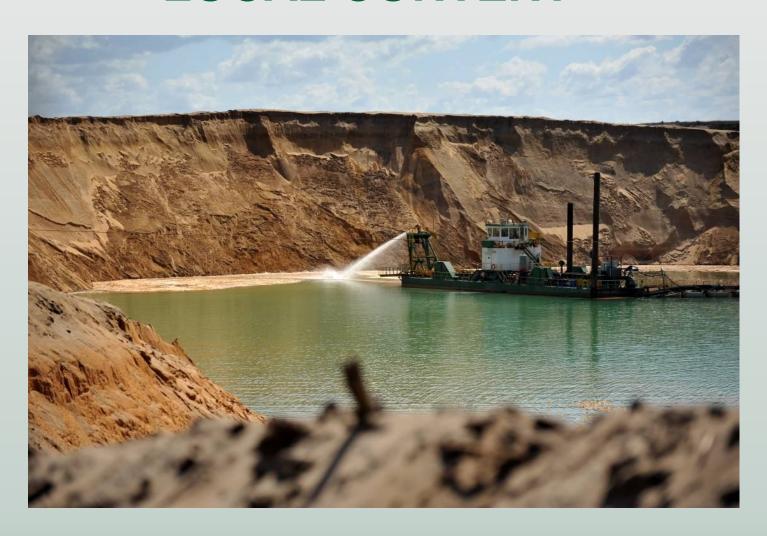
# KENMARE PRESENTATION LOCAL CONTENT



# THINKING GLOBAL, BUYING LOCAL

Kenmare is committed in contributing to the sustainable economic development of the local businesses.

Kenmare believes that the benefits of mining activities must be shared with the local community.

The local community, in this context, referes to all the below:

- a) Communities in the area immediately adjacent to the mining activities
- b) Business activities in the region/province where Kenmare is located
- c) Businesses within the country



#### **KENMARE SPEND 2012**

Total spend for 2012 was USD273.8 million

Total spend on local business is USD50.6 million

#### Total spend on foreign business is USD223.2 million

- a) Functional specificity of major/critical mining spares
- b) Lack of OEM representation/partners locally
- c) External technical expertise in construction and consultancy for the expansion project



## **LOCAL SPEND 2012 BREAKDOWN**

<b>Activity Description</b>	Total spend 2012, usd
Fuel & Lubs	16 111 173.46
Catering	10 432 595.38
Construction	3 630 181.17
General supplies	3 602 263.93
Vehicle spares	3 344 248.91
Electricity	2 754 593.52
Engineering accessories	2 737 811.20
Vehicle rental	2 255 792.42
Transport service	1 763 224.56
consultancy	2 066 182.91
Cargo clearance	1 037 301.62
Telecommunication	881 695.21
Total	50 617 064.29



## **FOREIGN SPEND 2012 BREAKDOWN**

<b>Activity Description</b>	Total Spend 2012
Plant construction	98 571 028.95
Engineering accessories	28 153 516.66
Logistics Expansion cargo	20 616 179.14
Vessel Repair	13 531 421.37
Consultancy	10 991 709.60
Pump spares	8 536 764.79
Mineral Seperation	8 382 082.57
Product export	7 933 931.43
Pipes & Hoses	6 117 204.39
Dredge spares	4 323 521.89
Exploration	4 031 346.30
Instrumentation	3 607 235.49
Travel	3 346 305.32
HME purchase	2 983 967.54
Electrical Motors	1 087 595.44
Telecomunication	846 734.43
Motors	131 991.19
Grand Total	223 192 536.50

## **BENEFITS OF LOCAL SPEND**

- 1) To generate business benefit for Kenmare, through
- a) Reducing transportation cost
- b) Storage costs
- c) delivery time
- d) Avoid bureaucracy and costs associated with imports
- 2) Increasing local economic development through
- a) Local business growth
- b) Creating employment
- c) Generating skills

#### **HOW TO INCREASE LOCAL SPEND?**

- 1. Strengthening local businesses such that they can meet Kenmare requirements and standards, in regard to quality assurance, timeliness, cost and safety
- 2. Adjusting standard procurement process, tilting the playing field, through
  - a) Prioritise local suppliers in the procurement process

Buy local first – Kenmare starts procuring within Nampula, Nationally & then foreign

b) Pay suppliers promptly to ensure sustainability and business continuity

Payment is processed and effected soon upon receipts of goods & services

c) Privilege local suppliers on pricing

A 5% price variance for local suppliers

d) Unbundling big contracts

Civil work for Kenmare expansion project was done by a local company

- e) reserve portions of contracts for local suppliers
- f) simplify complex contracts
- g) Partnership with already established suppliers
- 3. Industrialisation to bring diversification of the economy. Moving from a commercial business approach to manufacturing

