

# Supplier development in public and private procurement systems: pathways to local market strengthening and inclusive value chains in Zambia

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## Abstract

*This research thoroughly investigates the strategic significance of Supplier Development (SD) within the public and private procurement frameworks in Zambia, aiming to enhance local market resilience and promote inclusive value chains. The Government of the Republic of Zambia (GRZ) implements Institutionalised supplier development initiatives (ISDIs), which include preferential schemes and training programs, to incorporate local Small and Medium-sized Enterprises (SMEs) into public contracts. Conversely, the private sector, especially large-scale industries, utilizes business linkage initiatives to bolster local capacity. This dual strategy underscores the potential of procurement as a catalyst for socio-economic transformation. Nevertheless, the effective realization of policy into practice is considerably obstructed by institutional challenges. In the public sector, the implementation of SD is frequently undermined by political interference and corruption, along with contract management issues that reduce the positive effects on performance. In the private sector, local SMEs face significant obstacles, including inadequate technological and supply capabilities, which are further aggravated by a deficient enabling environment. This study adopts a qualitative, multi-stakeholder methodology to analyze these systemic barriers and suggests a comprehensive framework for SD that capitalizes on the synergistic strengths of both public policy and private commercial incentives. The outcomes are intended to guide procurement policy reforms that promote equitable, effective, and sustainable integration of local enterprises, thereby establishing a foundation of inclusive growth for the Zambian economy.*

**Key terms:** Supplier development (SD); public and private procurement systems; local market strengthening; inclusive value chains; institutionalised supplier development initiatives (ISDIs)

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## Introduction

Supplier Development (SD) in Zambia, which encompasses both the public and private sectors, represents a vital approach to transforming procurement from a simple purchasing activity into a robust mechanism for enhancing local economic resilience and fostering inclusive value chains. The Government of the Republic of Zambia (GRZ) executes institutionalised supplier development initiatives (ISDIs) such as preferential schemes and training within its public procurement framework, particularly in the construction sector, with the explicit aim of improving the capabilities of local Small and Medium-sized Enterprises (SMEs) and increasing national productivity (Arráiz et al. 2013; Ministry of Commerce Trade and Industry 2018). Concurrently, large private enterprises, especially in critical economic sectors like mining, implement business linkage programs to incorporate local suppliers through subcontracting and capacity enhancement, motivated by both commercial interests and corporate social responsibility (CSR) objectives (Harvard Kennedy School 2014).

Nevertheless, the effectiveness of these Supplier Development (SD) initiatives is frequently compromised by substantial institutional and systemic obstacles. Public procurement efforts encounter issues stemming from political interference and corruption, which foster unfair competition and obstruct transparent execution (Phiri & Mwelwa 2021). Additionally, although SD is intended to enhance performance, it is often restricted by challenges in contract management within public institutions (Chileshe 2022). In the context of private sector linkages, local SMEs often lack the requisite supply capacity and technological know-how to comply with international standards, further exacerbated by inadequate operational infrastructure (UNCTAD 2013). As a result, a thorough examination of these dual-system SD pathways is essential to comprehend how procurement can be more effectively leveraged as a strategic instrument for sustainable, equitable, and extensive economic development throughout Zambia.

## **Background of the study**

The research concerning Supplier Development (SD) within Zambia's dual public and private procurement frameworks is embedded in the larger narrative of the nation's ongoing difficulties with economic diversification and inclusive growth. In spite of a lengthy history of initiatives designed to expand the economy, Zambia continues to be significantly dependent on the copper mining industry (ISDS 2020; Siame 2020). This dependency has led to the formation of a "mono-economy," where the substantial investment in the leading sector, estimated to be in the billions of dollars each year for inputs, does not yield adequate backward linkages to local manufacturing and services, thereby restricting the participation of domestic firms to less than 5% (Ministry of Commerce, Trade and Industry 2020). The inability to successfully localize supply chains has obstructed industrialization and sustained elevated levels of inequality, even in times of robust economic growth (World Bank 2020).

## **Strategic role of procurement and policy imperative**

Procurement, both in the public and private sectors, is acknowledged worldwide and specifically in Zambia as an essential strategic instrument for socio-economic advancement (CUTS International 2022). In Zambia, public procurement alone represents roughly 10%–15% of the Gross Domestic Product (GDP), which constitutes a considerable portion of national resources aimed at providing public goods and services (National Assembly of Zambia 2021; ZPPA 2022). This substantial allocation underscores the potential for procurement to act as a catalyst for industrial growth and local economic empowerment.

Acknowledging this potential, the Government of the Republic of Zambia (GRZ) has established Institutionalised Supplier Development Initiatives (ISDIs) through legislation such as the Public Procurement Act (most recently revised in 2023) and the Citizens Economic Empowerment Act (ZPPA 2023; Columbia Center on Sustainable Investment 2015). The implementation of public procurement policies serves as a strategic mechanism for national development rather than a mere administrative function. Specifically, authorities have transformed procurement activity into a tool for enhancing the local market, facilitating skill transfer, and encouraging citizen involvement through preferential schemes, training, and obligatory local partnership requirements (CEEC 2021; ZPPA 2023). This shift ensures that public expenditure directly contributes to the growth of domestic industries and the empowerment of local entrepreneurs.

By mandating these frameworks, the government creates a structured environment where foreign contractors must engage with the local economy. This approach not only secures immediate project delivery but also ensures long-term economic sustainability by building a more competitive and skilled local workforce through enforced collaboration and knowledge sharing. At the same time, large private enterprises, especially in the mining sector, are increasingly anticipated (and at times required) to implement Local Content (LC) policies and business linkage initiatives to enhance the capacity of local suppliers (International Society for Development and Sustainability 2020).

Notwithstanding the strong legal and policy frameworks in place, the efficacy of sustainable development initiatives in both the public and private sectors is persistently compromised by entrenched institutional and systemic obstacles:

Reports from the Auditor General and various academic studies consistently underscore issues related to procurement irregularities, the misuse of public funds, and non-compliance with established procedures. These issues are frequently linked to factors such as corruption, political interference, and a lack of accountability (CUTS Lusaka 2019; Mwelwa & Phiri 2023; Banda 2021). Moreover, the beneficial effects of supplier development are often undermined by challenges in contract management faced by procuring entities (Chitondo & Simumba 2022). The gradual implementation of the Electronic Government Procurement (e-GP) system represents a proactive measure aimed at improving transparency and efficiency. However, its full effectiveness is limited by insufficient ICT infrastructure and existing skills gaps (National Assembly of Zambia 2021; Lungu 2024).

## **Private sector linkage weaknesses**

For initiatives led by the private sector, local companies frequently find it challenging to fulfill the technical, quality, and scale demands of large purchasers. This difficulty arises from deficiencies in both human and technological resources, as well as the overall business climate (Kanyinji & Tembo 2020; Chileshe 2017). The limited capacity of suppliers represents the main obstacle to creating effective backward linkages in critical sectors such as mining, which consequently leads to a dependence on imports (Kanyinji 2020). As large-scale

mining operations often operate as "enclaves," the failure to address these supply gaps keeps domestic firms excluded from the global value chain.

Consequently, this study is essential for closing the gap between Zambia's ambitious procurement and local content policies and the less-than-optimal results observed in practice. By exploring the dual pathways of sustainable development in both public and private sectors and scrutinizing the specific institutional factors that hinder their integration, this research aims to offer a cohesive and practical framework for utilizing procurement as a true catalyst for sustainable and inclusive national development.

### **Statement of the problem**

Despite Zambia's implementation of strategic procurement policies designed to promote local economic growth and inclusive development, there remains a notable and substantial gap between the intentions of these policies and the actual outcomes in the market, especially regarding the involvement and capabilities of local enterprises. The core issue lies in the inadequate transformation of considerable public and private sector procurement spending into strong, competitive, and inclusive domestic supply chains.

Statistical and contextual data indicate that this issue is evident across three essential dimensions, primarily due to the limited local content in critical sectors: the Zambian economy is fundamentally influenced by the copper mining industry, which necessitates billions of US dollars in annual input expenditures (Kwewa & Ng'andwe, 2020). However, the proportion of truly indigenous firms within the total mining supply market is around 1%, while the overall share of all domestic firms is less than 5% (International Growth Centre, 2020; Kwewa & Ng'andwe, 2020). This evidence unmistakably illustrates the failure to establish sufficient backward linkages, leading to a considerable outflow of capital and lost opportunities for domestic job creation and industrial diversification.

The other factor is the inability of public procurement to realize value-for-money and development objectives: public procurement constitutes a significant portion of government expenditure, representing roughly 10% to 15% of the national GDP (CUTS International 2022; ZPPA 2022). However, this considerable spending is marred by inefficiencies and leakages. Annual reports from the Office of the Auditor General (2023) consistently point out problems such as the misappropriation of public funds and losses resulting from the non-delivery of goods. For example, over K23.5 million was reported lost in one period due to undelivered materials alone, which clearly indicates that Institutionalized Supplier Development Initiatives (ISDIs) are being compromised by institutional failures such as political interference and corruption (CUTS International 2022; Mwaba 2021; Simasiku 2023).

Another observable issue is the limited capacity and exclusion of local SMEs: A fundamental aim of both public and private Supplier Development (SD) is to enhance the capabilities of local Small and Medium-sized Enterprises (SMEs). However, SMEs persist in facing a dual challenge: a lack of technological and production capacity to satisfy the rigorous quality and scale demands of large buyers, further exacerbated by an unaccommodating operational environment (UNCTAD 2013). This inability to compete effectively results in the exclusion of local firms from lucrative contracts, thus undermining the policy objective of establishing genuinely inclusive value chains where advantages are broadly shared (Kanyinji & Tembo, 2020).

. Essentially, although a policy framework is in place to promote supplier development, its current implementation is hindered by a mix of weak institutional governance, ongoing capacity shortfalls in the local market, and a lack of accountability enforcement. This study highlights the pressing need to assess how the pathways of SD can be restructured to effectively connect public and private investments to meaningful local market enhancement.

### **Objectives for the study**

- i. To evaluate the influence of public procurement regulations on local enterprise performance;
- ii. To assess the effectiveness of private mining firms' initiatives in building supplier capacity and backward linkages;
- iii. To determine the systemic barriers to SME integration in public and private value chains; and
- iv. To develop an integrated framework for supplier development in the Zambian context.

## Literature review

### Supplier development and public procurement in Zambia

Supplier Development initiatives in the public sector are frequently referred to as Institutionalised Supplier Development Initiatives (ISDIs). These initiatives are propelled by policies aimed at fostering the involvement of local companies in the economy (Sikombe & Phiri, 2021; Arráiz et al., 2013).

#### Rationale and mechanisms

Socio-economic tool: public procurement, which constitutes a substantial part of a nation's Gross Domestic Product (GDP) estimated at 10% in Zambia (Parliamentary Report, 2020) is increasingly acknowledged as an essential instrument for socio-economic advancement (Cutcher et al., 2020; Sikombe & Phiri, 2021). Focus on Local Capacity: The primary aim of ISDIs is to enhance the management and capabilities of local suppliers, thus contributing to domestic productivity (Arráiz et al., 2013). Policy Implementation in Zambia: Zambia's public procurement policies, especially within the construction sector, execute ISDIs through various mechanisms such as preferential and reservation schemes, training for contractors, subcontracting opportunities, and improved access to financing (Sikombe & Phiri, 2021; Flynn, 2018). The Public Procurement Act, 2020 (Act No. 8 of 2020) encompasses provisions for preference and reservation schemes along with a subcontracting policy (Parliament of Zambia, 2020). Specific initiatives, like the Road Development Agency's construction finance initiative, are designed to enhance supplier capacity by facilitating access to finance (Road Development Agency, 2016, cited in Sikombe & Phiri, 2021).

#### Implementation challenges in Zambia

Political Interference and Corruption: The execution of initiatives is significantly impacted by political influence and corruption, resulting in inequitable competition between domestic and international contractors (Sikombe & Phiri, 2021); Unclear Criteria: The standards for involving local contractors in these development initiatives are frequently ambiguous; Weak Systems: Additional factors encompass insufficient monitoring and evaluation systems, as well as the absence of a strong regulatory framework. Contract Management: Difficulties in overseeing procurement contracts have been demonstrated to adversely affect the relationship between supplier development and procurement performance (Changalima et al., 2022).

#### Supplier development and local market strengthening

Supplier development, defined as a purposeful initiative by a purchasing organization aimed at improving a supplier's performance and capabilities (Chen et al., 2018), represents a crucial pathway for strengthening local markets. The Impact on Supplier Performance. It has been established that supplier development typically shows a positive and significant correlation with procurement performance in the public sector (Changalima et al., 2022). Practices related to supplier development enable the timely acquisition of goods and services while also improving buyer-supplier relationships (Krause & Ellram, 1997; Changalima et al., 2021a).

The performance of SMEs in Zambia has been established to serve as the basis for investigations focused on Small and Medium Agro-dealers in Lusaka, Zambia. These investigations have demonstrated that the adoption of Supply Chain Management (SCM) practices, which includes strategic partnerships with suppliers as a fundamental element, has a positive impact on SME performance in accordance with competitive priorities (Mulenga & Bwalya, 2022). Furthermore, the concept of Economic Spillover has been utilized in research conducted in similar developing contexts, indicating that local sourcing and the development of suppliers significantly enhance business revenue, facilitate asset growth, elevate quality standards, and enable the acquisition of new contracts with other businesses for local suppliers (Schotter et al., 2018). This increase in revenue empowers suppliers to obtain capital under more advantageous terms from financial institutions and creates additional job opportunities.

#### Pathways to inclusive value chains

The notion of supplier development is closely aligned with the objective of establishing inclusive value chains that effectively incorporate MSMEs and smallholders into sustainable, profitable, and large-scale markets (UNDP, 2024; The World Bank, 2017). The Role of Private and Development Sector -MSME Integration: Supplier Development Programmes (SDPs) are specifically crafted to enhance the relationships between large corporations (anchor companies) and their suppliers, thereby promoting mutual advantages and nurturing inclusive supply chains that yield both business and social benefits (UNDP, 2024). Capacity Building initiatives undertaken by organizations such as the United Nations Development Programme (UNDP) in Zambia are

employing the SDP methodology to bolster the productive capacities of MSMEs by connecting them to essential value chains in strategic growth sectors such as mining, construction, and agriculture.

The programme aims to facilitate the transfer of knowledge and skills to improve competitiveness (UNDP, 2024). Policy Alignment should focus on ensuring that the implementation of the SDP methodology in Zambia is in harmony with national priorities, including the National Local Content Strategy and the Eighth National Development Plan (8NDP), which emphasize economic transformation and industrialization (UNDP, 2024).

The Private Sector as a Driver also emphasizes that the private sector is acknowledged as vital for making economic growth more inclusive, involving the poor as producers and distributors (Jenkins & Fries, 2012). Effective inclusive business models frequently incorporate private initiatives throughout a company's own value chain to secure new supply sources and minimize costs, as evidenced by the Project Nurture partnership (The Coca-Cola Company et al., 2010; Jenkins & Fries, 2012). This model demonstrates how cross-sector alliances can catalyze private initiative while simultaneously building the capacity of local smallholder farmers to meet global quality standards.

### **Challenges for the development of suppliers/contracted for CDF funded projects in Zambia:**

The obstacles to successful supplier development for projects funded by the Constituency Development Fund (CDF) in Zambian constituencies are complex and varied, primarily arising from challenges associated with procurement processes, the capabilities of local Small and Medium Enterprises (SMEs), and institutional deficiencies. The CDF aims to foster local economic development and empowerment, which fundamentally depends on the effective participation and advancement of local suppliers and contractors. Nevertheless, existing literature points out considerable barriers that hinder the achievement of this objective.

#### **Capacity constraints of local suppliers**

A fundamental issue is the insufficient capability of local Small and Medium Enterprises (SMEs) and contractors to actively engage in and implement CDF projects (Ministry of Commerce, 2022, as referenced in RSIS International, 2025; Mtonga & Phiri, 2024).

#### **Inadequate entrepreneurial and management capacity**

The Zambian government's initiatives aimed at empowering local entrepreneurs have frequently been deemed "ineffective due to insufficient entrepreneurial capabilities among locals (Zambians)" (Ministry of Commerce, 2022, cited in RSIS International, 2025). This deficiency in capacity typically encompasses a lack of formalization, restricted access to financial resources, and insufficient business management expertise (Casey et al., 2021, cited in RSIS International, 2025).

#### **Lack of technical skills and labour**

In construction-related endeavors, local suppliers and contractors frequently encounter a shortage of skilled labor and grapple with contractor ineptitude, leading to project failures and subpar quality of work (Mtonga & Phiri, 2024). This situation often culminates in incomplete projects or the utilization of inferior materials, thereby requiring supplier development initiatives such as technical training which are not always executed consistently or effectively (Mtonga & Phiri, 2024; Hassan & Riaz, 2024).

#### **Limited access to finance/low uptake of funds**

Despite the fact that the CDF offers components for loans and grants aimed at empowerment, existing literature indicates a low level of engagement with the fund by SMEs (Mukuli, 2022; Mulemwa & Phiri, 2025). When funds are indeed accessed, the policy guidelines and conditions associated with the loans and grants can hinder SMEs from fully leveraging these resources for their businesses (Mulemwa & Phiri, 2025). Additionally, the issue of non-compliance with loan repayments has emerged as a major concern, undermining the revolving fund mechanism that is designed to foster ongoing economic development (Ministry of Local Government and Rural Development, 2022; Citizens Economic Empowerment Commission, 2023).

#### **Procurement and institutional challenges:**

The environment of institutions and procedures related to CDF project procurement poses considerable challenges for the development of local suppliers, even with the presence of preferential schemes.

### **Tedious and delayed procurement processes**

Local governments often point to cumbersome procurement procedures as a major obstacle to the timely completion of projects. The stipulations for an open bidding process for larger initiatives considerably hinder service delivery (Ezzane, 2025). On average, procurement delays extend to approximately 29 days, with issues such as the marginalization of local contractors and complications associated with the electronic government procurement system. Furthermore, these delays in procurement processes lead to an increase in project costs (Parliament of Zambia Report, 2025).

### **Inconsistent disbursement of funds**

The government's inconsistency in the disbursement of funds has been a persistent challenge for the Constituency Development Fund (CDF), which directly impacts a supplier's ability to plan and execute projects (Sambo & Ng'andu 2025; Mwansa 2025). Delays in the release of funds negatively affect the timely commencement of empowerment projects and lead to higher project costs due to long time lapses between project approval and work commencement (National Assembly of Zambia 2025).

### **Institutional malpractice and unfair competition**

Corruption and political influence have been recognized as significant institutional elements impacting supplier development initiatives (Mwelwa & Phiri, 2025). Corruption may lead to inequitable competition between domestic and international contractors. Additionally, the standards for involving local contractors are frequently ambiguous, which compromises the policy goal of providing preferential treatment to local suppliers, notwithstanding the circulars issued by the Zambia Public Procurement Authority (ZPPA) to this end (National Assembly of Zambia, 2025).

### **Lack of clear monitoring and regulation**

Literature indicates that insufficient monitoring and evaluation systems, along with the absence of a strong regulatory framework, are significant factors affecting the efficacy of supplier development (Mwansa, 2025). The inability of local authorities to generate the required quarterly and annual monitoring reports obstructs the accounting system and postpones resource requests, thereby complicating project management for suppliers (National Assembly of Zambia, 2025).

### **Disconnect and lack of community awareness:**

The intended recipients of both the CDF projects and the supplier development component frequently do not possess sufficient information and influence.

### **Limited community knowledge and participation**

There is frequently a lack of community awareness regarding the CDF, coupled with inadequate information dissemination, which results in minimal citizen engagement (Mukuli, 2022; Sambo & Ng'andu, 2025). This deficiency in awareness and understanding of rights and opportunities for participation diminishes the community's ability to monitor and hold suppliers accountable (Sambo & Ng'andu, 2025).

### **Lack of clarity on CDF utilisation**

Inadequate guidelines and insufficient support regarding the utilization of the CDF can pose challenges for SMEs aiming to take advantage of the fund (PMRC Zambia, 2023). To summarize, for supplier development to thrive under the CDF, the literature emphatically indicates that it is essential to address the core capacity deficiencies of local SMEs while simultaneously enhancing the transparency, efficiency, and consistency of the institutional and procurement landscape (Ezzane, 2024; Sikanyiti & Chibomba, 2025).

### **Theoretical framework**

The two primary theories pertinent to the analysis of Supplier Development (SD) within both public and private procurement, particularly in the context of a developing nation such as Zambia, are Transaction Cost Economics (TCE) and Resource Dependence Theory (RDT).

#### **Transaction Cost Economics (TCE)**

Transaction Cost Economics (TCE), introduced by Oliver Williamson in 1975 and further developed in 1985, asserts that the selection of a governance structure—such as market exchange, long-term contracts, or vertical

integration—is influenced by the aim to reduce transaction costs. These costs stem from three primary elements: asset specificity, which refers to investments that are unique to a particular relationship, such as specialized machinery for mining inputs; uncertainty; and opportunism, characterized by self-interested behavior that employs deceit. In the context of Zambia, TCE plays a vital role in evaluating procurement efficiency. The ongoing challenges of corruption and political interference in public procurement, as noted in

Mwelwa and Phiri (2023) and CUTS Lusaka (2019) significantly elevate governance costs, compelling buyers to allocate resources for monitoring and enforcement to protect against supplier opportunism, as highlighted by Williamson (1985). Consequently, strategic decisions regarding supplier development (SD) become essential: large buyers, whether public or private, invest in enhancing supplier capacity which is a form of asset specificity to ensure a reliable supply and to lower future transaction costs associated with searching and monitoring, particularly in an underdeveloped local market, as indicated by Kanyinji and Tembo (2020). The frequent occurrence of contract irregularities and instances of non-delivery indicates that the existing governance frameworks are inadequate in effectively addressing these costs.

### **Resource dependence theory (RDT)**

Resource Dependence Theory (RDT), as proposed by Pfeffer and Salancik (1978), posits that organizations endeavor to preserve their autonomy and ensure their survival by actively managing their reliance on essential external resources. This is accomplished by influencing or absorbing external uncertainties, such as those posed by key suppliers. In the context of Zambia, RDT is vital for comprehending the reasoning behind mandatory procurement policies. The government implements Institutionalised Supplier Development Initiatives (ISDIs) and Local Content (LC) regulations primarily to alleviate the national economy's excessive reliance on foreign suppliers, especially for inputs in the strategically important mining sector (Sikombe & Phiri, 2021). From the viewpoint of large private enterprises, RDT elucidates their participation in Supplier Development (SD) as a strategy to diminish their resource uncertainty in a market characterized by low capacity (Kanyinji, 2020).

By investing in local businesses, they not only adhere to policy requirements but also stabilize their supply chains, thereby minimizing the risk of disruptions and ensuring the availability of essential inputs, which are critical resources for their fundamental operations (Pfeffer and Salancik 1978). Consequently, the effectiveness of the SD programs can be evaluated based on how effectively they modify the resource dependency framework in favor of local firms and mitigate external market vulnerability.

### **Gaps in the literature**

The existing literature reveals three significant gaps regarding supplier development in Zambia: firstly, it is devoid of empirical comparative analyses that assess the effectiveness of decentralized CDF empowerment tools (such as grants and local contracts) in comparison to conventional, centrally regulated public procurement strategies in promoting the growth and capacity of SMEs (Sikombe & Phiri, 2021; IGC, 2022). Secondly, the research does not offer a thorough framework that connects procurement processes to inclusive local value chains, as existing studies predominantly concentrate on procedural obstacles and fail to elaborate on the genuine pro-poor effects of CDF contracts beyond the primary contractor, or how these contracts enhance backward linkages to local producers (Mwamba, 2022; OECD, 2025). Lastly, there is a notable lack of integration between public and private sector best practices, accompanied by a critical shortage of case studies that illustrate how to formally incorporate private sector-led development strategies (such as mentorship and technology transfer) into the CDF's local procurement framework, thereby maximizing the potential for Public-Private-Local partnerships (International Growth Centre, 2022; Local Government Association of Zambia, 2023; IFC, 2024).

### **Analysis of findings**

In light of the common goals associated with research on public and private procurement within the context of a developing nation such as Zambia, the subsequent analysis and scholarly significance are outlined for each objective:

#### **Objective 1. Evaluate the influence of public procurement regulations on local enterprise performance**

The Zambian public procurement system, although designed to support local businesses through initiatives such as the Public Procurement Act, frequently results in inefficient processes that adversely impact enterprise performance, especially for Small and Medium Enterprises (SMEs). Research consistently highlights two opposing results: while Supplier Qualification Screening (SQS) and Competitive Bidding (CB) can improve project performance by ensuring cost-effectiveness and timely delivery, excessively stringent Supplier

Evaluation (SE) procedures often cause unnecessary delays and hinder project success (Chanda et al. 2023; Sampa et al. 2024).

Moreover, systemic issues such as a lack of transparency and accountability, along with insufficient e-procurement systems, worsen these inefficiencies, leading to cost overruns, project delays, and the selection of less suitable local suppliers (Mwamba 2022). Consequently, the overall impact of the existing regulatory framework is frequently negative, with challenges in contract management serving as a significant factor that undermines the advantages gained from supplier development initiatives within the public sector (Changalima et al. 2021b).

### **Objective 2. Assess the effectiveness of private mining firms' initiatives in building supplier capacity and backward linkages**

Private mining companies in Zambia's Copperbelt have historically been criticized for functioning as isolated entities with minimal integration into the local economy (Weldegiorgis et al. 2021). The effectiveness of their supplier development (SD) initiatives is evaluated based on their ability to promote backward linkages, specifically the local procurement of inputs. Research suggests that while policy initiatives should focus on cultivating a resilient local economy and facilitating firm integration into the Global Value Chain (GVC), the existing linkages are still limited and weak, disproportionately impacting SMEs (Benshaul-Tolonen et al. 2025).

The mining industry's demand for manufactured inputs is substantial, with over 62.5% being fulfilled through imports from Original Equipment Manufacturers (OEMs) and traders (Nsupila 2016). Consequently, effective SD initiatives must extend beyond merely providing contracts to encompass authentic market-driven capability enhancement, which involves technology transfer, improved access to capital, and empowering local enterprises to achieve high global standards for supply security and product quality (Nsupila 2016; Benshaul-Tolonen et al. 2025).

### **Objective 3. Determine the systemic barriers to SME integration in public and private value chains**

The incorporation of small and medium-sized enterprises (SMEs) into the supply chains of both the public and private sectors in Zambia is significantly hindered by a complicated network of systemic obstacles that are deeply embedded in public policy and market structure. The most notable barriers highlighted in the literature include financial limitations, which are characterized by a widespread lack of access to funding, elevated interest rates, and stringent collateral requirements. These factors are strongly associated with negative impacts on the growth and expansion potential of SMEs (World Bank 2023; Graduate School of Business et al. 2023).

In addition to financial issues, SMEs encounter considerable public sector barriers to entry, such as convoluted and protracted registration processes, excessively burdensome tax regulations, and difficulties in meeting the high quality and technological standards demanded by large buyers, especially within the mining global value chain (Kanyinji & Tembo 2019). These regulatory and capacity shortcomings foster a restrictive environment that marginalizes local small-scale suppliers, thereby hindering their ability to attain the scale and expertise necessary for sustainable engagement in significant procurement channels (Kanyinji & Tembo 2019).

### **Objective 4: Develop an integrated framework for supplier development in the Zambian context**

The fragmented nature of the current supplier development (SD) initiatives in Zambia highlights the need for an integrated framework that tackles the specific challenges faced by a developing economy. Traditional SD research tends to concentrate on a singular aspect, such as cost or quality; however, the modern requirement is for Sustainability-oriented Supplier Development (SSD), which encompasses economic, environmental, and social dimensions (Yang & Zhang 2017).

A successful, integrated framework for Zambia should embrace a comprehensive approach, shifting focus from mere short-term performance objectives to long-term capability enhancement and ongoing improvement (Krause 1997). This necessitates a phased strategy that systematically confronts the obstacles identified in objective three, demanding commitment from top management on the buyer's side, clear information sharing, and a cross-functional strategy that engages various stakeholders, including government entities, civil society, and the suppliers themselves, to guarantee the establishment of mutually advantageous and sustainable connections (Krause & Ellram 1997a; UNCTAD 2005).

### **Conclusion**

The difficulties associated with effective supplier development for projects funded by the Constituency Development Fund (CDF) in Zambian constituencies are fundamentally linked to the interaction between local

business constraints and systemic administrative inefficiencies. A significant obstacle is the naturally low technical and managerial capabilities of local Small and Medium Enterprises (SMEs), which face challenges such as limited access to financing, inadequate technical expertise, and poor business formalization. These issues contribute to contractor incompetence and result in high rates of project failures or subpar work quality. On an institutional level, the decentralized procurement process suffers from irregular fund disbursement, which causes delays in project initiation and escalates costs, in addition to cumbersome and intricate tendering procedures that put small local firms at a disadvantage. Moreover, the presence of political interference and weak governance creates an uneven competitive landscape, frequently undermining existing preferential schemes and obstructing effective monitoring and evaluation. In conclusion, for the CDF to truly promote local supplier development, a unified effort is required to tackle both the foundational capacity deficiencies of local businesses and the structural flaws within the procurement and project management systems.

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