BUSINESS LINKAGES
AT WORK:
TWO CASE STUDIES

HIMETRA, BRAZIL

Himetra is a small enterprise created in 1991 that operates in the oil and industrial markets supplying pieces and maintenance engineering services on hydraulic and pneumatic equipments.

Since 2007 the company has been participating in Projeto Vinculos Pernambuco through which it has improved its managerial skills and met international standards.

Through this business linkage project Himetra was able to exchange experiences with many other SMEs and TNCs that participated in Projeto Vinculos and create new opportunities for business. Today Himetra, located in Recife (Pernambuco), supplies many big companies such as Gerdau, Petrobras and Alcoa.

CREATIVE SERVICES, UGANDA

Mr. Mulamata attended the Empretec Entrepreneurship Development Workshop in December 2006. The workshop was tailored to the business linkage programme running in Uganda. The company is the supplier of doors and windows to National Housing, a large national company in the house-building business.

As supplier of doors and windows to National Housing, I had to comply with established quality standards. I saw results already before finishing the workshop. I reorganized my office and recruited more staff. I started a radio programme and I got a budget for advertising. Beforehand, I used to put ads in the newspapers only. We were receiving 8 to 10 calls a day when the programme started.

TESTIMONIALS:
STAKEHOLDERS SPEAK OUT

“For me the interaction at the Empretec Training was something I will live to appreciate forever. It is true that a journey of a thousand miles starts with one step. I believe we have taken that step and that we shall not be complacent but strive to reach our destination. Let’s make a difference by identifying opportunities where others see adversity. I believe with the new Empretec eyes I have acquired I will do exploits.”

NELLY HININDWA, AN SME BENEFITING FROM UNCTAD’S ENTREPRENEURSHIP TRAINING IN ZAMBIA

“When the course finished I changed a lot of things. As supplier of doors and windows to National Housing, I had to comply with established quality standards. I saw results already before finishing the workshop. I reorganized my office and recruited more staff. I started a radio programme and I got a budget for advertising. Beforehand, I used to put ads in the newspapers only. We were receiving 8 to 10 calls a day when the programme started.”

CHARLES MULAMATA, CREATIVE SERVICE UGANDA, AN SME BENEFITING FROM BL PROGRAMME IN UGANDA

“We are all speaking the same language, TNCs are here to stay and we want to grow. In order to do that, we need to work with (local SMEs).”

EXAUDI KWAIL, VODACOM, BL PROGRAMME IN TANZANIA

“The BL Programme in Argentina aims to strengthen the automotive sector and improve the relationship between domestic SMEs and large corporations (TNCs). It is a great step to foster the development of local suppliers. As this is a complex sector and a global industry, it is important to transform local SMEs into competitive global players.”

FRANCISCO DA ROCHA HOSANAN, MANAGING DIRECTOR OF TICA, AN SME IN BRAZIL WHO PARTICIPATED IN THE BL PROGRAMME

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RUBÉN ASCÚA, PRESIDENT OF EMPRETEC ARGENTINA

“Through the Business Linkage Barley Project developed in Mozambique the rural population in the Manica province got the opportunity to access a new source of income generation. Now hundreds of Mozambican small producers have the chance to improve their quality of life and get out of the condition of absolute poverty.”

EMPIREJO JOSÉD LUNZACULO, BL PROGRAMME COORDINATOR IN MOZAMBIQUE

“This programme has tremendously enhanced the productive capacity, efficiency, competitiveness and sustainability of these (participating) businesses.”

MAGGIE KIGOZI, DIRECTOR, UGANDA INVESTMENT AUTHORITY ON BUSINESS LINKAGES

BUSINESS LINKAGES:
ENHANCING COMPETITIVENESS & OPENING UP ACCESS TO INTERNATIONAL MARKETS

“Business linkages are based on commercial rationale, they enable a win-win situation for all stakeholders in the programme.”

UNCTAD, DEEPLYING DEVELOPMENT THROUGH BUSINESS LINKAGES, 2006

UNCTAD’s Business Linkages Programme is aimed at facilitating the creation of new linkages, and deepening existing relationships between foreign companies’ affiliates and domestic small and medium-sized enterprises in developing countries, thereby making them more sustainable.

UNCTAD’s Business Linkages Programme is built on the mutual self interests of all actors. On the one hand, business linkages are potentially one of the fastest and most effective ways of upgrading domestic enterprises, enhancing their competitiveness and allowing them to access international markets, finance, technology, management skills and specialized knowledge.

On the other, by entering into partnerships with local firms, transnational corporations (TNC) may reduce transaction and factor costs, increase their flexibility, and adapt technologies and products better and faster to local conditions.

Thus TNCs and domestic firms, as well as the economy in which they are forged, can directly benefit from the programme.
UNCTAD assists host countries that make a request for the development of national programmes for TNC-SME linkages. To achieve this, UNCTAD works with local development agencies and business service providers, foreign affiliates of TNCs, partner ministries and other stakeholders. To date, eight country programmes are being implemented in Argentina, Brazil, Dominican Republic, Mozambique, Peru, Tanzania, Uganda and Zambia. Furthermore, EMPRETEC centres that run UNCTAD’s entrepreneurship development programme, started in 1988 and operating in 32 countries, are now increasingly incorporating business linkages in their services portfolio.

It’s normal practice for the business linkage teams to work closely with the purchasing companies, in conjunction with private sector organizations (trade associations, industry federations, etc). Only those companies that meet the requirements or demonstrate a willingness to develop are selected to participate in the linkage programme. A careful selection of potential suppliers is essential to gaining the confidence and participation of the large purchasing companies.

UNCTAD’s Business Linkages Programme improves the performance, productivity and efficiency of local suppliers through training, mentoring, information exchange, quality improvements, innovation and technology transfer.

UNCTAD also assists developing countries’ governments and other stakeholders to build the enabling policy environment, and supports networks of business development and other service providers, based on the analysis of international experience and best practices.

TNCs, on their side, are increasingly concentrating on their core operations and outsourcing those in which they do not have a competitive advantage. Thus, they have a strategic interest in developing the competences of local suppliers, and are expected to take part in cost-sharing with a view to the performance, productivity and efficiency of local suppliers.

In order for SMEs to have access to international production networks, the Programme focuses on enabling them to obtain financial access, upgrade their technology, improve their production and managerial procedures. Great potential impact is identified in the automotive sector for example, where over 400 car-part producers exist in Argentina, 90% of which are SMEs.

**OBJECTIVES: EXPANDING RELATIONSHIPS**

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**FEATURES: WORKING LOCALLY**

- **Increased industrial transfer of skills & technology**
- **Development of a dynamic, competitive & sustainable industry**
- **Better use of own resources**
- **Improved operations & products standards**
- **Increased sales and/or exports**
- **Improved competitiveness**
- **Increased sales and/or exports**
- **Improved managerial skills**
- **Improved competitiveness**
- **Improved managerial skills**

**BENEFITS: INCREASING PRODUCTIVITY**

- **Development of a dynamic, competitive & sustainable industry**
- **Increased exports, tax revenue and employment**
- **Improved operations & products standards**
- **Increased industrial transfer of skills & technology**

**ECONOMIC DEVELOPMENT**

- **Increased competitiveness**
- **Cost reduction**
- **Reliable supply structure**
- **Productivity gains from specialization & outsourcing**
- **Flexibility & speed**
- **Better use of own resources (capital, human) for core activities & processes**
- **Access to UNCTAD coaching & technical advice**
- **Access to information, technology & management processes**
- **Access to client base**
- **Improved competitiveness**
- **Product standards & management processes**

**SMALL & MEDIUM-SIZED ENTERPRISES**

- **Increased sales and/or exports**
- **Expanded client base**
- **Increased sales and/or exports**
- **Increased competitiveness**
- **Improved managerial skills**

**TRANSNATIONAL CORPORATIONS**

- **Improved competitiveness**
- **Cost reduction**
- **Reliable supply structure**
- **Productivity gains from specialization & outsourcing**
- **Flexibility & speed**
- **Better use of own resources (capital, human) for core activities & processes**
- **Access to UNCTAD coaching & technical advice**
- **Access to information, technology & management processes**
- **Access to client base**

**PARTNERS:**

- **UNCTAD**
- **The Government of Sweden**
- **Enterprise Uganda**
- **The Ugandan Investment Authority**
- **UNDP**
- **UNCTAD, The German Development Corporation (GIZ)** and SME support institutions at the state level (SEBRAE, SENAI, SESP and EML and Banco do Nordeste).