

A National Supplier Development Programme to support local firms service mining and industry

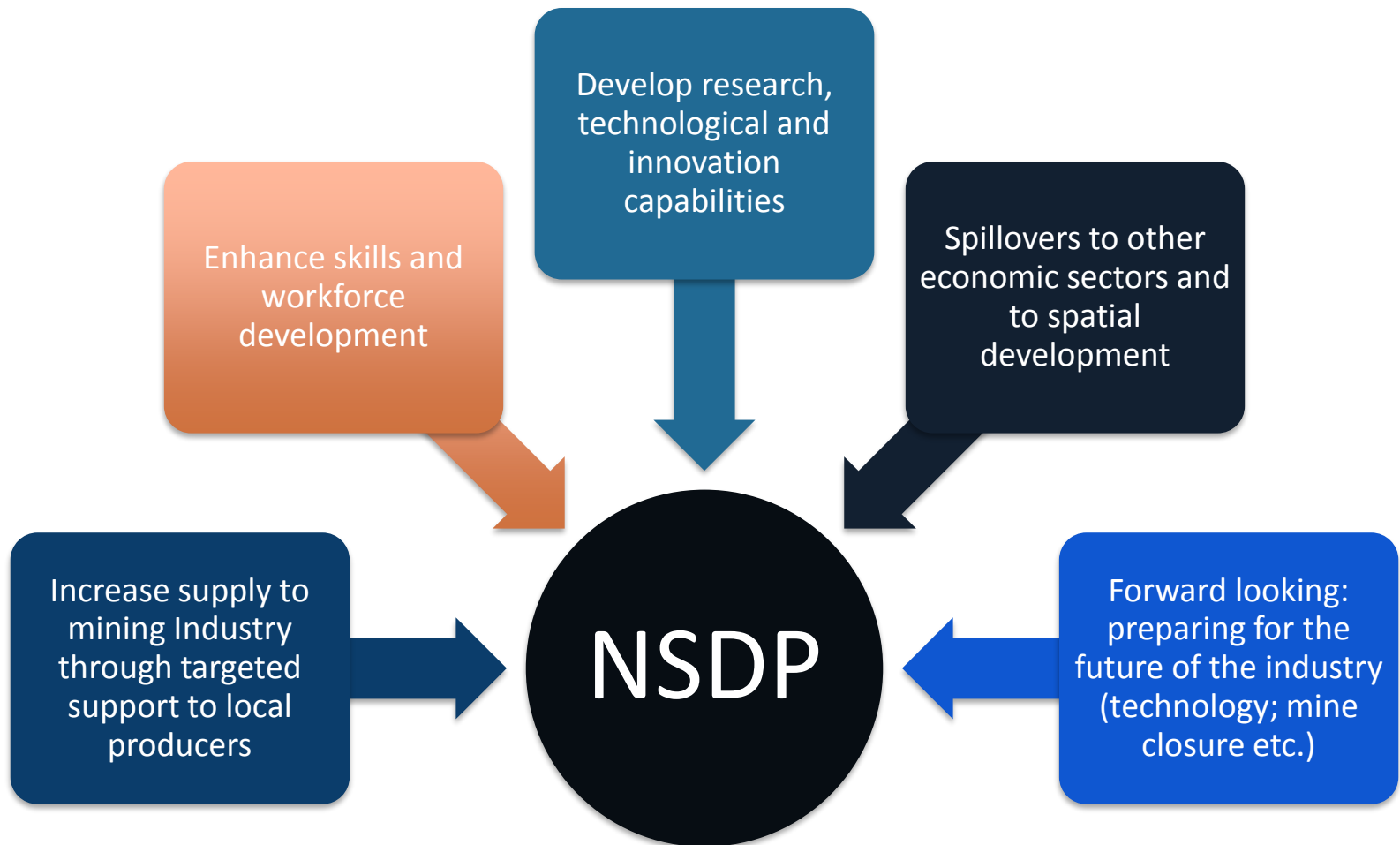
A proposal for Ghana and West Africa

African Minerals Development Centre

Need for a Suppliers Development Programme

- A systematic and more sustainable approach to supply chain development as it helps the **organic growth of linkages through local suppliers**
- Scaling up domestic suppliers' **capacity, capabilities and competitiveness** are critical.
- **NSDP based on two distinct but complementary components:** pillar reinforcing suppliers' skills in particular, and pillar empowering and supporting existing and new suppliers
- NSDP to address **above-mentioned issues and constraints** (and particularly to support local firms to link-in with existing and potential value chains) by harnessing stakeholders to identify and deal with weaknesses
- Dis-enclaves and integrates into broader economy, avoids duplication.

Core functions of a National Suppliers' Development Programme



NSDP Mandate

- Inputs and contributions made to NSDP structure by a host of government and non-government institutions
- Endorsed by said institutions
- Approval by Economic Management Team (cabinet decision)
- Formally launched by the Vice President
- Publicly welcomed by suppliers and mining firms alike
- **Now time to act – not lose momentum**

Factors for Success

Success will depend on strategic partnerships to provide:

- a. **Administrative support** (e.g. creating national online platforms to share information about procurement; networks of suppliers);
- b. **Technical support** (e.g. on product design, standards setting and support to meet those; access to high tech equipment and facilities; development cooperation including through JVs and B2B);
- c. **Financial support** (access to finance, special initiatives such as business incubators, innovation hubs, govt subsidies to support R&D); and
- d. **Institutional support** (e.g. by supporting existing institutions or creating new ones, to support policy coherence and coordination but also to ensure that specific areas, such as productivity and competitiveness get the necessary attention)

Boosting skills to stimulate value addition across sectors

- **A highly educated workforce is important to ensure proper technology and knowledge transfers and spillovers.**
- Yet **labour productivity** remains low by international standards. **Skills mismatches** impact on the absorptive capacity of the supply chain. The **quality of the workforce** is a major challenge

Options to address this:

- Comprehensive cross-sector skills development programme and competitiveness and productivity council
- Assessment of capabilities and skills gaps
- Link TVET better with needs of future activities, orient towards STEM fields
- Facilitate movement of professionals across region
- Boost R&D, improve climate for innovation

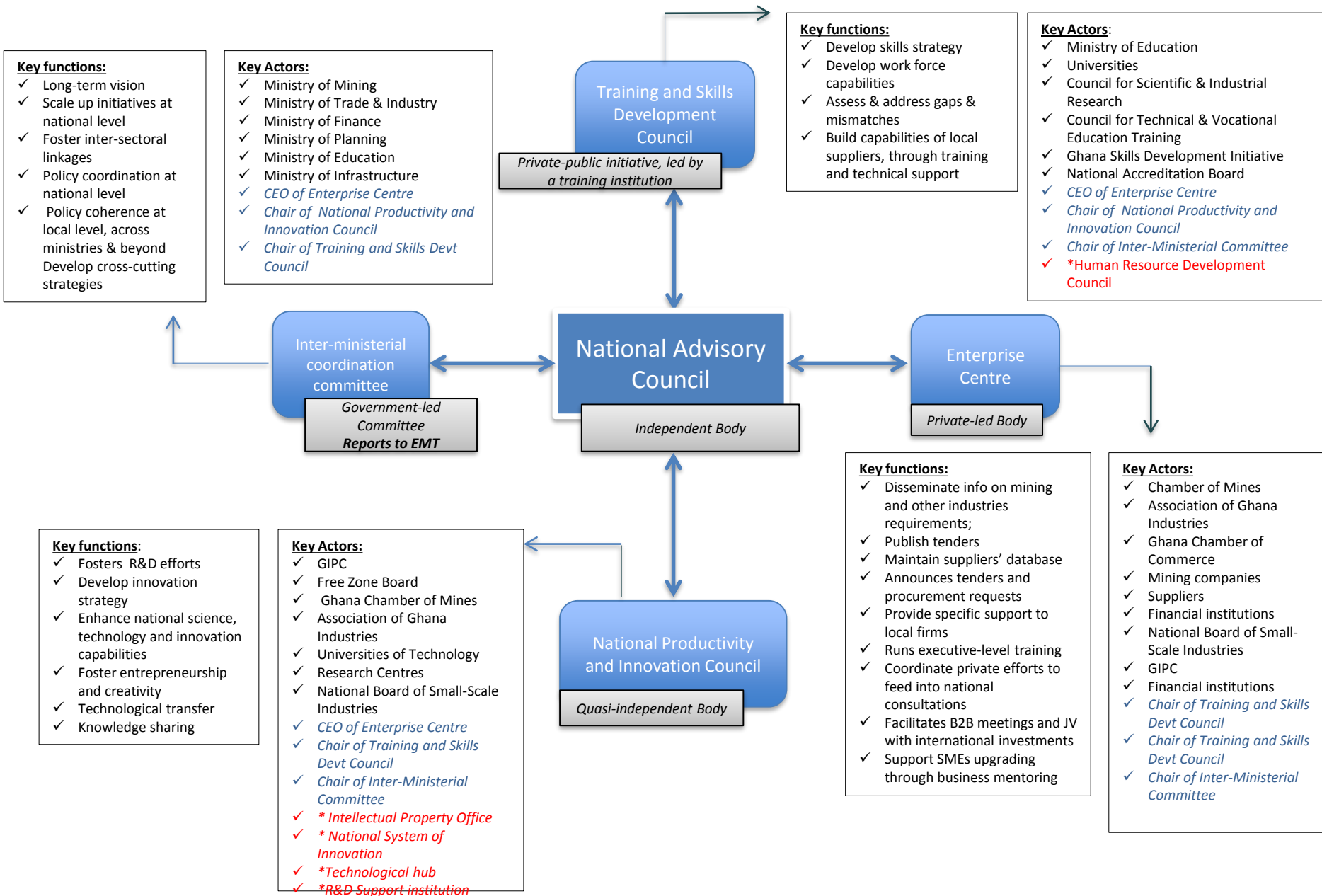
Example – the case of Chile

- **Chile an often cited “best practice”** in moving from dependence on one commodity for income and exports, to a diversified and broader economy
- **Many factors led to this:** productive investment promotion, coordination under Ministry (CODELCO, ENAMI...), investments streamlined with agriculture and industry, focus on upstream suppliers (services, manufactures)
- **Supplier Development Programme** – partnership of BHP Billiton and CODELCO – initially covered 11 projects worth \$121 million
- Examples: electrical systems, cables, digging technology, health and safety systems
- Still mixed success

Establishing an institutional environment for success

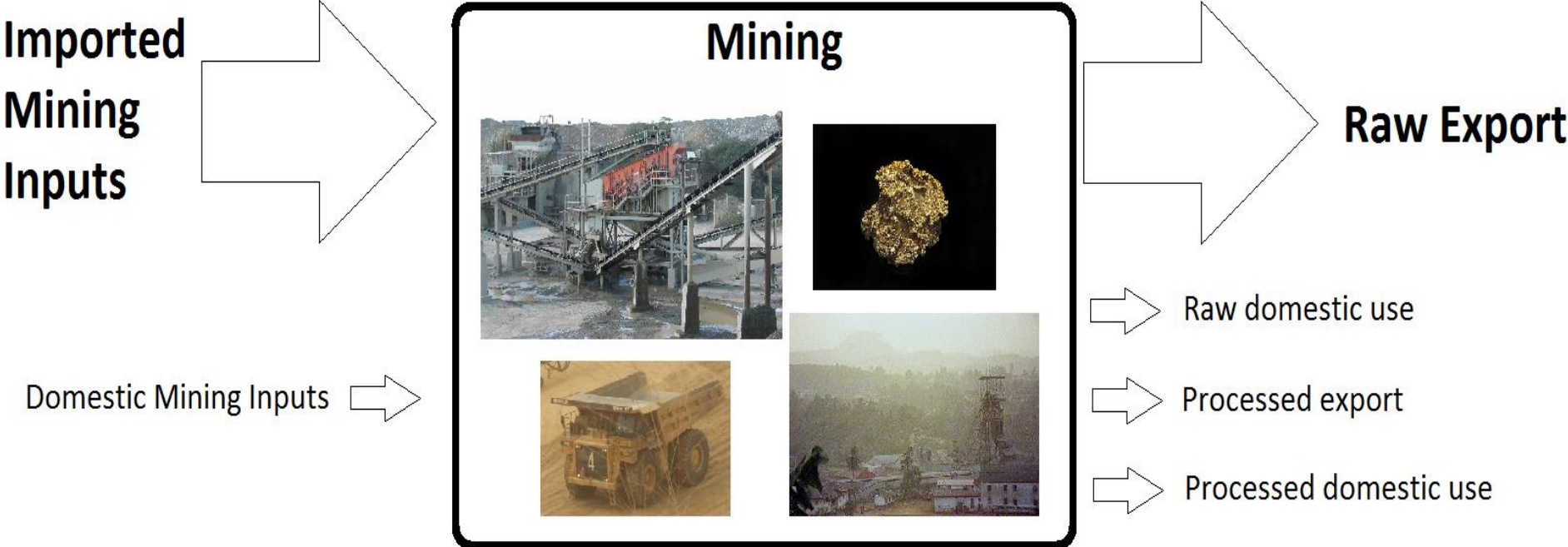
- To ensure that NSDP support is coherent and consistent, it is necessary to have **structured policy dialogue among key Ministries, agencies, private sector academia/research institutions, CSOs.**
- Reinforce this through **coordination with quasi-independent oversight**
- To end silo approach and ensure policy coherence nationally and regionally
- Thus has potential to foster **regional clusters and a mineral-industry cluster** – bridging distributions of minerals, skilled workers etc, and harnessing sidestream interventions

Overall institutional architecture governing the Mineral cluster and Supply Chain initiative

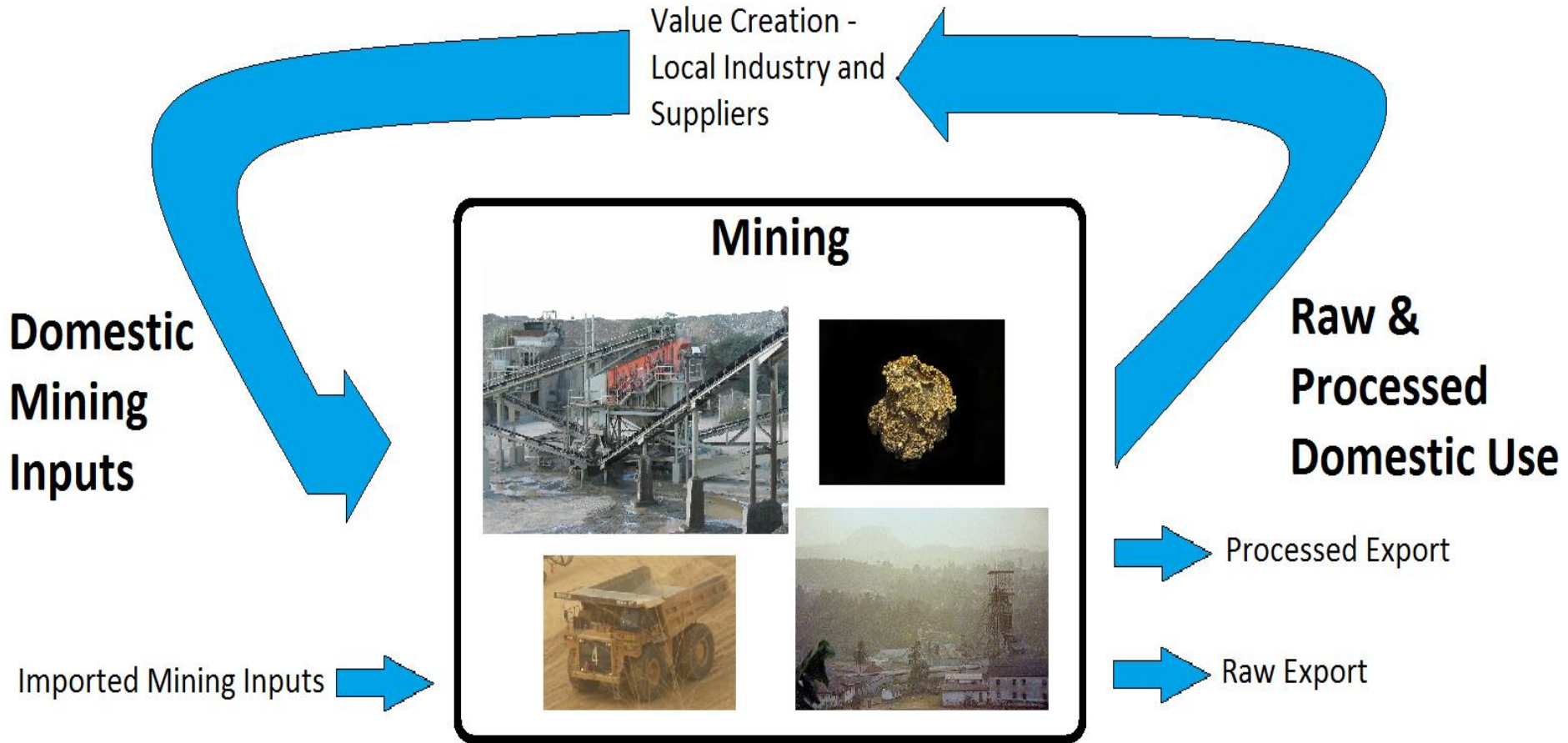


* In red: Missing institutions

Business as Usual



Virtuous Mineral Supply Chain



Next Steps

1. Define roles of all key actors in moving ahead with NSDP and gain consensus on further partner institutions needed.
2. Recruit firms to engage in JVs and other partnerships to promote local private sector
3. Pursue institutional environment conducive for success of value addition and NSDP
4. Approaching financiers for NSDP
5. Move to Phases 2 and 3 of the initiative, by linking in downstream beneficiation and petrochemicals sectors to the established NSDP and institutional framework.

Thank You!