

The IFC Oil, Gas and Mining Linkages Program

## The IFC Copperbelt SME Suppliers Development Program

In partnership with IFC and Zambia's leading multinational mining corporations to help integrate local small and medium enterprise (SMEs) suppliers into their supply chain.

*Funded by IFC PEP Africa*

### Development of Local Sourcing Platforms in Zambia

IFC, a member of the World Bank Group, is implementing a three-year local sourcing platform program to help Zambia's leading multinationals integrate local SME suppliers into their supply chains. The initiative, the Copperbelt SME Suppliers Development Program (CSSDP), was established in July 2007. It began as a follow up to the pilot Konkola Copper Mines SME Suppliers Development Program (KSSDP).

As with its predecessor, CSSDP's goal is to help multinational mining corporates integrate local SME suppliers into their supply chains. The program helps build the business and technical capabilities of SME suppliers, enabling them to compete effectively, and enhancing their ability to supply high quality, fairly priced goods and services in a timely manner.



*Going deep to understand client needs*

### The IFC Program Provides the Following Key Services to SMEs:

- Business Diagnostics
- Business Plans/Financing proposals
- HR systems
- Sales & Marketing
- Management Information Systems
- Quality Management Systems
- Helping local SMEs to meet tender, financial and technical requirements through training and mentoring
- Facilitating Access to Finance for SMEs via dialogue with local banks and other Development Finance Institutions
- Training using the SME Toolkit, an innovative online business management training resource

## Key Achievements

Firstly, the program is working closely with partner mining Multi National Corporations to integrate local SME suppliers and contractors into their supply chain. The partners have been approaching the program to provide capacity building services for their contractors in specific areas where they see the need, helping the program to implement demand-led interventions.

Secondly, the program is playing an important role of providing support to the SME suppliers during a time when such support is most wanted. Several capacity building interventions have helped SMEs to access finance, increase their efficiency and quality through installation of Management Information Systems and implementation of Quality Management Systems respectively, as summarized in the “Best Outcomes” below.

Thirdly, the program has continued to help SME suppliers and contractors diversify their markets. This has been achieved through our monthly steering committee meetings during which other partner share opportunities presented by their respective mines. Further, the program has facilitated workshops to encourage suppliers to diversify to other sectors beyond mining.

## IFC VALUE ADDITION

Business linkages programs are playing an increasingly important role around large scale investments and projects of larger companies in Zambia.

The program enables IFC to apply a mining sector-wide approach to linkages that allow SME suppliers to benefit from economies of scale (procurement) provided by the critical mass of mining activity following huge investments made in the sector between 2006 and 2008. So far, linkage activities have been along specific companies only.

IFC provides local sourcing platforms program management expertise and methodology, donor resource mobilization, the Monitoring and Evaluation platform and facilitates access to finance for SME suppliers.

## Best Outcomes to Date

- Over 300 SME participants trained to use the SME Toolkit, Total Quality Management, Corporate Governance and Tendering processes: 36 SMEs receiving in-depth Advisory Services such as SME diagnostics, business plan preparation, installation of Management Information Systems and training in ACCPAC accounting software.
- Facilitated just about US\$1.5million for 4 SMEs through local banks. About 35 SME diagnostics and business plans have been concluded for SME suppliers. To date, SMEs have been assisted to access about US\$20 million in contracts with about 70 jobs created.

## The Way Forward

The program has made progress despite suffering from the global economic crisis. Lower copper prices forced most mining companies to down-scale their operations – including reducing procurement volumes and number of suppliers. The CSSDP has embarked on a program to help SMEs diversify their market and develop strategies to cushion against reduced demand. SMEs are being assisted to develop bankable business plans which would be submitted to the Citizens Economic Empowerment Commission for financing. Before IFC’s exit in 2010, the program is exploring:

- Partnerships with other organizations to form a foundation that will be responsible for managing the program post IFC - to encourage sustainability of activities, and/or
- Sustaining activities through a new IFC prospective investment that will make the program IFC-investment linked.

## Contact:

Peter Mwanza  
Program Manager, CSSDP  
No.2, Monmouth Close.  
Parklands, Kitwe – Zambia  
Tel: +260 212 227171  
Email: pmwanza@ifc.org  
Web: www.ifc.org