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.

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.*