

Enterprise Development: helping small businesses to stand on their own feet

"The aim of this Group is, and will remain, to make profits for our shareholders, but to do so in such a way as to make a real and lasting contribution to the communities in which we operate", Sir Ernest Oppenheimer, Anglo American founder and Chairman, 1954.

Creating lasting benefits for host communities, including beyond closure, is a key objective for Anglo American. Enterprise development is one of the most powerful ways of achieving this goal. Anglo has been pioneering new approaches to building small businesses since the late 1980s, and our initiatives are now widely recognised as international best practice.

The challenge

Spreading the benefits of mining is an important challenge wherever we operate. In South Africa, where Anglo is one of the largest private investors and employers, enterprise development is a key part of enabling black South Africans to take their rightful place in business and society. Meanwhile, Anglo's Chilean operations have identified small business development as a priority to help reduce income inequality and poverty in communities near mining operations.



However, enterprise development is not easy – even in advanced economies, small business failure rates are high, and official enterprise development programmes have limited success.

Anglo American's response

Anglo pioneered corporate enterprise development with initiatives aimed at black South Africans in the late 1980s. Now called Anglo Zimele – Zimele, meaning 'to stand on one's own feet' – our South African initiative is widely recognised as one of the world's leading corporate enterprise development programmes.

The Anglo Zimele model is similar to a venture capital fund, but with three key differences. Firstly, Zimele backs promising businesses that banks and other investors will not support. Secondly, as well as providing capital, Zimele also provides fledgling businesses with access to Anglo's extensive legal, technical and managerial expertise. Finally, Anglo's procurement spend is leveraged to provide business opportunities.

But Anglo Zimele is not a charitable activity. Run on strictly commercial lines, supported businesses are helped so that they can compete for contracts like any other supplier, and any loans must be repaid. After three years Zimele aims to sell its equity stake back to its entrepreneurs at market value, and profits are ploughed back into a fund to support the next generation of new businesses.

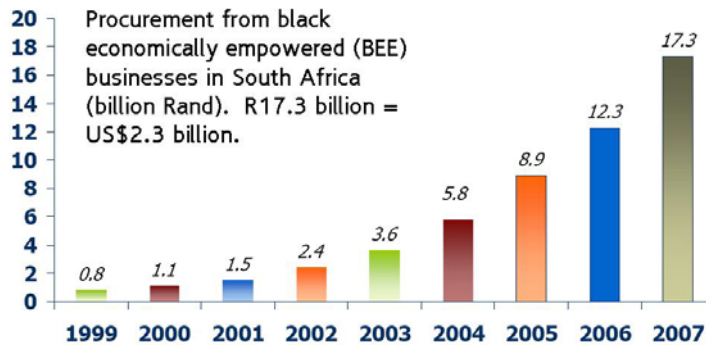
Recent years have seen new innovations at Anglo Zimele to greatly expand its reach. First came the Anglo Khula Mining Fund, a joint initiative with government to allow black entrepreneurs to start junior mining companies, again with support from Anglo's technical specialists.



Then, in late 2007, Anglo Zimele started to roll out a network of ten small business hubs in all of Anglo's main mining areas. The hubs are providing unsecured loans to small entrepreneurs. The 2008 target is to start an extra 150 new businesses that will create 1000 jobs, with an Anglo Zimele investment of approximately \$5 million.



The results have been impressive. Anglo Zimele supported businesses have a survival rate after five years of three times the South African average, and in 2007 Anglo reported procurement of \$2.3 billion from black-owned businesses in South Africa. This is a 41 percent increase on the 2006 figure, and about 20 times the figure achieved just nine years ago.



Building on the Anglo Zimele model, in 2007 Anglo launched a major business development initiative in Chile – the Emerge programme.

Emerge has two main elements. In partnership with Fondo Esperanza, micro loans are given to entrepreneurs in the communities near Anglo's Chilean operations. The

scheme plans to reach more than 6,800 entrepreneurs by 2010, with an initial investment of around \$2m. Anglo will also provide 200 medium-sized businesses in its Chilean supply chain with more in-depth business development support, including management training and technical advice.

Next stop for our enterprise development initiatives is Brazil, where planning is underway for a major new programme to be launched in late 2008.

Feedback and awards

Anglo Zimele has won numerous awards, and has been cited as a model for small business development by the International Finance Corporation and academic researchers. In 2008 Zimele's work was central to Anglo American winning the Commonwealth Business Council's inaugural award for the business making the greatest contribution to meeting the Millennium Development Goals in Africa. In 2007 Anglo Zimele also won two of South Africa's national enterprise development Awards – for Best Internal Corporate Enterprise Development Programme and Most Outstanding Overall Enterprise Development Programme. The awards, sponsored by business newspapers and the South African government, recognise programmes that excel at promoting small business growth in South Africa.

2007 also saw Anglo's Emerge initiative in Chile win a prestigious Bicentenary Seal from the Chilean President, Michelle Bachelet. One of only seven seals awarded to celebrate 200 years of Chilean independence, Anglo won for its commitment to fostering the development of small and medium enterprises.



President Michelle Bachelet of Chile presenting the Bicentennial Seal to Anglo American

