

Four years of accelerating growth of SMEs through our three pillars

It's been four years since Invest In Africa (IIA) kicked off its operations in Ghana. IIA is a not-for-profit organisation committed to addressing the challenges of identifying credible local suppliers, developing local content and driving cross sector growth across the economy as a whole.

IIA started in 2012 in the United Kingdom with funding support from Tullow Oil and has since grown its partner network to include others like EY, MODEC Ghana, Ecobank Ghana, AB & David Law, GCB Bank, Newmont Ghana, Guinness Ghana, AGI, MIDA and the GIPC. Together with its leading partners, IIA does three main things:

1. Connects multinationals and larger businesses to credible local suppliers (SMEs);
2. Improves these SMEs access to skills, contracts and finance to build long term capacity; and
3. Helps improve the investment climate and quality of policy discussions in the country.

In this article, we discuss with the Country Director of IIA, Clarence Nartey, the impact the organisation's operations has had on Ghanaian businesses and the country's economy, through its three benefit platforms and its future plans for SMEs.

Access to Skills

The African Development Bank's (AfDB) Fund for African Private Sector Assistance (FAPA) in 2013 awarded IIA a US\$1 million grant, their first in Ghana, to deliver the Business Linkage Programme (BLP). The BLP is a training and mentorship programme that offers SMEs the tools needed to improve their entrepreneurial, managerial and technical capacities. IIA's partners have also committed over US\$3 million benefit-in-kind support to the programme. Through another subsidised programme called the Business Accelerated Programme (BAP), funded by the Dutch Development Agency (FMO), EY consultants are assigned to high potential SMEs on a one-to-one basis, to help improve their competitiveness. Also, through a collaborative partnership with Canon, 22 Ghanaian companies from the printing industry have been trained in the latest technologies to enhance their capacity and ability to meet international standards.

Through these flagship programmes and others, IIA has delivered over 25,000 hours of capacity building training support to more than 220 SMEs- many of whom have subsequently been linked to larger Corporates for new business opportunities and created at least two jobs

Access to contracts through the African Partner Pool

The African Partner Pool (APP) is an online marketplace launched by IIA in 2014 to bridge the gap between large companies with procurement needs, referred to as buyers, and SMEs. The rationale behind the APP was borne out of the difficulty local SMEs face in making themselves visible to



Clarence Nartey, Country Director of IIA

larger companies. The APP, therefore, is a community where buyers and suppliers across can engage each other, discover new opportunities and grow their business. The APP directory allows SMEs to promote the products and services they can deliver and the standards they can deliver to, making it easier for big companies to find the right suppliers.

Since the introduction of the APP, total volume of contracts won by suppliers has hit 111 (valued at US\$151 million). Approximately US\$116 million of the total value has been retained in-country. Today, the number of suppliers on the APP is over 1500. IIA through the APP has supported c.32,000 jobs in Ghana over the period.

Access to finance

This is arguably one of the biggest challenges facing SMEs in the country and indeed across Africa. Most banks are unwilling to advance loans to SMEs mainly because of their perceived risk (weak structures, poor financial records, etc) which do not make them bankable. IIA's 'Access to Skills' pillar plays a crucial role in helping APP registered SMEs put in place the necessary structures that will make them less risky and bankable for banks to advance loans to them. So far, approximately US\$1million of credit has been disbursed to SMEs through IIA's banking partners.

These three platforms, have helped build the capacities of SMEs, improved their competitiveness and positioned them on an accelerated path to playing on a global stage.

Challenges

Even though IIA has made great strides in the past 4 years, success has not come on a silver platter. Whilst IIA's focus on SMEs and multi-sector approach ensures it has a broad-based economic

impact, it also means high risk exposure/vulnerability to economic shocks.

For example, the ongoing volatility in the financial sector has affected the IIA ecosystem in two key ways. Firstly, one of its local partners, UT Bank folded up. Secondly, the reduction in credit to the private sector has also affected the ability of some of their SMEs to source credit to operate/expand their business.

It also experienced relatively slower tender activity on the APP platform last year due to slower economic activity. As a result, it was not able to facilitate as many business linkages (and contracts) as it would have liked to for their suppliers.

The Country Director, Clarence Nartey added that, "the organisation has to constantly work to get the right balance between our bold ambitions and the resources needed to deliver them. Most of the time, especially in the case of a not-for-profit, the latter lags behind the former. But thanks to support from our partners, donors and promising self-financing initiatives we are currently pursuing the gap is narrowing."

Going Forward

Mr. Nartey added that, "going forward, we want to build on the solid foundation laid over the past four years.

The first job to be done is a brand re-positioning one: to communicate our unique integrated brand proposition to our core target audience. We haven't done this holistically and consistently in the past.

Secondly, we will get sharper on prioritisation by trading our wide breadth of scope for depth in our sectors of focus. Going forward we are prioritizing six key sectors of the economy which will form the basis of our local content efforts. These sectors are oil and gas, mining, financial services, ICT, agribusiness and construction. These are high

growth sectors that are closely aligned with the Government's sector priorities. They also have a strong developmental impact, especially from a job creation point of view. We have re-structured our organization to better align the team with this sector-focus. This approach will ensure we build relevant domain expertise, which will be key in our business partnering to key IIA partners in these core sectors.

We will also be driving stronger a stronger inclusive growth agenda within the IIA ecosystem -as part of our sustainable growth strategy. Any growth plan that does not take into account supplier growth is not sustainable. For this reason one of the key initiatives we will be focusing on is the 'Homegrown Buyers' Project. We are identifying between 50 to 100 high potential SMEs who have the ability to grow to become buyers. We will work with these suppliers and build their capacities so that they can in turn sub-contract some of their procurement to 'smaller' SMEs on the APP platform."

Mr. Nartey further stated that the APP platform will soon be re-launched (October 4th, 2018) with improved value-added features: providing more real-time business opportunities and making it easier for more buyer-to-supplier and supplier-to-supplier interactions.

Closing comments from Country Director

"There is a famous African saying that goes 'if you want to go fast go alone, but if you want to go far go together'. For us in IIA, we have been able to do both (move fast and far) in four years thanks to the solid support of our partners, donors (AfDB and FMO), ambassadors, suppliers etc.

I am really excited about the future prospects of IIA. We have an audacious goal of supporting African SMEs to win \$1billion worth of contracts and create 100,000 jobs in the next 8-10 years! It's a goal that inspires us greatly and we are committed to working with both existing and incoming partners to achieve it. Let me quickly mention that we will soon be welcoming two new strategic partners (in the ICT and Financial Services sectors). They will play complementary roles in helping to provide more SME financing options and technology-based solutions to improve the competitiveness of our SMEs."

The good thing is we have a solid business model. The IIA model of providing a 'One-Stop-Shop Solution' to SMEs is not only unique but also a proven one, as demonstrated by our results over the last four years. We will be scaling it up in the coming years so we can impact more SMEs and local communities positively- especially through job creation and economic prosperity.

And I am blessed to have a solid team in Ghana, a strong Pan-African network (IIA has offices in Kenya and Senegal) and support from our Headquarters in the UK to help us go faster and further in the next four years."

