

Small and Medium Enterprises

Stories of Impact

This series provides examples of our impact, expertise and lessons learned working with clients and partners.



RESULTS & IMPACT*

- Over \$9.1 million in new contracts between local businesses and international mining companies such as Rio Tinto, GAC and BHP.
- Over 700 new jobs created in local businesses as a part of the mining sector's supply chain.
- Over 860 participants received training by four local firms, using IFC's Business Edge training platform for SMEs.
- Over 100 local SMEs received individual coaching from IFC in financial management, marketing, and health and safety procedures.
- Over 100 local SMEs received training in business plan development and access to finance through a program jointly developed by IFC and BICIGUI, the local banking affiliate of BNP Paribas.
- A joint venture was established between a local SME and North Safety Products, a South African manufacturer for personal protective equipment and uniforms. This resulted from the collaboration with Rio Tinto Procurement and from an IFC study which identified 50 manufacturers in South Africa as potential partners for transferring know-how to Guinea's local supply chain.
- 25 IFC general information workshops for SMEs were attended by over 600 people, including 123 women.
- A new business and training center for local SMEs was established by IFC and Rio Tinto in the city of Beyla. Similar centers are expected to be replicated along the port and rail corridor.

**As of December 2012*

Bridging the Gap Between Small Businesses and Mining Companies to Increase Local Impact in Guinea

IFC is working with international mining company Rio Tinto in Guinea to ensure the participation of local businesses in its supply chain as it develops its Simandou iron ore project.

This work builds on IFC's pilot program, "Guinea Linkages," in which local businesses that improved their capacity were awarded over \$9 million in mining sector contracts.

"IFC has played a key role in helping us develop our Guinea Buy Local Strategy to increase local sourcing by providing expert advice as well as relevant tools and services."

—Graham Davidson, Managing Director, SIMFER S.A., a subsidiary of Rio Tinto.

The Opportunity

The western African country of Guinea is one of the world's least developed nations despite abundant natural resources, including some of the world's highest quality bauxite and iron ore reserves. Nearly half of the population lives below the poverty line. In the 2012 World Bank/IFC Doing Business report Guinea was ranked 179th out of 183 countries on the ease of doing business index.

International mining company Rio Tinto is developing the Simandou iron ore project, the largest private sector investment in Africa. IFC is a 5% shareholder in the project, which includes the construction of a world class iron ore mine, a 700 km railway, and a port, and is expected to transform the economic prospects of the country.

A project such as Simandou offers complex business, development, and governance challenges that are unique to a remote project in a country with a new democracy and limited institutional and regulatory capacity. The project partners strive to create the highest likelihood that this project can achieve its development potential for the affected communities and the nation.

IFC's partnership with a global industry leader like Rio Tinto is important because of the company's commitment to sustainable mining development and its mining sector initiatives on conservation, land rehabilitation, biodiversity, climate change, and water and energy use.



Madore Donzo was selling produce at a local market in Beyla, Guinea when she decided to take IFC's Business Edge training in entrepreneurship, sales, and microcredit. As a result, she managed to start and grow her own company and become a supplier at the Rio Tinto base camp.

Our Approach

Our work in Guinea builds upon a pilot project through which IFC, in collaboration with Rio Tinto and Guinea Alumina Corporation (GAC), launched IFC Business Edge in Guinea. The project developed the capacity of local trainers in training local SMEs and helping them meet international mining companies standards.

IFC aims to bridge the gap between mining companies and local businesses by:

- Building the capacity of local suppliers to participate in the supply chains of international mining companies and improve their access to finance.
- Supporting local consulting firms and trainers to professionalize their tools for developing the managerial skills of small and medium sized enterprises (SMEs). This is accomplished through IFC's Business Edge program, which is a well-established training platform for SMEs.
- Helping Rio Tinto develop the "Guinea Buy Local Program" which encompasses Rio Tinto's local procurement policies, procedures and activities to meet its commitment to increase local sourcing in Guinea.
- Working with government officials, financial institutions, international donors, and other relevant stakeholders in Guinea to develop the local supply chain with special emphasis on increasing suppliers' access to finance which is a requirement for private sector growth.
- Developing a comprehensive database of local businesses that can become suppliers to mining companies. To date, over 700 local SMEs have been identified.

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries.

REGION: SUB-SAHARAN AFRICA | **COUNTRY:** GUINEA | **STRATEGIC PRIORITY:** SMEs | **THEME:** FRAGILE AND CONFLICT AFFECTED AREAS, GENDER | **BUSINESS LINE:** SUSTAINABLE BUSINESS ADVISORY | **CLIENTS:** RIO TINTO, GUINEA ALUMINA CORPORATION (GAC)

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