

Mozal Aluminium Smelter Expansion Project

SME Empowerment and Linkages Programme (SMEELP)

Rex Niven
Project Director
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Mozal Aluminium Smelter (at March 2003)



Mozal Empowerment Policy

“The Management of the Mozal Expansion Project is committed to maximising sustainable benefits to the local community using a combined strategy of development and use of local goods, services and personnel, without compromising project objectives”



Mozal Empowerment Commitment

- Provide skills training for local labour
- Actively encourage the use of local contractors
- Actively encourage the establishment of joint ventures between international and local contractors
- Maximise the use of local labour
- Allocate selected work packages, solely for execution by local Small and Medium Enterprises (SME's)
- Promote SME training programmes to enable local SME's to be competitive and successful
- Establish systems for the monitoring and reporting of the project's empowerment progress



Mozal 2 Empowerment Key Objectives

- Spend Locally – US\$ 80 million
- Employ $\geq 65\%$ Mozambican labour
- Train or re-qualify ≥ 3800 workers
- Execute >25 successful local SME contracts
- Deliver a sustainable SME training programme



Lessons Learnt on Mozal First Phase

- Mixed success with local SME's
- A gap between Mozal standards and Mozambique standards
- Need to package the contracts appropriately
- Need appropriate form of contract
- Need to provide training
- Need to provide ongoing/sustainable support
- Failure is expensive and time consuming



Mozal 2 SME Empowerment Commitment

- Funds specifically allocated to the SME Empowerment Programme
- Alignment of Owner and Engineering, Procurement and Construction Management (EPCM) Contractor objectives



SMEELP Overview

- SMEELP–Small and Medium Enterprise Empowerment and Linkages Programme
- A Joint Venture between APDF (Africa Project Development Facility of IFC), CPI (Centre for Promotion of Investment of Mozambique Government), and Mozal
- Planning Phase: 3 Months, Execution: 24 Months
- Mozal 2 Project used as the pilot
- Methodology to be suitable for any company wanting to successfully utilise local SME's
- To be taken over by CPI at the end of the Mozal 2 Project



SMEELP Key Components

Step 1. Creation of SME Packages

- Packages solely allocated to SME's
- Ensure realistic scope in terms of size and complexity
- Sufficient back up time in case of failure
- SME's included for standard packages, whenever possible

Step 2. Pre-assessment of SME capabilities

- Financial/Technical capabilities pre-assessed and capable SME's recommended to the project by CPI
- SME data base established and periodically updated



SMEELP Key Components (cont)

Step 3. Training

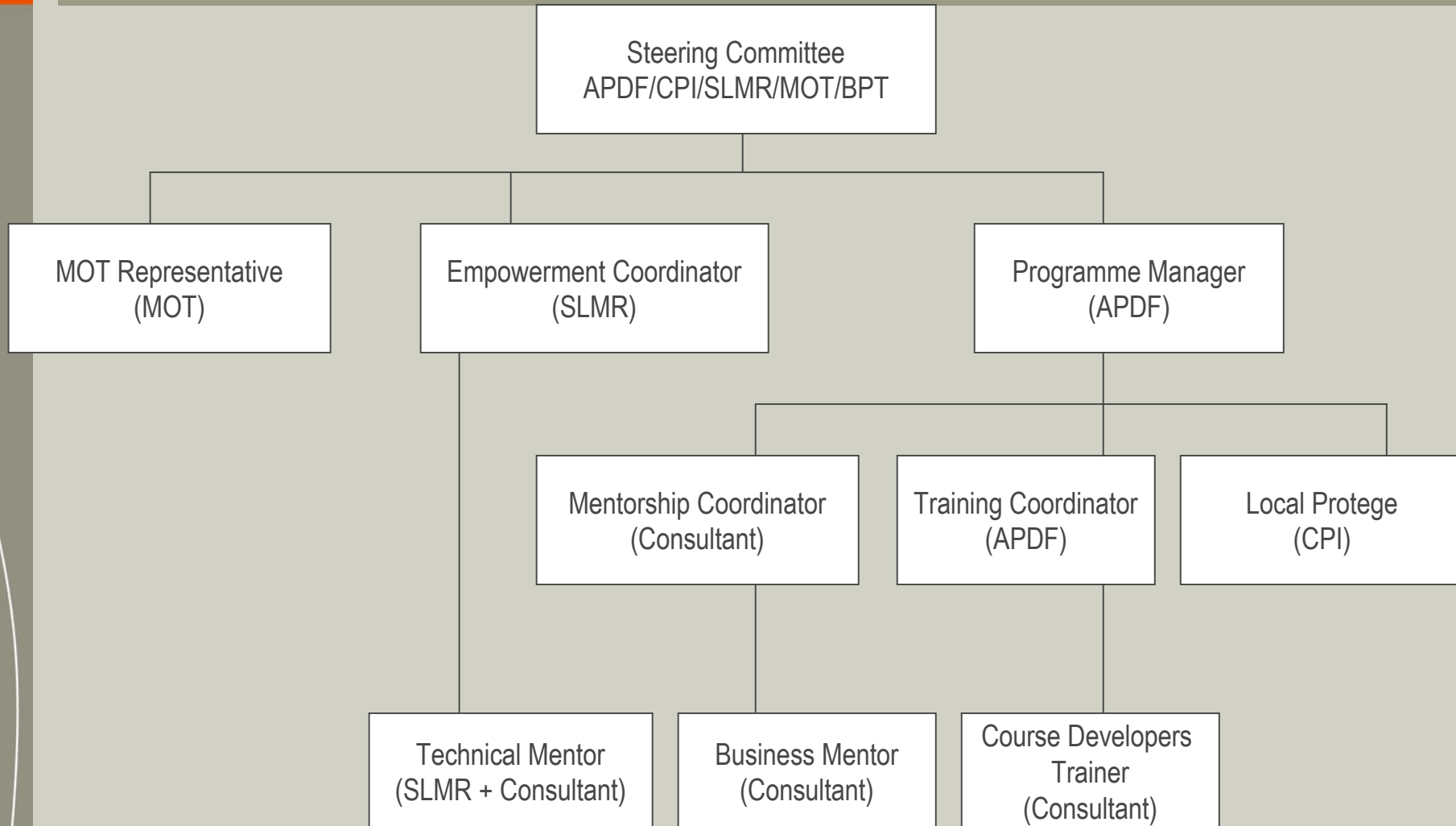
- Tendering Training (Pre-Tender): How to tender
- Induction Training (Post-Award): How to execute contracts
- On Demand Training: QA/QC, Business Management etc
- Training Modules written and presented in Portuguese, periodically updated

Step 4. Mentorship

- Custom made Mentorship Plan for each SME
- Business Mentorship: Financial/Commercial assistance
- Technical Mentorship: On/Off Site Technical assistance including Safety, QA/QC and IR

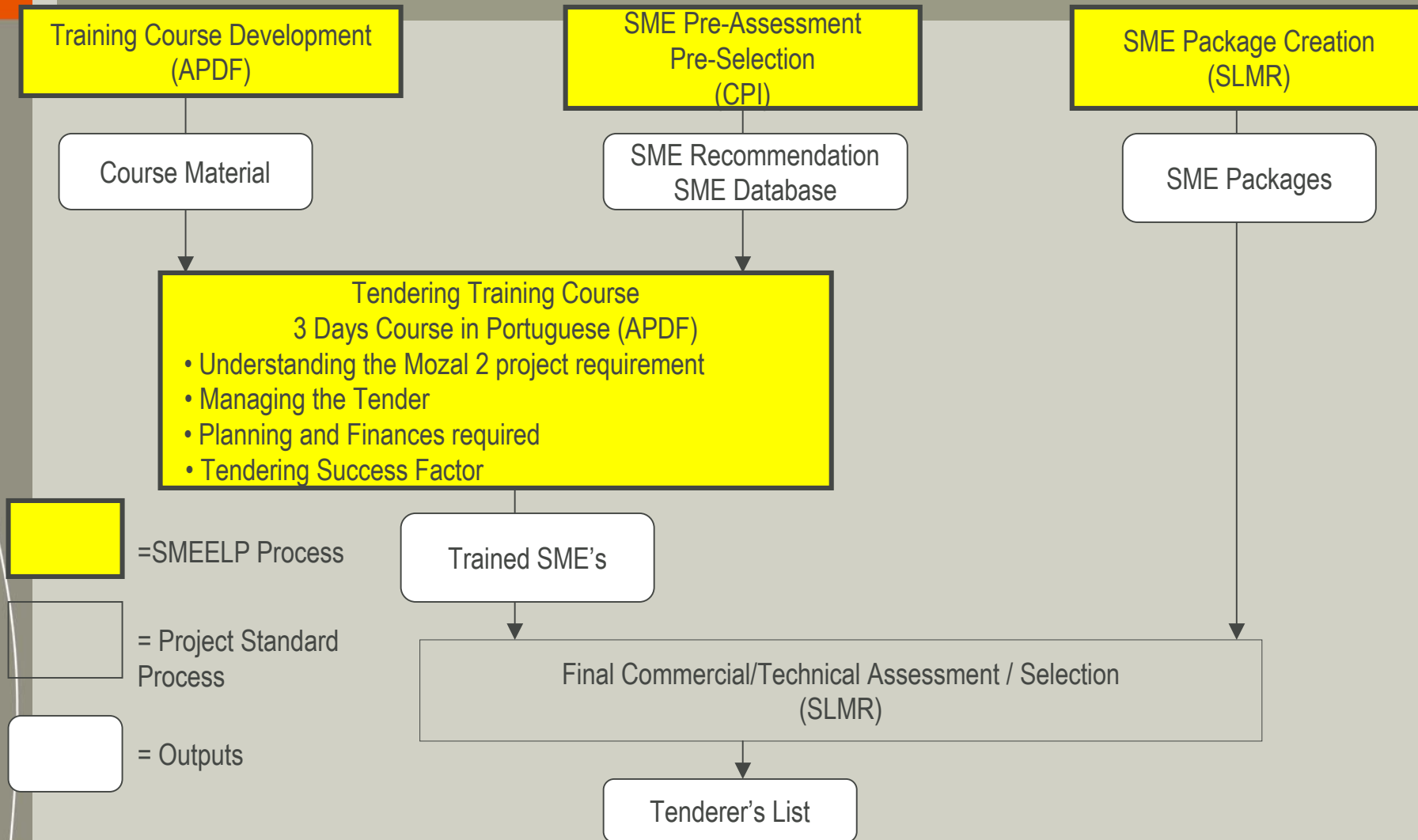


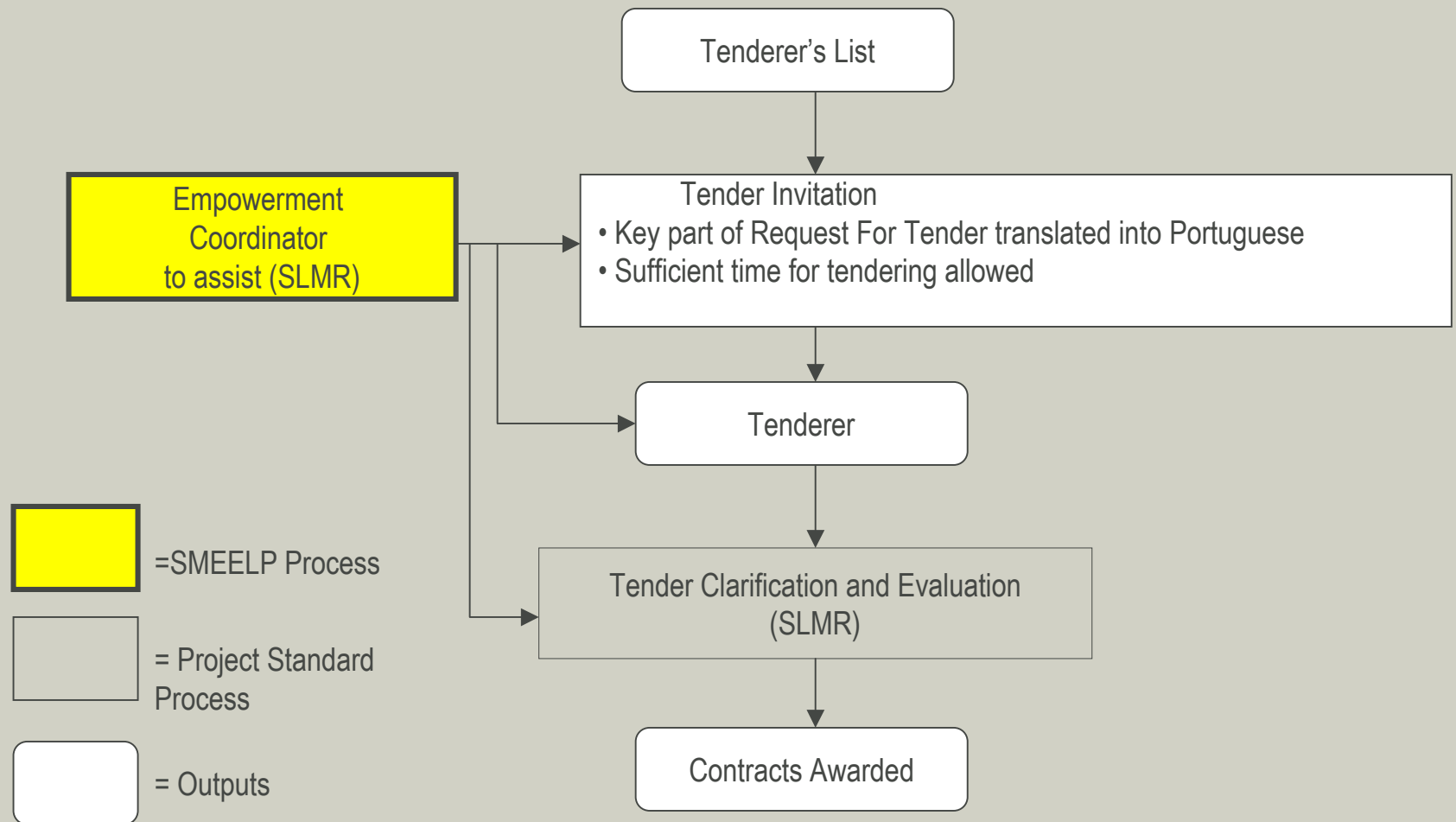
SMEELP Organisation



SMEELP Implementation

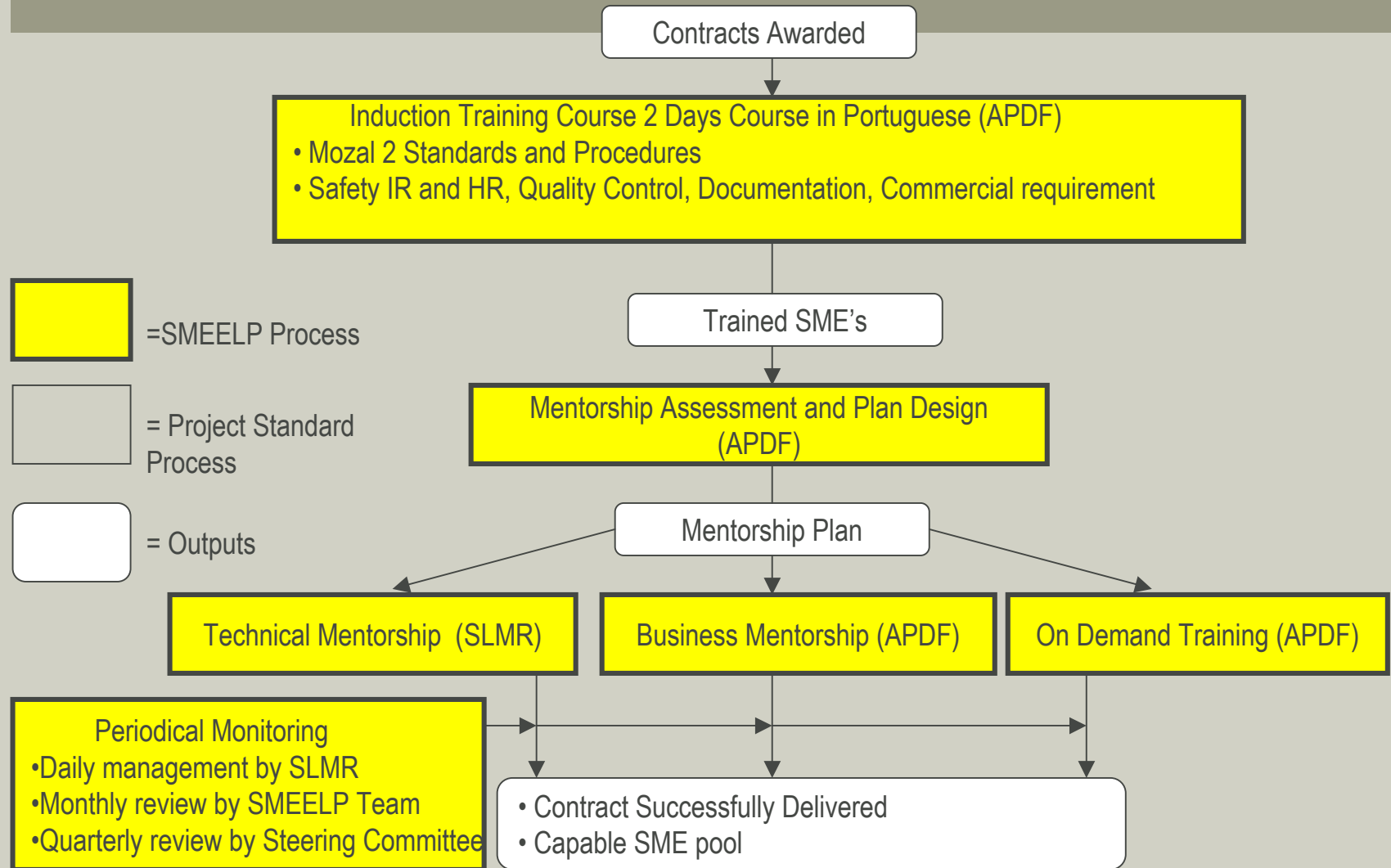
Step 1 : Pre-Tender





SMEELP Implementation

Step 3 : Contracts Execution



SMEELP Results (as of April 2003)

- 27 SME Packages Created (vs Target 25)
- 36 SME's attended Training
- 25 Packages awarded to 14 SME's (including 1 standard package) to date .
- 12 Packages successfully delivered to date
- Successful delivery of remaining SME Packages expected.
- In excess of US\$4.5 million allocated to SME's
- SMEELP direct costs approx US\$500K excluding in-kind contribution by APDF and CPI



SMEELP Results (cont)

- A proven methodology established and ready to be re-implemented on future projects/ operations
- Transfer of “Know-how” to SME’s through Training and Mentorship Programme achieved
- Trained SME’s available for Mozal Operations, future projects and other local requirements



SMEELP Sustainability

- The successful model was transferred to Hillside Aluminium Smelter Expansion Project in Richards Bay South Africa, as a Joint Venture between APDF, Hillside Project/Operations and Business Development Center (a local SME development institution)
- The model will be modified and adopted to Mozal Operations as a Joint Venture between APDF, CPI and Mozal.
- The model will be taken over by CPI and APDF for further replication in Mozambique.



SMEELP

***TOGETHER WE ARE MAKING A
DIFFERENCE***



SMEELP

Agro-Alfa



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SMEELP

Oga



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