

UN BROAD BASED WEALTH AND JOB CREATION PROGRAMME

Terms of Reference

A study to identify potential business linkage opportunities in value and supply chains in the Construction sector

1. Background to the study

The Micro Small and Medium Enterprise (MSMEs) Sector by virtue of its positioning on the economic continuum, has the capacity to redistribute wealth more broadly across the population through employment opportunities and income generation. However, private sector development initiatives by the Government and its development partners are yet to unlock the potential of MSME as the main engine for broad-based growth and employment creation.

There is need and opportunity to fully exploit the potential of large-scale businesses as strategic partners in the development of MSMEs through business linkages between them. This could provide a market for MSMEs and promote technology and knowledge transfer, and access to finance. It is against this background that this initiative seeks to facilitate commercially viable business linkages between large national and foreign companies, and local MSMEs in a number of sectors of the Zambian economy.

The study is designed to investigate and provide information on opportunities for development and/or deepening of business linkages between the large firms and MSMEs within the selected sub-sectors; determine the challenges and opportunities that currently exist in the identified sub-sectors and; recommend interventions, partners and policies that may be needed to unlock the business linkages potential.

2. Aim of the Study

The aim of this study is to identify and assess products, services and sub-sectors with a high potential for developing successful business linkages between SMEs and large firms. To achieve this goal, the study will assess the value and supply chains in selected sub-sectors, identifying relationships, capacities, skills, infrastructure, governance, rents and resources, among others.

3. Scope of Work

The consultant will be expected to undertake a snap survey of the construction sector covering the following subsectors:-

- Housing construction and rehabilitation
- Road construction

The purpose of this exercise is to identify products and services which MSMEs can supply to large National and Transnational Corporations in the construction industry. In this regard the targeted Corporations shall include but not be restricted to the following:-

- i) The **housing construction and rehabilitation value chain** for backward linkages targeting National Housing Authority, Lilayi Housing Development, Legacy Holdings, Meanwood, and other large construction companies as the market for MSMEs products and services.
- ii) The **road construction, rehabilitation and subsidiary works value chain** for backward linkages targeting Road Development Agency, National Construction Centre, China Hainen, Raubex, Sable and other large road construction companies as the end market for MSME products and services.

The survey should cover but must not be limited to the following provinces, Lusaka, Copperbelt, Central and North-western Province

The specific activities of the assignment will involve:-

- i) Analyse existing documentation, reports and studies on value chain analysis in the identified sub sectors in geographical locations with a high level of activity in the sector.
- ii) Mapping the value chain for each subsector, and identifying firms/ associations, technical assistance and BDS providers or individuals who participate in the value chain.
- iii) Identifying existing and potential business linkages and other similar arrangements between MSMEs and large firms and their characteristics and support structures (access to training, resources, infrastructure etc) in the selected sectors.
- iv) Identify specific products with fast growing markets and with potential for linkages between large companies and MSMEs, including industry growth trends and prospects within the chain.
- v) Identifying entry points in the value chains with higher chances of success where MSMEs and Linkers with potential, infrastructure and capacity can participate.
- vi) Identifying MSMEs (and or groups of MSMEs) with potential to participate in business linkage initiatives within the identified value chains.
- vii) Identifying the other players (NGOs, donors) supporting similar or related activities within the Value Chain with which synergies and collaborative arrangements can be developed.

- viii) Conducting a gap analysis to determine limitations in the capacity of identified MSMEs to effectively participate in business linkages by establishing their strengths and weakness in terms of:-
- Quality standards and productivity
 - Capacity and Performance
 - Infrastructure and equipment
 - Appropriate technology
 - Business and management development
- ix) Identifying organisations and companies with support infrastructures and resources for capacity building and upgrading of MSMEs.
- x) List actual linkage opportunities and challenges in each subsector.

4. Expected Outputs

The Consultant is expected to deliver the following outputs:-

- i) An inception report at the beginning of the assignment outlining how they propose conduct the study
- ii) A brief report midway through the assignment documenting progress made in assessment
- iii) A draft report at the end of the study, detailing the findings and recommendations of the surveys documenting the following:-
- A list TCs/TNCs with potential for business linkages initiatives in each subsector
 - A list of the intermediary organisations with potential to be the actual link to the TCs/TNCs
 - List of MSMEs and MSME groups with potential to participate in business linkage initiatives with identified TC/TNCs.
 - List of organisations with potential to facilitate upgrading of MSME capacities in the identified subsectors.

5. Study Methodology

The study methodology must include but not be restricted to the following:-

- i) Review of current literature on value and supply chains in the identified sub sectors.
- ii) Conduct interviews with key public and private players (including large national and foreign firms, associations, NGOs and donors etc)
- iii) Under study existing business linkage initiatives and programmes.
- iv) Systematic analysis and interpretation of findings

6. Duration of Consultancy

The Consultancy shall be for a total number of 20 working days and shall be concluded within a period of two and half months.

7. Experience and qualification of Consultant

The consultant must have the following qualifications and experience.

- University degree in Economics, Business Administration or other equivalent qualifications (A Masters degree will be an added advantage)
- Documented record of experience in value chain and gap analysis
- Good knowledge of the private sector environment in Zambia
- Good knowledge of the Micro and Small Enterprise Sector in Zambia and global developments in MSME development
- Three year experience in conducting research studies
- Good analytical skills
- Familiarity with government policy of MSME and private sector development.