

CANADA-IFC PARTNERSHIP

Promoting Local Mining Suppliers in Guinea

IFC's Local Supplier Development Program in Guinea, a partnership with Rio Tinto, works with government and the private sector to ensure that benefits from mining flow to the local economy. The program focuses on improving the business environment, and building the capacity of Guineans to supply to the mining sector.

ENHANCING BENEFIT SHARING THROUGH VALUE CHAIN DEVELOPMENT

The commodity boom of the last decade, along with soaring corporate profits, has intensified debate around the world about how benefits are shared between governments, mining companies, and communities. In Sub-Saharan Africa, governments have pursued a range of strategies to achieve a more equitable distribution of benefits, including governance reforms along the extractive industry value-chain. With \$3.2 million in support from the Government of Canada, IFC's strategy in Africa is to expand its work in the poorest countries and focus on enhancing Small and Medium Enterprises' (SME) competitiveness through supply chain linkages and broader market access.

Increasing benefits for local companies involves a range of coordinated strategies that support one another. First, IFC works with large corporations to ensure that their procurement policies support working with local companies through incentives and proper contract structuring. Second, IFC works with the local suppliers and potential suppliers to increase their capacity to deliver on contracts. Third, IFC ensures communication and information exchange between corporations and the local business community. And finally, IFC is working with the government to facilitate access to finance and develop a supportive business-enabling environment.

IFC PROJECT DESCRIPTION

Since 2008, IFC has worked in Guinea to develop and support local suppliers to the mining industry including the Simandou South Project—the largest planned combined mining and infrastructure project in Sub-Saharan Africa. The current program launched in 2012, built upon the learnings of the initial pilot project. The program seeks to enhance benefit sharing through building local value chains.



Ebola Response in Guinea

In 2014 the Ebola outbreak in West Africa had a radical effect on the people of Guinea and the Guinean economy. Schools closed, economic activity ground to a halt, and international companies withdrew operations. Through its network of local suppliers, the IFC program mobilized Ebola prevention trainings, reaching over 105 small businesses and the thousands of people who work there.



IN PARTNERSHIP WITH:

Canada **RioTinto**

 **IFC** | **International Finance Corporation**
WORLD BANK GROUP

THE GOALS

- Work with the Simandou South Project to ensure systems to promote and support the contracting of local suppliers.
- Build the capacity of Guinean suppliers and potential suppliers to work as contractors to the mining sector.
- Work with the Government of Guinea to improve the public-private dialogue to improve the business-enabling environment.
- Identify and address key barriers to business growth, such as a streamlined business registration process and the Value-added Tax (VAT) refund system.

RESULTS TO DATE

- US\$350 million spent with Guinean registered suppliers.
- Over 900 Guinean suppliers in Simandou South approved supplier database, with 200 currently active.
- 2,000 purchase orders and contracts issued in 2014 to Guinean registered firms.
- Business training provided to over 2,000 participants from over 900 SMEs.
- Business registration time in Guinea has decreased on average from 40 to 3 days.
- 15,135 new businesses registered in the formal sector during the Program.
- Guinean Private Sector Development Agency now up and running
- New VAT reimbursement process in place for local companies.

PLANS FOR 2016–2017

- Continue to roll-out supplier development program, increasing number of contracts with mining companies.
- Continue to advance on business reforms, including further VAT refund processes.
- Continue to ensure the smooth operation of business registration.
- Work to set up a one-stop shop for licenses and permits, connecting five Guinea government agencies.

For more information on IFC's Infrastructure & Natural Resources Advisory work, visit Commdev.com



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"The IFC Business Edge training has been very important for us. It has helped us to address many issues in terms of organizing our work and improving the quality of our service... When I started with GNC we had 10 employees; today we have 100 and we keep evolving."

—Monsieur Kaba, CEO of GNC,
a construction company
in Conakry, Guinea

"The IFC training has had a positive impact on the business, where we learned what we should do and not do today... Today we have a contract where every day we prepare breakfast and lunch for Rio Tinto."

—Madame Ly, Owner,
Restaurant African

