The Lumwana Contract Developer (LCD) Programme aims to increase the amount of goods and services procured from local mining industry suppliers, as well as training and building in-country capacity to enable local SMEs to access wider markets, while simultaneously reducing cost in Barrick’s international supply chains.

**PROJECT AT A GLANCE**

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<th>Country</th>
<th>Zambia</th>
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<td>Low-income focus</td>
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<td>Revenue model</td>
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<td>Further information</td>
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<td>Project status</td>
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**Workers at Barrick Lumwana mine**

**The inclusive business initiative**

Barrick is a large scale global gold and copper mining conglomerate with an active mine site in Lumwana area of Zambia’s Solwezi district. The LCD programme aims to engage local SMEs and micro-businesses as suppliers in the mine’s value chain, and in so doing, contribute to growing local commerce in the industry. Through a local supplier development and performance management process set up with the support of the Business Innovation Facility, Barrick aims to help these micro and SMEs establish themselves in the competitive market of corporate clients.

After two to three years in this supplier development programme, participant businesses are expected to grow and ‘graduate’ to the open market, in which they will compete with established regional, national and international service providers. In addition, Barrick plans to introduce small adjustments to its existing procure-to-pay process and implement a preferential procurement policy to further support this inclusive business model’s development objectives.

Barrick has been piloting the LCD and aims to roll it out in mid 2013.

**Commercial drivers**

There are a number of commercial and strategic drivers for this initiative. Firstly, it will reduce Barrick’s reliance on foreign supplies of materials and labour, eliminating costs such as freight and accommodation for internationally-based labourers at the mine site. Building the capacity of local suppliers will strengthen Barrick’s relationship with the local community and the government, create employment opportunities and support in-country economic growth.

**Development impacts**

The programme estimates that in five years, over 1,000 micro-enterprises and SMEs will eventually benefit from training and support under the LCD, and that over 10,000 low-income people will benefit indirectly from the venture over the long run. These
include the entrepreneurs benefiting from training and the preferential contracts they win, as well as SME employees and their families, with an estimated 30% of beneficiaries being women.

“Barrick projects that over 1,000 SMEs will eventually benefit from different training and support initiatives under the LCD, and that over 10,000 low-income people will benefit indirectly from the venture over the long run.”

Innovation and scale
This initiative is specifically targeted at identification, capacity building and market linkage of rural-area based (mining and other) industrial suppliers and contractors. The programme embraces rural based and economically disadvantaged sections of Zambian society, availing them with knowledge, technical know-how, business management training and mentoring, and a market linkage to a large industrial and corporate value chain (in Barrick Lumwana).

This programme will open up opportunities which have never been available to these rural households as at the moment most of the contracts are being taken up by companies from outside the country. It is the first time a mining company in Zambia is attempting such an inclusive programme at such a large-scale. Barrick plans to pilot the LCD with a limited number of supplier, before scaling the venture up.

Objectives of Facility engagement:
(November 2012)
Support from the Business Innovation Facility aims to provide support by helping to set up new systems, processes and governance structures designed to facilitate sustainable local supplier integration into the Barrick Lumwana value chain.

The views presented in this publication are those of the author(s) and do not necessarily represent the views of BIF, its managers, funders or project partners and does not constitute professional advice.

We welcome feedback on our publications – please contact us at enquiries@businessinnovationfacility.org

To find out more about projects supported by the Business Innovation Facility, visit the Practitioner Hub on Inclusive Business: www.businessinnovationfacility.org