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## Global Meeting of UNIDO's Network of Subcontracting and Partnership Exchange Centres (SPX)

Paris, 6<sup>th</sup> November 2012



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### Objectives of the Meeting

- To share with the SPX Network the suite of UNIDO tools that have recently been added to enrich the Programme
- To learn from the practical experiences of SPXs in different country contexts
- To present SPX Network and the ensuing subcontracting and investment opportunities to international investors (MIDEST)
- To design UNIDO technical assistance programmes that are *demand-driven*
- To collect feedback from SPXs on intended future activities and chart the way forward for more frequent networking events & national fairs



## Major sub-contracting trends

- Supplier quality, flexibility and innovation have become important factors in addition to price
- Less, more specialized suppliers
- E-tools to govern the supply chain
- Physical proximity of supplier
- Globalization



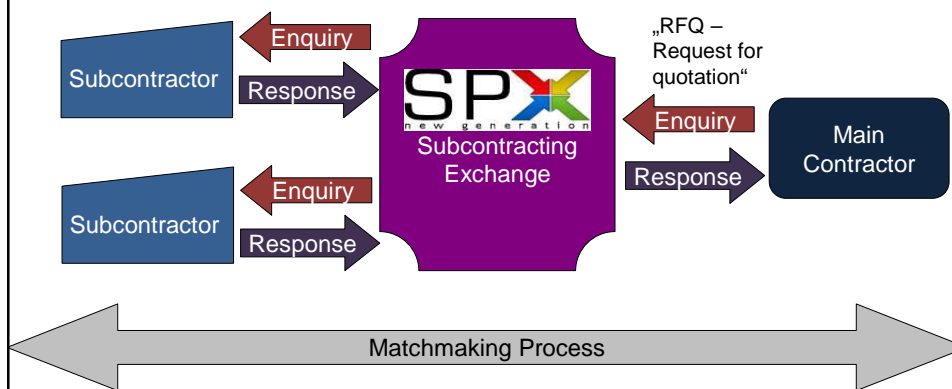
## Why is subcontracting relevant from a development perspective?

- “Spill-over” effects of foreign direct investment (FDI) to the local economy not realized due to low levels of local content
- Linkages between local suppliers and buyers are weak
- Lack of transparent information about local SME suppliers and their supply capacity
- Lack of awareness of local suppliers about downstream market opportunities presented
- Inability of local suppliers to supply at the quality and quantity required by larger buyers

## Objective of the SPX

- Leverage large investors and public procurement (especially state owned enterprises) to become drivers of SME development
- Purpose:
  - Link local enterprises as suppliers and sub-contractors to large buyer organizations
  - Benchmark the performance and practices of local enterprises against international standards to show management their competitive position
  - Support benchmarked potential suppliers in improving their competitive position through upgrading, finance and international promotion with joint venture partners
  - Respond to need of large investors to find qualified local suppliers and develop local suppliers

## SPX “bread and butter” – match making





## Evolution of UNIDO's SPX Network

- Programme initiated in the 1980`s
- More than 75 SPX Centres established all over the world
- Assessment in 2007 which led to overhaul
- As of November 2012, database of 4,200 firm profiles among new SPXs and 400 firm benchmarks - growing constantly



## UNIDO's SPX Network today

### AFRICA

- SPX Cameroon, Douala
- SPX Cape Verde
- SPX Ghana, Accra
- SPX Kenya, Nairobi
- SPX Mozambique, Maputo
- SPX Nigeria, Lagos
- SPX Senegal, Dakar
- SPX South Africa, Pretoria
- SPX Tanzania, Dar es Salaam
- SPX Uganda, Kampala
- SPX Zambia, Lusaka

### EUROPE

- SPX France, Auxerre, Nancy
- SPX Russia, Moscow
- SPX Turkey, Istanbul

### ASIA

- SPX China, Chungking, Beijing, Shanghai, Xi'an
- SPX India
- SPX Iraq, Baghdad, Thi Qar, Erbil
- SPX Vietnam, Hanoi

### LATIN AMERICA

- SPX Paraguay, Asunción
- SPX Peru, Arequipa

### MIDDLE EAST and NORTH AFRICA

- SPX Algeria, Alger, Constantine, Oran
- SPX Lebanon, Beirut
- SPX Morocco, Casablanca
- SPX Qatar, Doha
- SPX Tunisia, Tunis
- SPX United Arab Emirates, Dubai

For a more detailed information please refer to <http://www.unido.org/index.php?H=6351>



## The SPX methodology

**Profiling** – what are the areas of activity of the supplier company?  
(equipment, processes, products etc)

**Q: What is done?**

**Benchmarking** – how mature are the business practices and how good is the operational performance of the supplier company when compared to other international sources?

**Q: How well it is done?**

**Buyer engagement** – what are the buyer's sub-contracting strategies and how can their performance needs be met by local suppliers

**Q: What is the market relevance?**



## The profiling phase

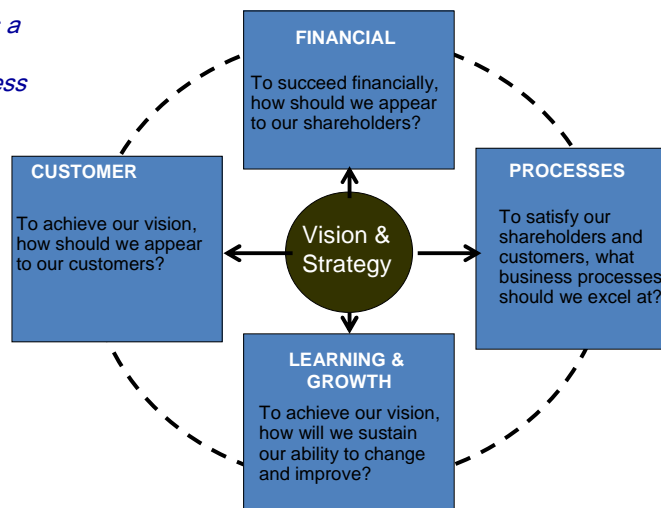
- Awareness creation
- Supplier visit
- Entering information into database
- Constant feedback
- Feeding suppliers with opportunity alerts

## Information collected in the profile form

- **Enterprise general data**
    - Address
    - Contact person
  - **Scale**
    - Scale indicators
    - Qualifications
  - **References**
    - Industrial References
    - Quality management and environment
  - **Financial information**
  - **Partnership information**
- **Sectors (ISIC)**
  - **Products and Processes (UNSPC)**
  - **Operations**
  - **Machines**
  - **Test and Control Equipments**

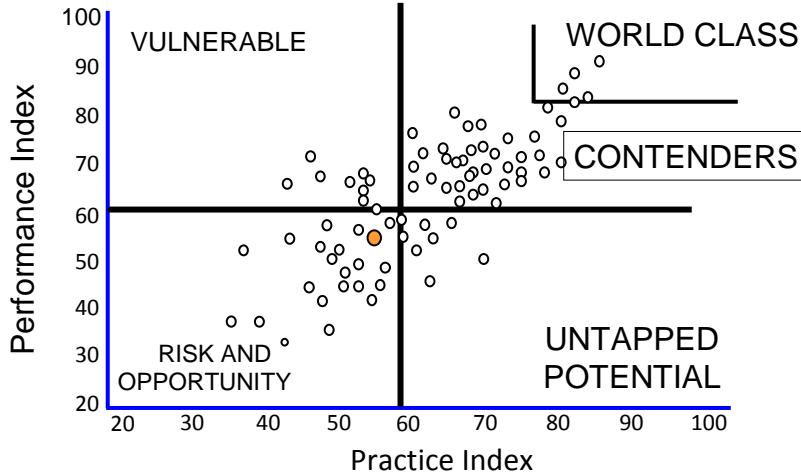
## What is being benchmarked?

*Definition:*  
**Benchmarking** is a continuous systematic process for comparing business processes for improvement...

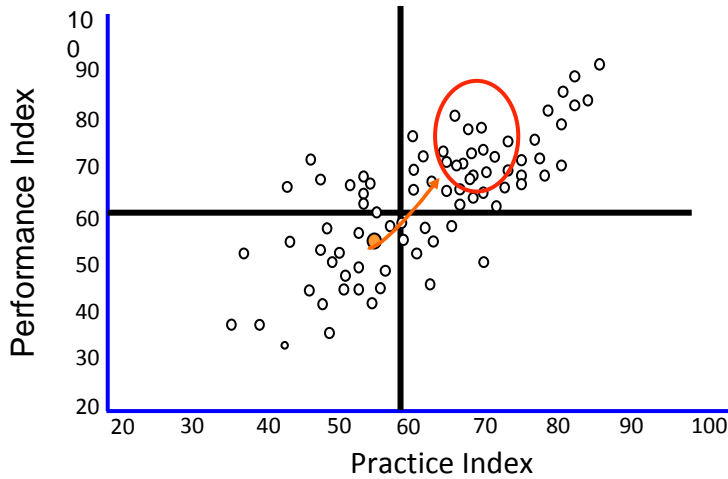




### Supplier benchmarking



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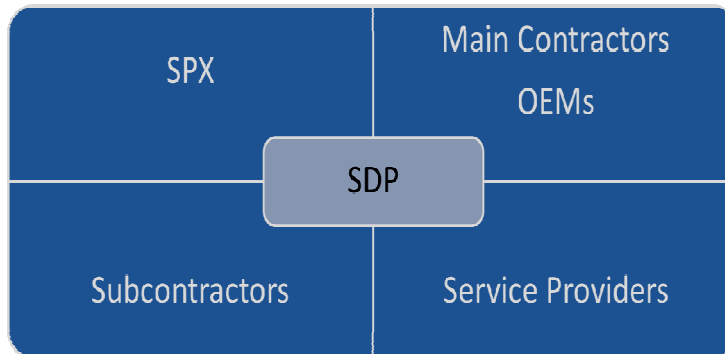


## “Gap analysis” as starting point for supplier development



## Supplier development

- “The SPX cannot do it alone”
- Composition of team(s) is context-specific







## Who can be service providers?

- SME development agencies
- Associations
- Development Programmes
- Professional consultancy firms
- International investors
- Financial institutions (credit, equity, guarantees)
- Universities and Industrial Research Centres



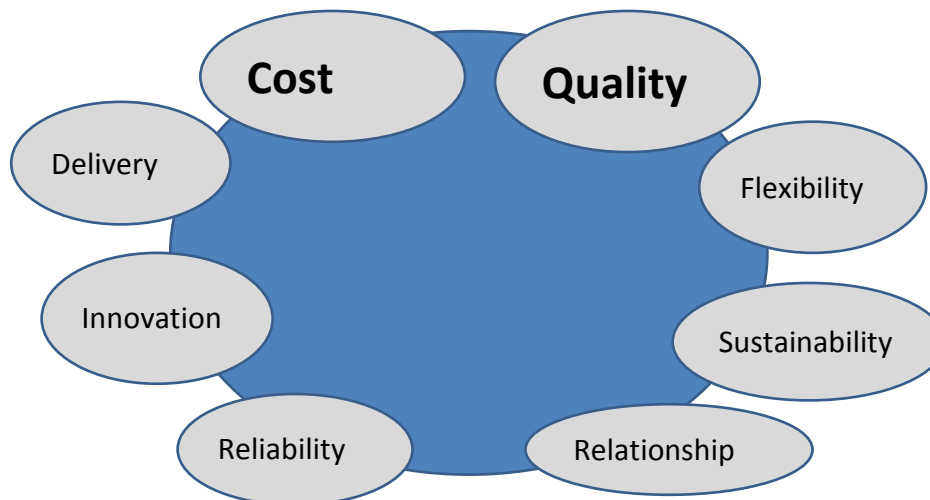
## E-learning and supplier development

*Demonstration*

## Buyer identification

- Main sectors: Automotive, machine building, electro mechanics, electronics, construction, power generation
- Large investment projects
- Notification of tenders
- Different levels – OEM, 1st tier, 2nd tier
- Sub-contracting Fairs (Midest)
- Public procurement

## Procurement requirements can differ





## The SPX host institution

- Type of organization(s) – private sector organization, investment promotion agency, SME development agency etc.
- Existing and potential linkages to SMEs
- Partnerships with financial institutions, academia, etc.
- In-country presence
- Assets (HR, finance, facilities)



## Benefits to SPX host

- Visibility and enlarged client base
- Policy advocacy instrument
- Networking opportunities
- Access to state-of-the art tools



## Establish basic work principles

1. SPX does not discriminate against or favour certain suppliers
2. SPX does not substitute for specialized commercial services
3. Advice but no interference in manufacturing planning
4. SPX promotes transparency
5. SPX does not enter into commercial dialogue and supplier-buyer negotiations
6. Confidentiality and integrity



## Promotion channels

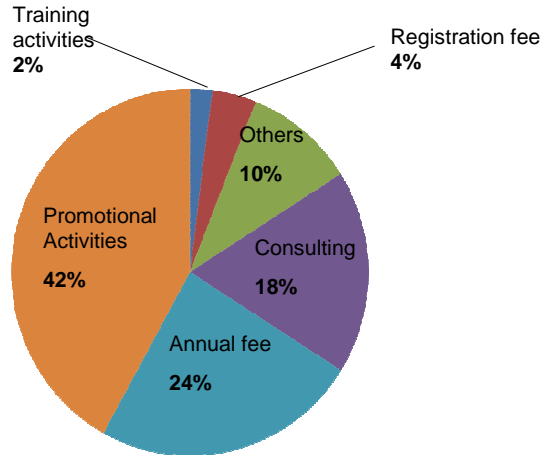
- Visits
- Mailing/e-mailing
- Fairs (MiDEST, Hannover Messe, SUBCON, SITEV, ACIS)
- Utilizing UNIDO Network of Investment and Technology Promotion Offices (ITPOs)
- Seminars and launching events
- Press release
- Advertisement
- Web marketing



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## Promotion as income generator



Source: UNIDO (2007), A Global Review of SPXs



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## SPX documentation

**SPX Tanzania**

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**SPX Nigeria**

Building Industry Capacity and Capability

**SPX Uganda**

News letter  
 ISSUE 001 July 2011 SPX

**SPX Uganda Revenue Fair 2011**

Revenue Fair 2011 July 29th-28th

Uganda Investment Authority (UIA) in partnership with United Nations Industrial Development Organization (UNIDO) established a Subcontracting and Partnership Exchange (SPX) Uganda that is managed by a project team in UIA. SPX Uganda has several activities and one of the main activities is a revenue fair which is scheduled for 29th-28th July 2011 in central Kampala.

UIA and SPX Uganda have launched in September 2010, the 200 Domestic Small and Medium Enterprise (SME) have been profiled and entered into the SPX Uganda data base. Profiling is a process through which facts about the capacity of each enterprise are captured. These facts are used to determine the supplier capacity, the level of efficiency within the sector and with time more information will be used for supplier development and capacity building.

Uganda revenue fair 2011 the profiled SMEs will explain to the large buyers and release into the range of services and products offered with an of generating interest among the prospective buyers. On day two, the large buyers will also explain the range of services and products they need from SMEs and the conditions that SMEs need to fulfil in order to gain supply. Participants and large buyers will use brochures, videos, CD, photos, specifications and a number of other actual goods as may be approved by the SPX Uganda team. Through the SPX Uganda revenue fair 2011 SMEs will be able to access more information about their production capacity and increase the number of products they offer for sale. Large and international companies will be able to raise their stock of questions by linking up with competitive domestic suppliers to whom they will be able to subcontract, outsource services and develop partnership exchanges.

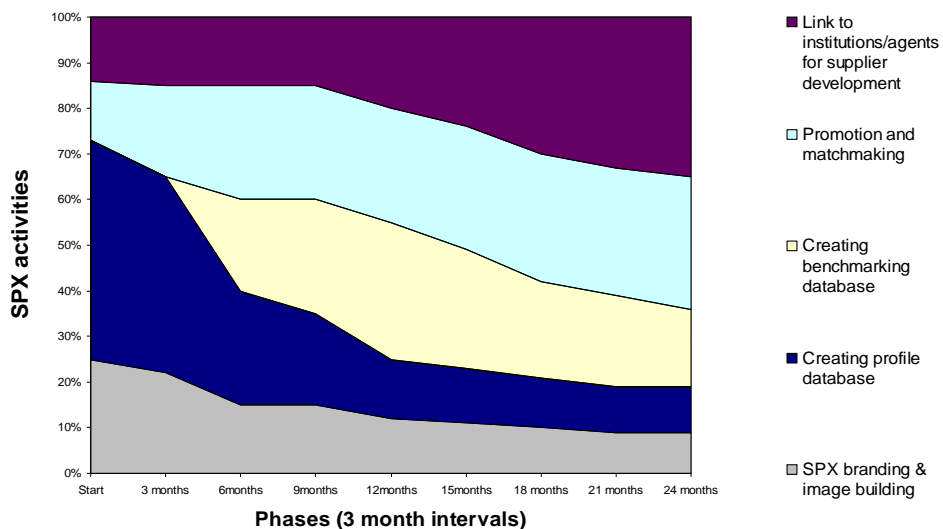


## SPX activities

- Selection of host institution
- Establishment of SPX Unit
- Recruitment of appropriate staff
- Training (profiling training, benchmarking training, buyer engagement training)
- Sensitizing local companies (suppliers and buyers)
- Supervised benchmarking
- Database of benchmarked suppliers linked to MP
- Determining buyer requirements
- Investment opportunities for upgrading suppliers (IPA)
- First 3 years provide free service, after provide a VA service that can be charged for



## SPX functions over time





## SPX Performance Criteria

1. No. of companies visited and registered
2. No. of sectors covered
3. No. of promotional events/fairs/meetings
4. No. of match-making interventions
5. No. of SMEs benchmarked
6. No. of SMEs upgraded and linked to buyers
7. No. of contracts concluded
8. Value of the contracts concluded
9. Sustainability of the SPXs established



## The principle

The SPX Network is a living network and it is UNIDO's intention to keep its technical assistance flexible and relevant at all times

- ➔ The best way to achieve this, is to hear from the SPXs themselves on what their needs and actual requirements are.



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Thank you for your attention.

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