

CHART 1: SMEs AND BSPs WITH INDUSTRY REQUIRED POLICIES



This quarter, the SCD team took a deeper look at the business plans and QMS and EHS policies of the SMEs who attended the respective trainings put on by the SCD Program over the last year. Twenty-four SMEs and four BSPs participated in the Business Plan training in August 2016. Out of the twenty-eight SMEs and BSPs, a total of six SMEs and one BSP are at various levels of developing their business plans as shown in the table below.

TABLE 2: STAGES OF BUSINESS PLAN DEVELOPMENT

Company	Stage of Implementation
Ardent Fire Protection Limited	Initial draft of document
Davitron Electricals	Application of Business Plan
Joframs Energy Group	Draft under review
Kwansa Auto Ltd	Draft under review
Perfect Team Business Consult	Application of Business Plan
Sansiah Metal Works	Draft under review
South East Company	Initial draft of document

Fifteen SMEs and two BSPs participated in the QMS Awareness and Internal Audit training on August 26-27, 2015. The SCD Team made follow-up visits to four SMEs and BSPs that had yet to design their policies as of the prior visits, of which three have begun to apply their policy and one is in the initial draft stage. The Client Relations Team looks forward to visiting other SMEs that have yet to develop their policies to ensure that they have the support to do so.

TABLE 3: STAGES OF QMS/QHMS POLICY DEVELOPMENT

Company	Stage of Implementation
Mass Logistics	Application of QHSE
Stresster Engineering	Application of QMS
Wayoe Engineering	Application of QMS
Kwansa Auto	Initial draft of document

Eighty-three BSPs and SMEs have received relevant EHS training over a 3-year period through the SCD Program’s support. Out of the 83 SMEs and BSPs that attended the training, 33 of them are applying the developed or revised EHS policy/procedure, ten SMEs have their policy/procedure approved by management and eight more are reviewing their drafted policies/procedure. Two SMEs and one BSP are at the initial stage of developing their EHS policy/procedure. The SCD Program staff seek to follow up with those who have yet to develop policies. The table below presents the various stages of EHS policy/procedure designed by SMEs.

TABLE 4: STAGES OF EHS POLICY DEVELOPMENT

Company	Stage of Implementation
Ardent Fire Protection	Application of business policy/procedure
Kaak-Dan Ventures	Application of business policy/procedure
Kwansa Autos	Application of business policy/procedure
PAA TOM	Application of business policy/procedure
Run-on-Time Engineering	Application of business policy/procedure
Wayoe Engineering	Application of business policy/procedure
Zodiac Marine	Application of business policy/procedure
Mass Logistics	Application of business policy/procedure
I3:05 Engineering	Final document approved by Management
Stresster Engineering	Final document approved by Management
Southeast Co. & Support Services Ltd.	Final Document approved by SME Management

3.4.3. Executive Meetings for CEOs

To better engage SME owners and managers, the SCD Program Director initiated a series of CEO Meetings. These bi-monthly meetings are face-to-face, frank talks with the CEOs of the SMEs in the program’s network. During the second quarter of FY17, one CEO Meeting was held to address the most pressing issues that the CEOs face in their daily operations as well as provide feedback on the SCD Program’s activities.

The main topics covered in the February CEO Meeting included:

- SME participation at trainings
 - How representatives are selected for trainings
 - How knowledge is shared with other colleagues and
 - How knowledge acquired from SCD trainings is applied after the trainings
- SME registration with the Petroleum Commission
 - Challenges faced with registering
- Corporate Governance
 - Building on the January Breakfast Meeting

The discussion on the Petroleum Commission registration centered around awareness creation. Many SMEs have expressed struggles with the registration process and that they are unsure if the cost of registration is a good investment for their business. KB Wilson reiterated to the CEOs that in order to be a supplier in the upstream Oil and Gas, an SME must register with the Petroleum Commission. He suggested the CEOs to consider registering with the Petroleum Commissions if they have not yet done so or ensure they complete their registration if they have already started.

The main issue that the CEOs wished to discuss at the meeting was corporate governance among SMEs. The CEOs wished to follow up on the training held in January in order to deliberate further on the subject to better align their businesses. The SCD Team arranged a guest speaker for the meeting, Mr. Bernard Anagbonu, Business Manager of Stanbic Bank in Takoradi. He explained the importance of corporate governance from the banking perspective. In particular, Mr. Anagbonu explained how good governance promotes transparency and helps control excessive waste of resources. He also mentioned that self-discipline was one value every businessperson should acquire to ensure sustainability. Additionally, he stressed the importance of delegation as a method to promote transparency within their company.

4. FISCAL YEAR PMP REPORTING AND NARRATIVE

The overall goal of the SCD Program is to improve the competitiveness of local SMEs in both the O&G, mining, and energy related sectors, which is tracked through the outputs of the number and value of contracts that SMEs win with IOCs and other multinationals, with intermediate outcome of: 1) improved capacity of BSPs to serve SMEs and 2) improved capacity of SMEs to meet industry requirements and standards.

The SCD Program tracks these results through fourteen indicators in its the Performance Indicators Tracking Table (PITT), established in collaboration with the USAID METSS team. During FY2014, the SCD Program reviewed its indicators and made necessary revisions to the PITT that would enable the program to report adequately on its performance. Additionally, to define the fourteen indicators and their collection methodologies more clearly, the SCD team, in collaboration with USAID METSS, revised the Performance Indicators Reference Sheets (PIRS) in FY2015, which have been implemented since FY2016.

Due to the revision after the start of the program, targets were not set for FY2014 and thus only the results were reported on. Since FY2015 the targets and results for all fourteen indicators have been reported on and disaggregated by gender and/or business type where appropriate, as found in the complete PITT, which is included as an attachment. For the current reporting period an abridged version of the PITT is found in Annex A.

While the PITT is a good representation of the program's performance against its stated fiscal year objectives, there is a definite need for narratives around each indicator to substantiate the progress that has been made. The narrative begins with the fiscal year targets and current level of performance and is followed by a summary of the data, including both aggregated and disaggregated data.

4.1. Indicator 1: Number of individuals from BSPs that have received USG-supported training

Fiscal Year 2017 Target: 30 / Fiscal Year 2017 Actual: 23

Building the capacity of BSPs enhances their ability to offer quality training and advisory services to SMEs, help develop local capacities, and ensure sustainability after the life of the SCD Program. A total of 23 individuals, comprised of 18 men and 5 women from 13 BSPs have received USG-supported training through the SCD Program in FY2017. Specifically, for the second quarter of FY2017, 10 unique individuals from 7 BSPs participated in 4 trainings. Collectively, 5 individuals from BSPs attended the Performance Appraisal Breakfast Meeting, 1 participant for the Marketing Plan Development Training and 5 Participants for the 3 Breakfast Meetings on corporate governance, SME business branding and how to sell effectively, and performance appraisals.

4.2. Indicator 2: Number of individuals certified to deliver SME trainings and consultancy services as a result of USG support to the oil and gas, power and other related sectors

Fiscal Year 2017 Target: 0 / Fiscal Year 2017 Actual: 5

Since FY2014, the program has implemented a capacity-building model aimed at improving the training skills of Ghanaian BSPs through training certifications. The credibility of a BSP and its level of acceptance among SMEs and the industry in general are higher if the BSP is duly certified. The certification also gives BSPs a competitive edge to offer services to targeted SMEs in both the short and long term. Due to the high cost of these certifications and the fact that no new BSPs have entered the program since the IFC Business Edge Training of Trainers (TOT) program in 2014, this indicator was not addressed in FY 2015 and 2016.

Despite setting no target for this indicator based on the rationale of past years, BSP interest in these certifications increased after the submission of the SCD Program's annual work plan, and SCD sought opportunities to provide these certifications. The SCD Program identified an opportunity to provide two of these trainings in the first quarter of FY2017 to improve the training and consultancy capacities of BSPs. The program did not organize any certification training for BSPs in the second quarter of FY2017, but plans are underway to support the BSPs through regular BSP meetings (similar to the CEO Meetings) and providing opportunities to better market their services to the SMEs.

4.3. Indicator 3: Number of BSPs that have received and applied business tools as a result of USG support

Fiscal Year 2017 Target: 8 / Fiscal Year 2017 Actual: 2

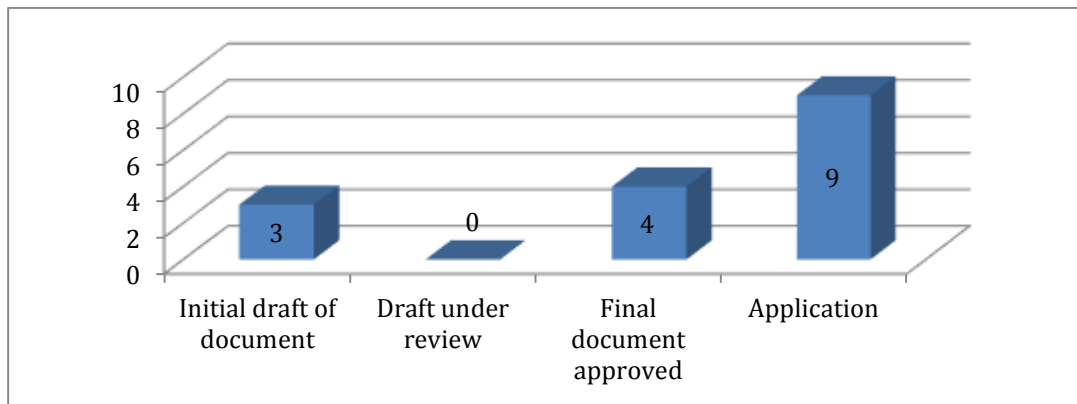
Business tools help facilitate BSP activities, leading to business improvement and ultimately delivery of quality training and consultancy services. In this context, a tool is any application or technology a BSP receives and applies to facilitate and enhance business activities, such as an accounting software package or other IT platforms like social media platforms, as long as its use was facilitated by the SCD Program. The WhatsApp platforms continue to serve as means of sharing information, educating and promoting businesses among the BSPs and SMEs. In the last quarter, Gratis Foundation, a member of the SCD network, joined SCD's WhatsApp platforms for CEOs and SMEs at large in March 2017 to interact and share ideas with other SMEs and BSPs. Currently, 7 BSPs participate in the CEO WhatsApp page and several more are active in the SME WhatsApp group page. In order to create a space for BSPs to network amongst themselves, a separate WhatsApp page is being developed exclusively for the BSPs.

4.4. Indicator 4: Number of business policies and procedures at different stages of development by BSPs as a result of USG assistance

Fiscal Year 2017 Target: 26 / Fiscal Year 2017 Actual: 16

Business policies and procedures help BSPs comply with industry standards, a requirement of many IOCs and sub-contractors. Most BSPs participating in the program do not have basic policies or procedures in place, rendering them less competitive in bidding for contracts. One BSP, Perfect Team Business Consult, has progressed from the draft review stage to implementation/application of its business plan after participating in the Business Plan Development Training organized by the SCD Program. BSPs are in the process of developing a total of 16 business policies and procedures on various topics, including EHS, QMS, HR, and Construction and Emergency Preparedness. Due to the success of the trainings on policies and procedures, the SCD Program plans to offer additional sessions in FY2017 such as the upcoming HR training in the third quarter.

CHART 2: BSP POLICIES AND PROCEDURES IN STAGES OF DEVELOPMENT



4.5. Indicator 5: Number of BSPs that have improved management (score in percent) as a result of USG assistance in the oil and gas, power and other related sectors

All trainings and other support provided to BSPs should lead to an overall improvement in management as an outcome. As an outcome indicator, the management target will only be evaluated at the end of the project to determine the link between the SCD Program's interventions and improvements in management. The SCD Program has conducted the initial assessment to gather the baseline measurement of BSP management levels, a measure which will be revisited during the final assessment in FY2018. The program will conduct a second survey on the performance of BSP stakeholders to determine the level of improved management capability in six areas (strategic planning, HR, finance, marketing, quality management and EHS) beginning at the end of the third quarter of FY2017. The SCD Program will continue to follow up with new BSPs who join the program to complete the assessment forms for initial performance review and scoring. Please refer to the previously submitted "BSPs and SMEs Assessment Report" for further information.

4.6. Indicator 6: Number of individuals from SMEs that have received USG supported training

Fiscal Year 2017 Target: 200 / Fiscal Year 2017 Actual: 114

Given the high standards in the oil and gas and energy-related sectors, building the capacity of Ghanaian SMEs increases the chances of local participation in the supply of goods and services to the industry. A total of 88 unique individuals from 42 SMEs participated in 5 trainings² organized in the second quarter of FY2017. Out of the 5 trainings organized, there were 2 cost-share trainings: "Billing and Invoicing" and "Marketing Plan Development." 19 attendees took part in the Billing and Invoicing Training and 13 in the Marketing Plan Training. The program also organized 3 Breakfast Meetings. "Performance Appraisal" attracted 22 SME representatives, "SME Business Branding," 27, and "Corporate Governance," 26. For FY2017, a total of 114 individuals³ from 63 SMEs have received USG-supported training through the SCD Program.

² Corporate Governance Breakfast Meeting, Billing and Invoicing Training, SME Business Branding Breakfast Meeting, Marketing Plan Development Training, and Performance Appraisal Breakfast Meeting.

³ Male= 82, Female= 32

4.7. Indicator 7: Number of industry-recognized certificates issued as a result of USG assistance in the oil and gas, power and other related sectors

Fiscal Year 2017 Target: 80 / Fiscal Year 2017 Actual: 2

This indicator focuses on oil and gas industry-related certificates that are issued to individual trainees and companies after every training. The prospects of an SME becoming a supplier of goods and services in the industry are higher if it has the appropriate expertise, follows standards or best practices, and importantly, has certifications that verify its adherence to these standards and best practices. In the last quarter, two employees of Kwansa Autos received individual certificates from TRACE International after enrolling in and passing a TRACE Anti-Bribery Course. The company, Kwansa Autos, had received its TRACE Anti-Bribery Certification in FY2016.

4.8. Indicator 8: Number of SMEs that have received and applied business tools as a result of USG support

Fiscal Year 2017 Target: 30 / Fiscal Year 2017 Actual: 2

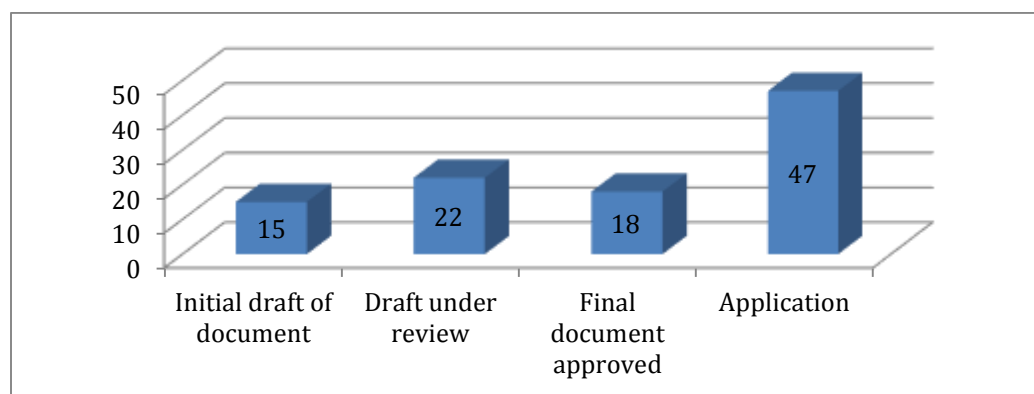
Similar to Indicator 3 for BSPs, business tools help facilitate SME operations, leading to business improvements and ultimately making SMEs more competitive in the extractive industry. By the end of Q2 of FY17, 2 SMEs have received and are currently applying business tools such as the Tally Accounting software and SCD Program's WhatsApp to improve their business operations. Notably, 13:05 Engineering and Construction has begun using Tally Accounting for its employee payroll management and another SME, Danesh Services Ltd joined the program's WhatsApp platform to interact and share ideas with other SMEs and BSPs.

4.9. Indicator 9: Number of business policies and procedures at different stages of development by SMEs as a result of USG assistance

Fiscal Year 2017 Target: 90 / Fiscal Year 2017 Actual: 102

As stated in Indicator 4, the SCD Program has overseen the introduction of improvement tools, frameworks, policies, and procedures to SMEs in its network. By the end of Q2 of FY2017, the following 10 SMEs are in the process of developing policies and procedures after participating in SCD Program trainings: CBM Surveys, Flat C Marine Offshore services, Fynnnbenfred Electricals, Wayoe Engineering and Construction, Davitron Electricals, Stresster Engineering and Construction, Nelis Lodge, FKA Ghana Ltd, Sansiah Metal Works and 13:05 Engineering and Construction. The main policies and procedures these organizations are developing include business plans, EHS, QMS, social and environment policies, HR management plans, finance policies, transportation policies, and ethics, wellbeing, drug and alcohol testing. In total, 102 business policies and procedures are currently at different stages of development by 50 SME businesses as of the end of second quarter 2017. The SCD Program aims to organize additional policy and procedure trainings and follow-up technical assistance this year and to continue to track the policies and procedures developed by the SMEs.

CHART 3: SME POLICIES AND PROCEDURES IN STAGES OF DEVELOPMENT



4.10. Indicator 10: Number of SMEs that have improved in management (score in percent) as a result of USG assistance in the oil and gas, power and other related sectors

This indicator, like Indicator 5, is an outcome indicator, so the target will be evaluated at the end of the project to determine links between improvements in management and SCD Program interventions. The SCD Program will conduct a second survey at the end of the project in FY2018 on the performance of SME stakeholders to measure improvements in management capability in seven areas: strategic planning, HR, finance, marketing, quality management, local content, and EHS. The SCD Program will continue to follow up with new SMEs who join the program to complete the assessment forms for preliminary review and scoring of their initial performance. Please refer to the previously submitted “BSPs and SMEs Assessment Report” for further information.

4.11. Indicator 11: Number of SMEs at various stages of accessing credit with support from USG

Fiscal Year 2017 Target: 60 / Fiscal Year 2017 Actual: 88

Doing business in the oil and gas sector can be capital intensive. For that reason, receiving financial information, and eventually financial assistance, is important for SMEs in growing their businesses and having the capacity to execute contracts won in the industry. At the end of FY2016, the number of SMEs/BSPs at various stages of accessing credit was 88. There has been no change in this number in the second quarter of FY2017 due to SMEs encountering high interest rates and cumbersome loan application processes from their existing financial institutions, as well as an inability to meet loan package requirements. The SCD Program, having identified this challenge, is working to provide its SMEs with external support by creating linkages with programs like the IIA Business Accelerator or institutions like McOttley Holdings, a new financial consultant in Ghana.

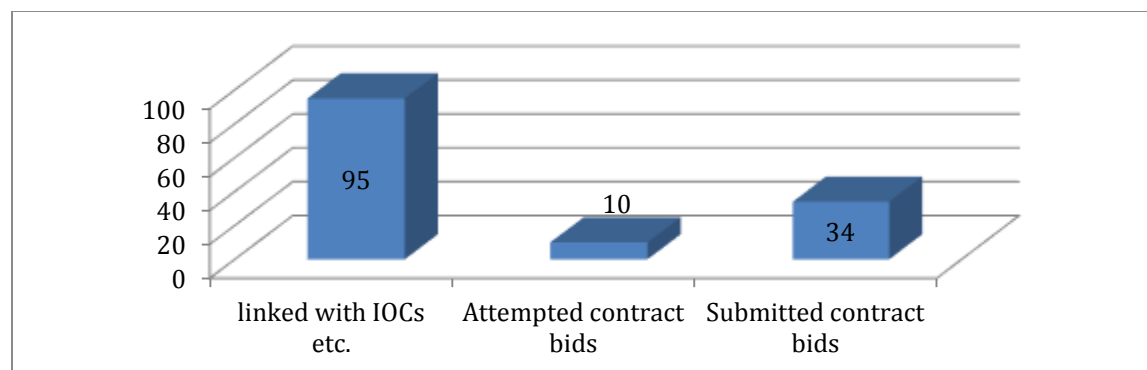
4.12. Indicator 12: Number of SMEs at different stages of relationship with IOCs, subcontractors or other related agencies for industry information as a result of USG assistance

Fiscal Year 2017 Target: 150 / Fiscal Year 2017 Actual: 139

The competitiveness of SMEs in winning contracts from companies in the oil & gas industry will depend on the availability of information on sector opportunities. This indicator counts the number of SMEs, including BSPs, linked to the IOCs, subcontractors, or other agencies to receive information on procurement opportunities and other topics essential to facilitating SME business in the industry. The

second quarter of FY2017 experienced no change in the number of SMEs at different stages of relationship with IOCs, as the majority of active SMEs and BSPs have previously been linked to these institutions through previous SCD Program events.

CHART 4: STAGES OF RELATIONSHIP BETWEEN SMEs/BSPs AND IOCs



4.13. **Indicator 13: Number of contracts received by SMEs as a result of USG assistance in the oil and gas, power and other related sectors**

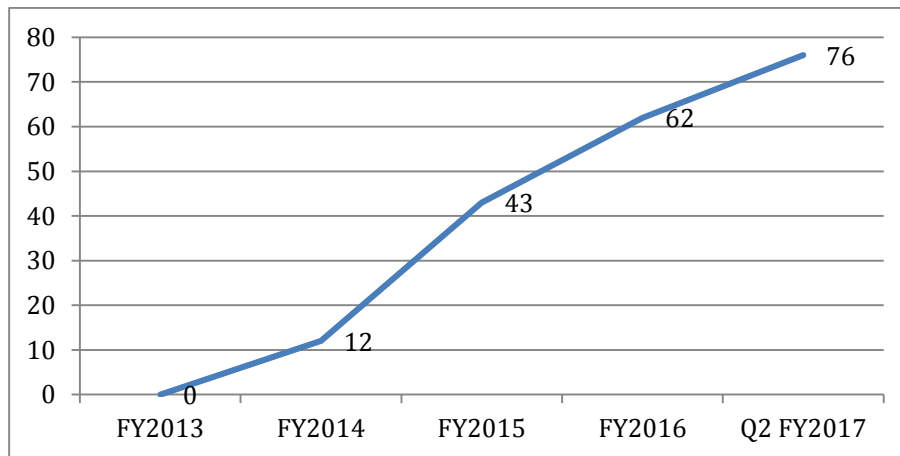
Fiscal Year 2017 Target: 30 / Fiscal Year 2017 Actual: 14

The competitiveness of SMEs, including BSPs, in bidding for and winning contracts from companies in oil and gas, power and other related sectors serves as a good indicator of the success and effectiveness of the SCD Program's interventions in achieving program goals. At the end of the first quarter of FY2017, 8 SMEs won 12 contracts and 1 BSP registered with the SCD Program in the areas of construction and engineering services, recruitment and administrative services, supply of electrical materials, forklift servicing and stocktaking services. The SCD Program continues to encourage the SMEs to form Joint Ventures (JVs) to participate effectively in the oil and gas supply chain by combining their efforts to become more competitive. Continuous follow up is being made to record more contracts won by SMEs notwithstanding the high cost of operations and falling industry prices. Below is a list of BSPs and SMEs that received contracts within the reporting period.

TABLE 5: SMEs AND BSPs CONTRACTS WITH IOCs

SME	Contractor	Amount (in currency of award)
Daniak Company Ltd	Amaja	Ghc 3,300
Davitron Electricals	Komenda Sugar Factory	Ghc 222,000.00
Electrofax Engineering & Construction Ltd	Anglogold Ashanti Iduapriem Ltd	Ghc 100,000.00
K.Kansco Construction & Engineering	Goldfields Ghana Ltd	Ghc 113,662.80
Kwansa Autos	Modex Ghana, Expro Gulf	Ghc 7,878.38
Perfect Team Business Consult (BSP)	Takoradi Flour Mill Company Ltd	Ghc 15,000
Southeast Support Services Ltd	Ibistek	USD 1,640,000+
Stresser Engineering & Construction Ltd	Kinross, Seftec Private	USD 78,621.91
Zodiac Marine Services	Ghana Ports and Harbours Authority, Petroleum Commission	Ghc 28,000.00

CHART 5: NUMBER OF CONTRACTS WON (INCEPTION TO DATE)



4.14. Indicator 14: Value (USD) of contracts received by SMEs as a result of USG assistance in the oil and gas, power and other related sectors.

Fiscal Year 2017 Target: \$5,000,000 / Fiscal Year 2017 Actual: \$1,867,463

The 12 above mentioned contracts had a total value of \$1,844,553. In particular, the SME Southeast Support Services won a contract worth \$1,640,000 from Ibistek Ghana (developers of the Takoradi Harbour off-dock container terminal) for recruitment and administrative services. The remaining \$204,553 in contracts was won by the other 7 SMEs and 1 BSP for the provision of construction and engineering services, PPE provisions, landscaping services, and the supply of civil and electrical construction materials. The overall value of contracts won since the inception of the SCD Program is now \$18,512,021.



“In short, I feel empowered to compete with both international and local consulting firms for contracts.”

- Albert Tetteh-Entsie
Febert Consult

Note: Due to considerable currency fluctuations with the Ghanaian currency, a new approach was implemented to start from FY 2015 to account for exchange rate volatility. In consultation with USAID METSS, the SCD has implemented a system of using a calculated quarterly average of historical exchange rates as applied for conversion of contract values from FY2015. FY2014 contracts realized had an applied Fx rate of 3:1 against the US Dollar. The source of exchange rates applied is <http://www.oanda.com/currency/historical-rates/>.

5. IMPLEMENTATION CHALLENGES AND CLIENT CONSTRAINTS

5.1. *Suppressed Price of Crude on Economy and Firm Level Performance*

Low prices associated with crude oil continue to negatively impact the outlook for the local economy, and operators that depend upon a burgeoning oil and gas sector. While there are some expectations of new off-shore reserves being tapped, such as the delivery of the 3rd FPSO for the ENI Sankofa OCTP Project with production set to start during the third quarter 2017, the future outlook for local content development is still unknown. This has significantly affected existing operations of domestic and foreign participants in the market, with high attrition amongst companies, a decreased level of service operations in demand, and lower projected future investments into the economy. The end result is a lack of growth in the oil and gas sector in Takoradi, which directly affects contract acquisitions by SMEs. Notwithstanding these challenges the SCD program continues to encourage SME's to diversify their activities to include other sectors outside Oil & Gas like Energy, Mining and Port Operations to help cushion the impact of the low investment activity in the Oil & Gas sector.

5.2. *Access to Finance*

Access to finance is one of the largest constraints for SMEs worldwide. SMEs in the program's network have expressed this concern and therefore, the program is currently exploring methods to address these concerns. In the last quarter, The SCD team began discussions with McOttley Holdings, a new money lending and investment agency in Ghana to learn of products and services available to SMEs. One innovative portfolio they are promoting encourages SME's to invest their money in funds and use the accrued interest to pay for recurring expenditures instead of saving that money at the Banks. Over the course of the year, the SCD Program plans to include McOttley and other financial institutions in its Breakfast Meeting events to give them a platform to inform SMEs about the necessary requirements to access working capital and alternative funding sources.

6. INTEGRATION OF CROSSCUTTING ISSUES AND USAID FORWARD PRIORITIES

The program was designed to address relevant USAID Forward priorities. In this section we (1) recap relevant crosscutting issues, and (2) provide a succinct overview of specific program activities that address these issues.

6.1. *Gender Equality and Women Empowerment*

The program has continually sought ways to promote gender equality, and ways in which to empower women across the Ghanaian private sector, specifically in the male-dominated oil and gas sector. Participation in trainings and other events by women has the potential to translate to both new employment opportunities, as well as promotions and advancements within their respective careers. This speaks to the level of proactive engagement of the SCD Program in promoting and empowering women in the workplace. In the fiscal year 2017, the program will continue to seek opportunities to engage, involve and promote opportunities for women that enhance the prospects of women entrepreneurs and women-owned businesses (WOB). As at end of second quarter of FY2017 the SCD Program saw an increase in female participation at trainings. Women represented 27% of participants in SCD trainings and other activities in the second quarter, up from 19% last quarter and 20% in FY2016.

6.2. Sustainability Mechanisms

The SCD Program supports Ghana in developing and enhancing economic prospects for local Ghanaian SMEs and BSPs affiliated with the oil and gas, energy, and extractives sectors. The SCD Program accomplishes this through targeted capacity building assistance, as well as efforts to enhance and promote market linkages amongst public and private sector participants. The Program designs its interventions to have both near-term and lasting impact and promotes models for trainings, technical assistance, and other events that ensure longer-term sustainability of programmatic assistance. In FY2017, the SCD Program is continuing to implement its sustainability mechanisms from previous years, including fee collection for training services and the increased involvement of CEOs from SMEs in the SCD Program network, as well as increasing its commitment to enhancing the capacity of BSPs to carry on trainings after the close of the SCD Program and developing deeper market linkages between large local companies and SMEs.

In order to work towards the sustainability objectives of the program, the SCD Program is committed to providing trainings to BSPs to improve their capacity to deliver high quality trainings to local SMEs in both the short and long term. It is important to provide BSPs with the necessary skills to improve their external outreach and internal tactics to help them continue to improve and provide services to SMEs well in to the future. To actively integrate BSPs into the SCD Program's sustainability plan, the SCD team began planning for a BSPs meeting. This event intends to bring together all BSPs in the SCD network to discuss how they can position themselves to continue providing trainings to SMEs when the subsidized funding from the SCD Program ends. The first meeting will hopefully be the first in a larger discussion where the BSPs can network, share ideas and contract information and ultimately develop the idea of forming a consortium to serve the needs of the SME community.

The CEO Meetings continue to serve as an invaluable source of feedback on the programming and as a result help build additional sustainability into the SCD Program. The commitment of the CEOs to the program and their willingness to take on activities on their own proves that the impact of the program will last well beyond the its lifespan. Some CEOs noted that they have seen the value in trainings and have sought further opportunities, such as highly technical trainings.

6.1. Science, Technology and Innovation Impacts

The program continues to identify opportunities to introduce and utilize innovation and new technology that is replicable and scalable across the Ghanaian marketplace. The need for SMEs to better market their business using new social media platforms was a large factor in the design of the "Marketing Plan and How to Sell Your Business" training delivered this quarter. Though this training focused on overall business marketing, during the course of the training the instructor learned that some of the SME's did not know how to use search engines and adjusted his curricula accordingly. The consultant added modules on how to use search engines, specifically Google, to analyze their competition's weaknesses and strengths, assess what factors affect their market, and search for institutions that synthesize industry research to provide deeper insights into the industry. These techniques will allow the SMEs to reduce the man hours and cost associated with the manual research that they previously carried out.

7. PROGRAM MANAGEMENT AND ADMINISTRATION

7.1. Financial Management

From the program's inception through the end of March of fiscal year 2017, the program has spent approximately \$4,337,622.17, representing 87% of the total award of \$4,988,523.00. For fiscal year 2017, expenditures through March totaled approximately \$436,863.72, representing 61% of the \$716,388.23 that is budgeted for fiscal year 2017. For more precise financial information, please refer to the Federal Financial Report [\(SF 425\)](#).

8. ANNEXES

8.1. Annex A: Performance Indicator Tracking Table

USAID - SCD Objective, Results and Indicators	Life of Program Target	Inception to Date	FY2017 Target	FY2017 Actual	%FY2017 Actual vs Target	Disaggregates	
IR 1: Improved capacity of Business Service Providers (BSPs) to serve SMEs							
SCD IR 1.1 Training and consulting skills of BSPs enhanced to provide quality training and consultancy services to SMEs							
SCD IR 1.2 Enhanced organizational management capacities of BSPs							
1. Number of individuals from BSPs that have received USG-supported training	110	105	30	23	77%	Male	18
						Female	5
2. Number of individuals certified to deliver SME trainings and consultancy services as a result of USG support to the oil and gas, power and other related sectors	15	10	-	5		Male	5
						Female	0
3. Number of BSPs that have received and applied business tools as a result of USG support	20	15	8	2	25%		
4. Number of business policies and procedures at different stages of development by BSPs as a result of USG assistance	25	16	25	16	64%		
5. Number of BSPs that have improved management (score in percent) as a result of USG assistance in the oil and gas, power and other related sectors	20		-	-			
SCD IR 2 Improved capacity of SMEs to meet industry supply requirements and standards							
SCD IR 2.1 Enhanced capacity of SMEs in business management, procurement, standards and best practices							
6. Number of individuals from SMEs that have received USG supported training	450	435	200	114	57%	Male	82
						Female	32
7. Number of industry-recognized certificates issued as a result of USG assistance in the oil and gas, power and other related sectors	260	361	80	2	3%		
8. Number of SMEs that have received and applied business tools as a result of USG support	50	52	30	2	7%		

9. Number of business policies and procedures at different stages of development by SMEs as a result of USG assistance	90	102	90	102	113%		
10. Number of SMEs that have improved in management (score in percent) as a result of USG assistance in the oil and gas, power and other related sectors	40		-	-			
SCD IR 2.2 Improved access to finance and market information							
11. Number of SMEs at various stages of accessing credit with support from USG	90	88	90	88	98%	SMEs	79
						BSPs	9
12. Number of SMEs at different stages of relationship with IOCs, subcontractors or other related agencies for industry information as a result of USG assistance	150	139	150	139	93%	SMEs	12
						BSPs	18
13. Number of contracts received by SMEs as a result of USG assistance in the oil and gas, power and other related sectors	125	76	30	14	47%	SMEs	13
						BSPs	1
						JVs	
14. Value (USD) of contracts received by SMEs as a result of USG assistance in the oil and gas, power and other related sectors	\$13,500,000	\$18,512,021	\$5,000,000	\$1,867,463	37%	Single SMEs/ BSPs	14
						JVs	

8.2. Annex B: FY2017 Q2 Success Stories and Newsletters

8.3. Annex C: SCD Program Schematic