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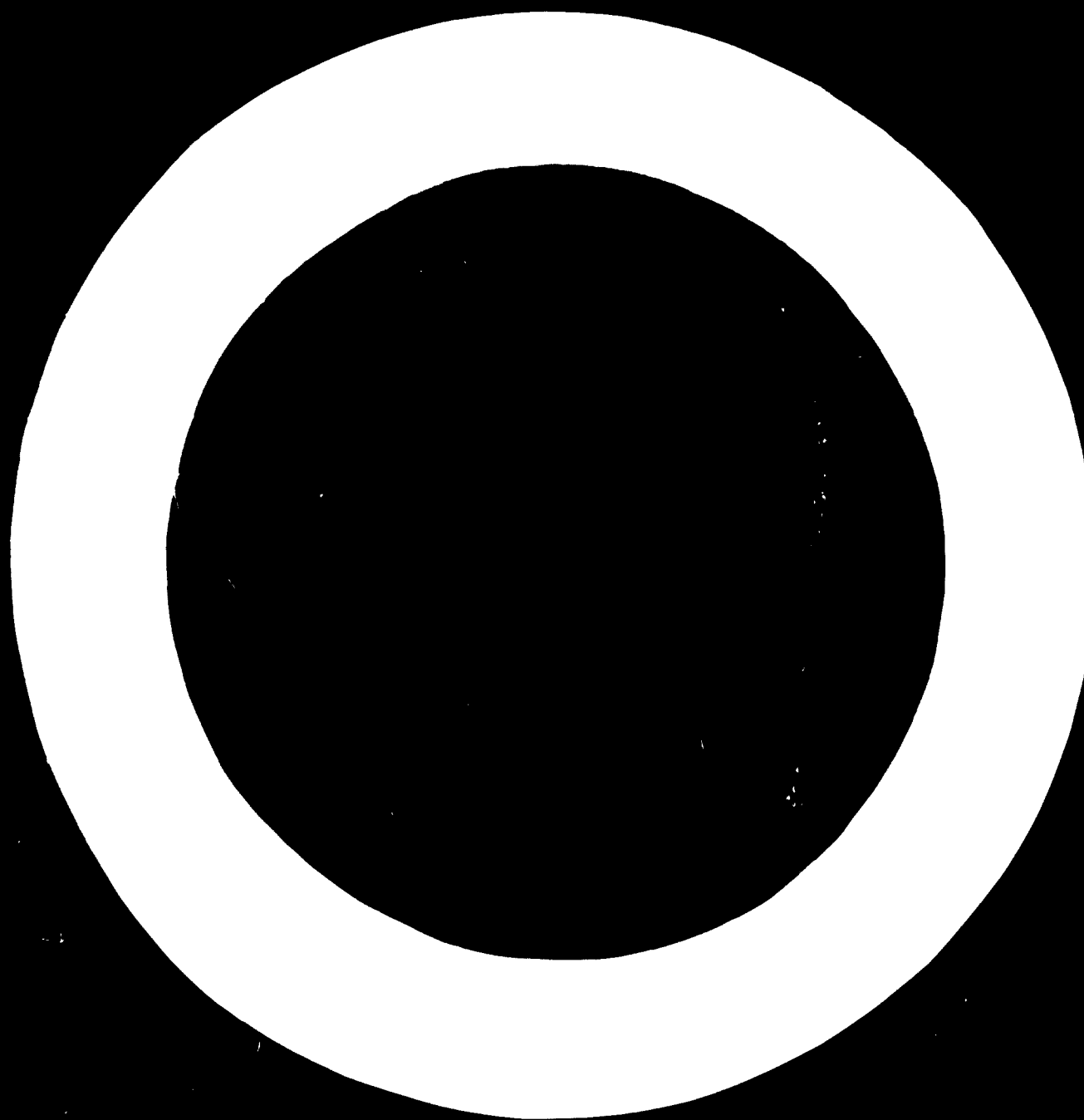
DEVELOPMENT OF SMALL ENTERPRISES IN SWAZILAND ^{1/}

by

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1. GENERAL INFORMATION

1.1 Swaziland lies east of the Transvaal Province of the Republic of South Africa, which runs to the north and east of the country. To the east is the Indian Ocean. Swaziland covers an area of about 6,700 sq. miles and stretches 125 miles from north to north and about 100 miles from east to west.

1.2 Swaziland is divided into four topographical regions, highveld, middleveld and lowveld, and the Lubombo range. The highveld averages 4,000' above sea level, and the other regions are between 300' and 2,000' high. The highveld has a higher rainfall in summer than all other parts of the country and it is ideal for grazing and forestry, while the middleveld is fertile land and has sufficient rainfall for almost any kind of farming. The lowveld is generally hot and dry with rainfall of only 20" to 30" per year but its produce grows in the summer months and is of good quality. The soil in the lowveld and the middleveld is too infertile for general agriculture if it were irrigated.

2. POPULATION

2.1 According to the 1966 census, the population was just under 400,000 of whom 15,000 were Europeans. The growth rate is 2.5%. Mbabane, the administrative capital, has a population of about 15,000.

3. GOVERNMENT

3.1 King Mswati III is the King and Head of State. The Prime Minister is the King's Secretary General. The freely elected Parliament consists of a House of Assembly comprised of elected members, all of whom belong to Swaziland's National Movement.

4. EDUCATION

4.1 Education is not compulsory in Swaziland. It falls into four stages, primary, secondary, vocational and university. The university is a joint institution with Lesotho and Botswana also participating, and the faculties i.e. Forestry and Agriculture are situated in Swaziland.

In 1967, 59,000 children entered primary schools and nearly 4,000 entered secondary schools, equivalent to about 21% of the school-age group. There is a 40-1 pupil-teacher ratio. Schools are run both by the government and by missionary societies.

5. EMPLOYMENT

5.1 There are about 60,000 persons in paid and self employment, other than agriculture. This is about 30% of the working age population which at the 1956 census was 183,000.

ECONOMY

6. AGRICULTURE

6.1 Primarily the economy of Swaziland is based upon agriculture and forestry, and cotton, sugar, woodpulp, fresh and canned fruit livestock and livestock products are produced, in addition to staple foodstuffs such as maize, groundnuts etc.etc.

7. MINERALS

7.1 There are three mines at present. The iron ore mine at Ngeenya, the asbestos mine at Golemba, and the coal mine at Mpaka. Other mineral deposits may well be exploited in the future in other parts of the country. These include kaolin and talc in the south west and gold in the north. Additional deposits of iron ore have been discovered near Gogo and west of Balona in the north. Smaller deposits of a great variety of minerals are to be found mainly in the very ancient magmatic rocks, these include barytes, columbite, mica, pyrophyllite, silver and semi-precious stones. A general minerals survey has just been completed by a United Nations Development Team.

8. GENERAL DEVELOPMENT

8.1 Swaziland's comparatively rich natural endowment underlines the significance of the role of natural resources in a developing country where their exploitation acts as a lever for advancement at a time when economic development begins with primary production for export leading to local processing industries.

8.2 The rail link with Lourenco Marquce was completed in 1966 mainly in order to facilitate the export of iron ore to Japan, but it has also helped many industries which formerly had to use road transport.

8.3 The Swaziland Electricity Board which became a corporation in 1962 opened a Hydro Electric station in 1964 which has provided electricity to many parts of the country.

8.4 An industrial estate has been constructed at Matsapa where the following industries are already established; meat canning, cotton ginning, sweets manufacture, brewing, cardboard carton production, cement bagging and there are many more under consideration. Industries located elsewhere include the Usutu Pulp Mill which utilises timber from one of the largest man made forests in the world. Pulp worth R6.83m is exported each year.

8.5 There are also two sugar mills in the lowveld where there are large irrigated sugar cane fields. The total output of these two mills is 110.06m p.a. Citrus industries include the growing for export of oranges and grapefruit in the lowveld, whilst avocado pears and pineapples are produced in the middleveld. There are also two saw mills in the north of Swaziland at Piggs Peak. i.e. Swaziland Plantations, and Peak Fishers.

9. INDUSTRIAL & COMMERCIAL DEVELOPMENT GENERAL OUTLINE

9.1 The Ministry of Commerce Industry and Mines is, as its name implies, responsible for all matters concerning industrial, commercial and mining activities. One department of the Ministry is responsible for large scale undertakings including most of those that have already been referred to and the concentration of this department is in attracting more expatriate investment into Swaziland. Formation of an industrial financing and development corporation is already in progress and the possibilities of amending legislation to provide industrial incentives has already been examined.

10. SMALL ENTERPRISE DEVELOPMENT

10.1 The other development of the Ministry is concerned with the promotion of small enterprises including enterprises engaged in manufacturing, trading, and servicing. Immediately prior to Independence in September 1968 the International Labour Office was asked to furnish the services of its Regional Advisor to enquire into existing small enterprises and handicrafts industries and in order to survey the potential for development of these sectors of the economy, and the suggestions in his report were included in the post-Independence development plan.

10.2 It appeared from the report that there were considerable opportunities in Swaziland for the development of small enterprises and handicrafts industries and the Government gave top level priority to the implementation of the recommendations in the I.L.O. report. Following on from that report a request was made to U. N. D. P. for the services of an expert on small enterprise development, and this expert was assigned to Swaziland from I. L. O. during February this year. Since the advisor's arrival the infra-structural arrangements have begun to take shape.

10.3 Two organisations have already been established and are beginning to be operative.

11. SMALL ENTERPRISE PROMOTION DEPARTMENT

11.1 The first of these organisations is the Small Enterprise Promotion Office or Department which is within the Ministry of Commerce Industry and Mines.

11.2 This organisation is committed to providing those forms of assistance which are necessary to ensure the establishment and expansion of viable small enterprises which are contributory to the economy of the country, and in respect of which facilities the small entrepreneur is not expected to pay, or will only pay a nominal amount. Such facilities include advice and guidance upon the correct choice of a new enterprise, or the feasibility of an expansion project, as well as training and general information on small enterprise development programmes.

12. SMALL ENTERPRISES DEVELOPMENT CO. LTD.

12.1 The second organisation is the Small Enterprises Development Company Ltd. (SEDCO) which has been registered under the Companies Act as a private limited company, committed to profit making and business like dealings.

12.2 SEDCO will provide those facilities for which a small entrepreneur must necessarily make payment. These include the provision of working premises for rentals to small enterprises, the supply of machinery and equipment under extended payment terms, the joint procurement of raw materials and joint marketing services.

12.3 Because SEDCO has been registered as a private limited company it is able to attract finance from the commercial banks and from other commercial lending institutions. The equity capital of SEDCO is arranged in such a way that is independent of the government, and one class of shares is reserved so that the small enterprises which SEDCO intends to assist may invest in this company which has been established to help them.

12.4 Up to the present time Swazi entrepreneurship has been almost entirely confined to the establishment of shops and stores engaged in general retail trading - mainly grocery stores.

A smaller number of Swazi entrepreneurs is to be found in the transport industry and there are also some Swazi entrepreneurs involved in such activities as shoe repairing, and watch repairing. This concentration of trading and servicing enterprises is not because the Swazi is uninterested in any other form of business activity, but is mainly due to the fact that no organisation has existed previously to advise and guide him into other forms of activity. Therefore, the newly established programme has a considerable bias towards the establishment of small industries although, as will be seen later, it does not intend to ignore the needs of Swazi entrepreneurs already engaged in non industrial activities.

12.5 A start has already been made upon the construction of work-shop premises and factory shells suitable for occupation, by small industries including artisan type industries. Generally speaking the programme contemplates the establishment of industrial estates in a functional pattern, i.e. with each estate specialising in the provision of premises and related facilities for small industries in one particular industrial category.

12.6 For instance, an industrial site is already under construction at Piggs Peak which will concentrate on the development of small scale wood utilisation industries. The location is in proximity to large scale saw mills already operative. It is hoped that 30 to 40 small industries will become established upon this site, manufacturing a whole range of wood based products. These may include such items as picture frames, wooden toys, household furniture, office chairs etc. etc. A training and common facilities service centre, is to be located in the centre of this site and of course, this centre will specialise in wood working technology. Training will mainly be of the extension service type, and the machinery and equipment provided for training will also be available for use by the small enterprises for production work on a payment for time used basis. It is intended that there will be a second training and common facilities service centre on this site which will provide facilities on the business management side. The premises available for rental to small enterprises will range from small workshops suitable for occupation by partnerships of two and three workers up to factory shells suitable for occupation by small firms employing about twenty five workers. The site will also include a raw materials store from which small enterprises can obtain their main needs quickly, easily, and at favourable prices, and of standardised quality. There will also be a showroom in which the finished products of the small industries can be displayed in order to attract potential customers.

12.7 Several other small industries sites with a similar functional pattern are to be established in other locations throughout the country. One such site is already almost completed at Mbabane, and it is probable that the concentration in this location will be upon ready-made clothing and other industries concerned with textile conversion. At Manzini plans have been completed for the construction of a small industries site for metal working and related industries. At Bulaya, which is close to the Usutu Pulp Company there are likely to be two small industries sites, one of which will be concentrated on developing small industries which are based upon the conversion of wood pulp, and the other is intended to cater for small industries producing turpentine, rosin and certain other essential oils. In other centres, groups of industries will be encouraged in a similar fashion for the utilisation of cotton burs and other materials available from a large cotton ginning factory; ceramics using locally available kaolin and other clays, and leather working.

12.8 In order to stimulate some elementary economic development in the minor rural areas, a number of work-shop complexes are also being constructed, but these are more likely to provide re-housing for existing small industries of a mixed nature, than to follow the functional pattern.

13. SMALL TRADERS

13.1 So far as the traders are concerned the idea is to improve the efficiency of existing shop owners rather than to encourage more businesses in this sector.

13.2 The main difficulties of the small Swazi traders are that they are, indeed, very small, and they are very much at the mercy of the few large wholesalers who operate in the country. Their purchasing power is so low that they have to pay high prices for their stocks and with very few exceptions have to pay disproportionate transport charges for deliveries. Consequently their profit margins are very small and do not permit for any room for expansion.

13.3 Steps have already been taken to organise traders into local buying groups which will probably be formed as traders' co-operative buying societies with a central co-operative union. By this arrangement of combining the buying activities of the traders, greater equality of relationships can be developed between traders and their suppliers and collective delivery services can be arranged in order to minimise handling costs and transport charges.

13.4 At the same time it is hoped to attach to each local society a member of one of the overseas voluntary aid agencies, such as Peace Corps, who will help with the running of the society and provide business management advice and guidance and general extension services to the traders who make up the group to enable them to keep their individual accounts in a proper manner and to run their businesses to the best advantage.

14. HANDICRAFTS DEVELOPMENT

14.1 Handicrafts industries are particularly important in a country like Swaziland because they provide the only means whereby persons living in remote rural areas can augment their incomes from agriculture. Particularly important is the fact that handicrafts production can provide incomes for women and girls in such areas.

14.2 Although in comparison with the size of the country there is already a considerable out-put of handicrafts products, these products are not always of the best quality and they do not always match preferences of buyers in overseas markets.

14.3 Swaziland National Handicrafts was set up about three years ago with a grant from Oxfam and this organisation has already done a considerable amount of work in the field of handicrafts development. However, the stage is now set for further advances to be made in this sector under the aegis of S.E.D.C.O.

14.4 Swazi Crafts Ltd. is due to be set up in the very near future and this company will specialise in the marketing of Swazi handicrafts and will, in particular, concentrate on the establishing of markets for handicrafts in overseas countries, although it will not ignore the demand for handicrafts from tourists to Swaziland.

14.5 Parallel to the establishment of S.C. Ltd. there will be established a handicrafts design and development centre which will be a subsidiary organisation to the Small Enterprises Promotion Office. This centre will train master craftsmen, who will then be available to establish rural handicrafts centres which will re-train village workers and at the same time supervise their production both as to quality and quantity. This same centre will develop new designs for handicrafts items and produce prototypes which can be made available to the master craftsmen working in the rural crafts centre for demonstration to the village producers.

15. INTERNATIONAL AND BI-LATERAL ASSISTANCE

15.1 As has already been mentioned, assistance in drawing up, and in the initial implementation of this very wide ranging programme has been provided by the I. L. O. and U. N. D. P.

15.2 Assistance has also been forthcoming from the British Ministry of Overseas Development and from the U. S. Peace Corps.

15.3 Requests for two additional technical experts have already been approved and it is hoped that the I. L. O. will be able to assign these two experts within the next two or three months.

15.4 Other international and bi-lateral aid is being sought for other aspects of the programme.

15.5 By means of this programme it is hoped that Swazi's will be brought into the work of developing the economy of Swaziland in very considerable numbers. It is realised that the programme is a very ambitious one but the government of Swaziland, and in particular the Ministry of Commerce Industry and Mines, is determined that the programme should be carried through and that every Swazi who is really keen to establish himself in his own business should be given the opportunity to do so.

15.6 However, it is being made very clear to all Swazi entrepreneurs that the basic theme of the programme is to help those persons who are prepared to help themselves. The programme does not contain any element of subsidisation, except so far as subsidisation of training and know-how are concerned.

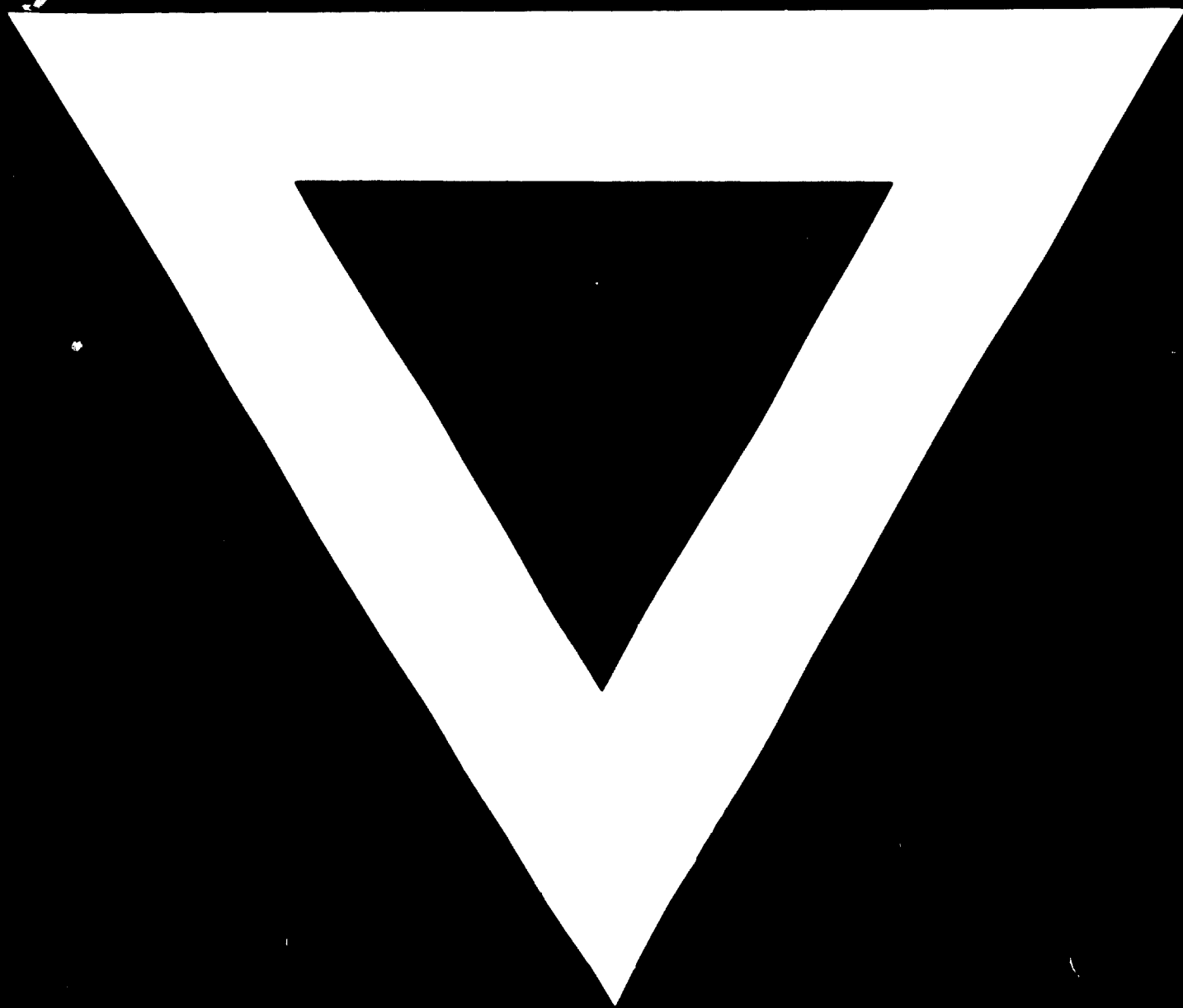
16. CONCLUSION

16.1 Unlike many other countries, Swaziland is not able to erect tariff barriers, or impose import quotas in order to protect its own interests. This means that a very considerable amount of hard work is involved in establishing viable small enterprises.

16.2 We in Swaziland are fully prepared for this hard work and we intend to ensure that in a few years time, we will have a working small industries development programme which will be an example to all the developing countries of Africa.

16.3 We are ofcourse, fortunate to have received advice and guidance in the planning of our Small Enterprise development programme from the I. L. O. Regional Office for Africa and in having assigned to us to help with implementation of this programme one of the leading experts in this field.





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