

## Palabora – business linkage centre

Rio Tinto

Palabora, one of the world's largest copper mines located in South Africa, works in partnerships with communities within a 50 kilometre radius. One of its key initiatives has been the Business Linkage Centre programme to enhance Black Economic Empowerment opportunities in the greater Ba-Phalaborwa region.

The programme was a partnership involving three major Phalaborwa companies (Palabora, Foskor Limited and Sasol Nitro) and Ntsika, a government enterprise in the Department of Trade and Industry. The programme aimed to provide working opportunities for local Black Economic Empowerment companies to supply goods and services to the three companies who sponsor the programme.

It did so in four ways. First, it assisted empowerment companies by identifying and developing their ability to provide the three participating businesses with goods and services in a manner that is sustainable, independent and competitive. Second, the programme facilitated collaboration between the three sponsoring businesses to increase their spend with empowerment companies. Third, the programme identified potential business opportunities and assisted businesses to exploit them. Finally, the programme assisted the companies to adhere to the provisions of the mining charter applicable to procurement.

The Business Linkage Centre has been a highly successful project. Between January to October 2004, there were over 250 businesses registered on the database. One third of Palabora's total procurement expenditure during this time was with Black Economic Empowerment companies. There were approximately 50 to 60 of them which directly benefited from the programme by supplying goods and services. Many of the other companies on the database benefited from the other services that the Business Linkage Centre provided, such as training, developing business plans, accessing finance and expanding business opportunities.

For Palabora the benefits of the programme have been an improved relationship with the local community, access to more goods and services from local suppliers and the process by which to meet government targets for the advancement of Black Economic Empowerment businesses required under minerals legislation in South Africa.