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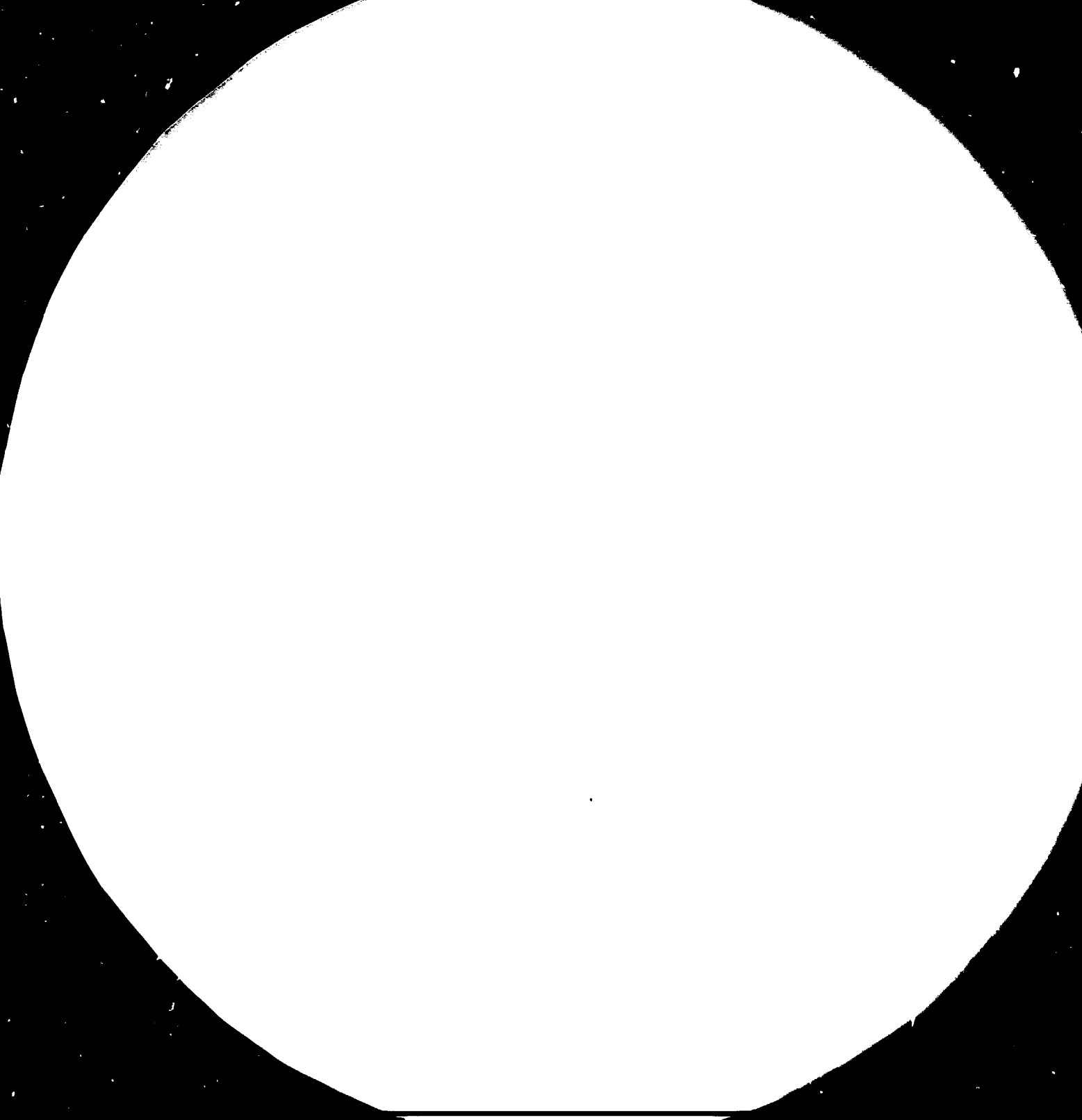
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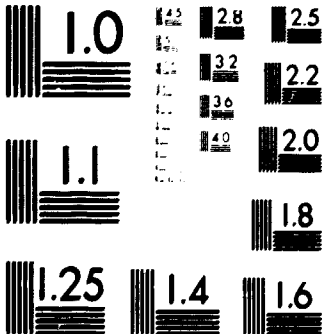
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REPORT OF THE UNIDO PROGRAMMING MISSION

TO THE KINGDOM OF SWAZILAND

12 to 19 June 1983

prepared by

Division of Policy Co-ordination
Programme Development and Evaluation Branch

1180

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INTRODUCTION

From 13 to 17 June 1983, a UNIDO programming mission visited the Kingdom of Swaziland. The mission members consisted of:

- (1) Mr. Juhani BERG, Senior Industrial Development Officer, IO/AGRO
- (2) Mr. Musa FAPAH, Industrial Development Officer, IO/FCTY
- (3) Mr. Alan HUCKLE, Industrial Development Officer, IO/MET
- (4) Mr. Frederic RICHARD, Industrial Development Officer, IO/PLAN, and
- (5) Mr. Ibrahima DJIBO, Ass. Industrial Development Officer, PC/DEV, Mission Co-ordinator.

The mission was fully assisted by the UNDP/TCDC's JPO Mr. Herbert KNUETTEL and accompanied by the SIDFA covering Swaziland, Mr. C. GOULART.

The mission members wish to express their entire gratitude and appreciation to the UNDP Resident Representative, Mr. J.G. GORDON for all his efforts and dedication in insuring the success of the mission. The mission members extend their thanks particularly to Mr. Knuettel and the other staff members of UNDP/Mbabane.

SUMMARY

The UNIDO programming mission was fielded in Swaziland to discuss three major points with UNDP and the Swazi authorities:

1. Identification and determination of Swaziland's industrial development needs. The work consisted of discussions with high-level government officials and other organizations (e.g., TIBIYO TAKA NGWANE and the Delegation of the Commission of the European Communities) and site visits to some industrial concerns.
2. Advice on relevant project ideas and concepts. Technical inputs were given by all the colleagues in regard to the project ideas and concepts identified during the mission.
3. Financing issues of the projects which might be conceptualized and prepared for execution by UNIDO. The discussions centered on the very restricted funds at UNDP/UNIDO level and the possibilities to use mostly trust-funds arrangements.

OUTCOMES OF MEETINGS

1. Meetings with Mr. J. Gordon, Resident Representative of UNDP/Mbabane

The mission met Mr. Gordon at the beginning and at the end of the week. The first meeting focused on the presentation of the purpose of the mission and the areas to be covered. Since that purpose was clearly spelled out, the Resident Representative gave to the team his assessment of what could be done both with the Government officials and the country's resources. As one can suspect, no development assistance programme can be well executed if the Government machinery does not participate for one reason or another in that programme. In the case of the Kingdom of Swaziland, the Resident Representative advised us of some rampant lethargy in the national political apparatus due to the recent death of King Sobhuza II (on August 1, 1982) and the fact that there is still no successor named. This was the type of "in-sight" information the team needed before they met with the Government officials, whom were more or less described to us. The Resident Representative therefore warned us about the decision-making process which could be time-consuming in some cases. The same informative task was carried out in regard to the organizations and places (companies) to consult and/or to visit. Among others, we were briefed on the Delegation of the European Communities, N.I.D.C.S., SEDCO, Tinkabi Tractor Plant, the Glassworks, Tibiyo Taka Ngwane, etc.

The UNDP financial crisis has also affected the country IPF in Swaziland where according to the latest figures only a meager amount of US\$ 4,000 (four thousands) is available for 1983 as non-committed funds.

As a matter of policy issue, the Resident Representative who has been keen on the execution of the projects would favour a strategy where UNV's (United Nations Volunteers) will be used as first choice (11 or 12 UNV's are actually working on different UN system's projects in the Kingdom). The Resident Representative added that only one long-term expert should be considered under UNIDO's future assistance. Another possibility would be to work with Government executed volunteers backed by short-term experts.

During the second and "wrap-up" session with the Resident Representative, the mission members could give an overall summary of the work done during

the week and the achievements obtained. Account was taken of the numerous and fructuous meetings held with the Government officials and the visits paid to different plants around the Kingdom. Details of these meetings and visits appear in subsequent parts of this report. The main results achieved could be summed up by the mission co-ordinator as follows:

- (i) Better knowledge by UNIDO of the industrial sector including special features as the co-existence of a "modern" industrial sector represented by the Government, NIDCS, and SEDCO and a "traditionalist" industrial sector represented by the powerful holding group Tibiyi Taka Ngwane (in English, the "in-sight of the soil (represented by an animal) for the Swazi Nation", as translated to us by the General Manager of the group), the availability of funds at different levels in the country, and a total lack of industrial planning;
- (ii) Better knowledge of UNIDO by Government officials and other organizations; and
- (iii) The emergence of many project ideas or concepts and the preparation of some project proposals.

The Resident Representative and all the mission members agreed that many prospects exist for greater industrialization in the country and also that UNIDO could do substantial work there, specially in the field of agro-industries. The problems or bottlenecks for UNIDO at the governmental level would be threefold: (i) the responsibilities for the follow-up of requests and projects do not seem to be well established; (ii) there is a problem of co-ordination of development assistance in the country at the moment due mostly to the former problem; and (iii) assistance to the industrial sector through only the governmental channel might be hampered by private interests, both inside and outside the country.

The writer and mission co-ordinator insisted upon the follow-up actions that need to be taken on the field and therefore requested UNDP assistance in doing so.

2. Meetings with the National Industrial Development Corporation of Swaziland (NIDCS)

NIDCS is a parastatal organization which acts as the arm of the Ministry of Industry. The UNIDO team met twice the Managing Director, Mr. Walter E.M. DLAMINI and the staff of NIDCS. The primary role of this organization is to promote the industrial development of Swaziland through feasibility studies, investment promotion activities, financial participation in investments, and so forth. A complete set of literature has been given to us on the organization with a list of project possibilities (see Attachment I). The two main sub-sectors which NIDCS focuses on are the agro-industries and the manufacturing industries. Although we were given the list of project possibilities, it was more beneficial to the team to get the priority project ideas and/or possibilities:

1. Marketing of the Tinkabi Tractors Plant's production
2. Leather and leather goods industry
3. Construction of a vegetable dehydration plant
4. Vegetable cold storage
5. Production of canned chicken meat
6. Production of paper mill from wood pulp (Usutu Pulp)
7. Production of chip board from bagasses
8. Ferro-chrome
9. Ceramics
10. Furniture production, and
11. Production of cheese and butter.

We have been told that the Government of Swaziland usually pays for the feasibility studies of these project possibilities.

Two of the overriding problems that NIDCS faces nowadays are the shortage of funds to establish some of the identified industries and the lack of qualified manpower. UNIDO assistance is therefore requested to help tackle these problems.

More detailed reviews of some projects were done subsequently, in particular, the Tinkabi Tractor Plant, the Leather and Leather Products industry, the formulation of an industrial policy and strategy. In each

case, discussions centered on the existing needs, the specific tasks to be undertaken, and the UNIDO capabilities in carrying out the assistance required. The colleagues from DIO have elaborated largely on these points in their respective attached reports.

3. Meetings with the Managing Director, Mr. Vincent M. Khathwane and staff members of SEDCO (Small Enterprises Development Company Limited)

As the name spells out, SEDCO is basically responsible, as a wholly-owned subsidiary of the MIDCS, for the promotion and development of small enterprises (with a capital investment of less than approximately US\$90,000) in Swaziland. SEDCO manages actually nine (9) different industrial estates in the country on which operate approximately 200 small entrepreneurs. Another activity of SEDCO is to assist small contractors in providing them with 100 % of financing arrangements.

The Managing Director expressed the actual needs of SEDCO at two levels: (1) short-term finance to help create more jobs and employment, and (2) technical assistance in the production and marketing areas.

Talking about the prospects in the industrial sector, Mr. Khathwane said that the woodworking industry offers enormous possibilities for the small entrepreneur. Among other things that industry is endowed with available raw materials, local personnel, production capacities and a market in Swaziland and in the neighbouring countries. The Managing Director specified the needs for UNIDO technical assistance for the woodworking industry in the areas of technical production, quality control, management, and subcontracting arrangements.

During the second meeting with SEDCO, the Managing Director insisted upon the need to obtain UNIDO assistance in designing a diagnosis of the small-scale industrial sector pointing out the problems and prospects, and to hold a workshop on how to improve the management of the small-scale industries.

4. Meeting with Mr. MNCOMEZULU, Permanent Secretary of the Ministry of Commerce, Industry, Mines and Tourism

As a matter of due consideration, the mission members paid a visit to

the highest available official of the Ministry responsible for industry. The Permanent Secretary therefore took the time to listen to the purpose of the mission and the description given by all the colleagues concerning the relevant sectors covered by them. The representative of the Ministry welcomed the mission and mentioned that the timing of the fielding of this mission is suitable because it coincides with the normal sectoral programming activities done each year in Swaziland.

Responding to a question on the priority areas for co-operation with UNIDO, the Permanent Secretary stated that all efforts will be made to send to UNIDO through UKDP/Wbabane a list of both pipeline and on-going projects. We insisted on the fact that all requests should be sent bearing in mind the limited financial resources of UNDP/UNIDO.

The meeting went on with specifications of the different sectors which were covered by the colleagues from the DIO. The Permanent Secretary gave a few comments on the Tinkabi Tractor Plant saying that the project is viable and patronized by many African countries, and should be assisted for the marketing operations. The meeting ended with the promise given by the Permanent Secretary to be in touch with UNIDO in the near future.

5. Meeting with Mr. A.S. DLAMINI, General Manager of Tibiyo Taka Ngwane

Tibiyo Taka Ngwane ("The Wealth of the Swazi Nation") established in 1968 could be described as a holding group which is responsible for the management of the royal family's wealth. A fund was therefore created "to promote harmonious relations between the different races of the country and to ensure that the material welfare, standard of living and education of the people should be advanced as rapidly as possible so that the Swazi people would be equipped to play their proper role in the development of Swaziland". Tibiyo has extensive interests in mining, agriculture and industry throughout the kingdom as could be seen on page 10 of the Financial Statements for the year ended 30 April 1982 (Attachment II).

Some of the features of Tibiyo could be summarized as such: It is an independent organization different from the Government and does not work under the Government. Three fourth of the generated income of Tibiyo comes from the sugar industry which produces sizable quantities of sugar. Recent

figures of sugar production are as such in tonnes: 195,819 in 1974/75, 247,803 in 1978/79, 240,695 in 1979/80, and 402,120 in 1981/82. Tibiyo employs approximately 3500 workers at its different concerns.

Tibiyo maintains a list of pipeline projects which the management of the group always tries to promote. During the discussions we had the opportunity to obtain that list (see Attachment III), and the General Manager specifically mentioned four projects of priority interest to Tibiyo: Fruit Processing Plant, Interfood, Cattle Industry, and the Piggery (Slaughter House). Mr. Dlamini said that Tibiyo is always ready to cooperate with different potential partners and could favourably consider any proposal in that regard.

Concerning the immediate needs of Tibiyo that UNIDO could assist in fulfilling, the General Manager cited two cases: (i) one financial management analyst who would set up an appropriate accounting system for Tibiyo and also who could advise on further investments to be made by the group; and (2) one economist for project appraisal. For both cases, the General Manager promised to forward to UNIDO a request through the Department of Economic Planning and the UNDP office in Mbabane.

Tibiyo is a major group which cannot be ignored in the industrial development assistance that UNIDO could offer because the group is very active in the agro-industrial sub-sector. It is the opinion of the writer that due to internal arrangements in Swaziland it is rather hopeless to expect a formal request being sent by Tibiyo through the governmental channel to UNDP/UNIDO. One possibility is to be in close contact with Tibiyo through visits of staff members from UNDP/UNIDO.

6. Meeting with the Under-Secretary of the Department of Economic Planning and Statistics

The Under-Secretary was the highest official of the Department who was available by the time of the mission. The mission members were briefed on the responsibilities of the Department in relation to the industrial sector. In fact, it is admitted that little, if ever, planning is done in Swaziland not only for industry but also for the whole economy. Therefore, a particular

emphasis, as a matter of policy, is put on the privatization of the industrial sector which is the result of what could be termed as a free-enterprise economy. The Under-Secretary mentioned that NIDCS is the only organization which plans and executes industrial projects in the Kingdom.

7. Meeting with Mr. K. von HELLDORFF, Delegate of the Commission of the European Communities (CEC)

This meeting was convened to get the opinion and the programmes of another multilateral donor in Swaziland. The Delegate described the economic situation of the country and concluded that there are many prospects for industrialization. The CEC does not intervene directly in the industrial sector but one of its specialized agencies, the European Investment Bank (EIB) can participate in any feasible project in the country if there is a national partner. There have been a few cases where the EIB was involved in the consideration of some investments but no final agreements have been reached between the EIB and the Swazi counterparts.

The Delegate said nevertheless that the CEC has given a grant of 3 millions ECU (European Currency Unit) to the NIDCS for its capital funds to take shares in potential industrial enterprises. Apparently this money has not been used so far since its disbursement to NIDCS two years ago.

For the industrial sector, Mr. von Helldorff advised us as matter of strategy to convince the Government to start some industrial projects in co-operation with Tibiyo therefore leading to the combination of the politico-administrative machinery of the Government and the financial consortium represented by Tibiyo.

8. Meeting with the Managing Directors of the Swaziland Development and Savings Bank (SDSB)

The SDSB is 100 % a parastatal created in 1965. Activities of the Bank are mostly related to agriculture, small entrepreneurs and SEDCO. It is only through its relations with SEDCO that the Bank is "active" in the industrial sector. At the moment, little can be obtained from the Bank as a potential agent for the industrialization of the Swazi economy.

CONCLUSIONS

This programming mission undertaken in the Kingdom of Swaziland by UNIDO from 12 to 19 June 1983 was represented by staff members from PC/DEV, IO/AGRO, IO/FCTY, IO/MET, and IO/PLAN. The main conclusions of the mission could be summed up as follows:

- a) overall identification and specific determination of Swaziland's industrial development needs;
- b) Formulation of project documents from the relevant list of project ideas and concepts.
- c) Technical advices on an on-going concern(the Ngwenya Glass Factory) by Mr. Buckle of IO/MET.
- d) Negotiations with government authorities and other multilateral donors for possibilities of cost-sharing and trust-funds arrangements.

LIST OF PERSONS MET BY THE MISSION MEMBERS

- A. Ministry of Commerce, Industry, Mines and Tourism
- Mr. MNGOMEZULU, Permanent Secretary of the Ministry
- B. Department of Economic Planning and Statistics
- Deputy Director
- C. UNDP/Mbabane
- Mr. John G. GORDON, Resident Representative
 - Mr. Herbert KNUETTEL, JPO UNDP/DICD
 - Ms. Marilyn LEUCKX, JPO/UNIDO
- D. National Industrial Development Corporation of Swaziland (NIDCS)
- Mr. Walter E.M. DLAMINI, Managing Director
 - Mr. Dumisane D. NTSHALINTSHALI, Deputy Manager (Projects)
 - Mr. Mayson DLAMINI, Senior Project Officer
 - Mr. Mavela MATSEBULA, Manager, Projects Section
- E. Small Enterprises Development Company Limited (SEDCO)
- Mr. Vincent M. KHATHWANE, Managing Director
 - Mr. Baudla NOKINISA, Senior Project Officer
 - Mr. Siphon P. NKAMBULE, Estates Administration Manager
 - Mr. Mayson SIKELELA DLAMINI, Senior Project Officer
 - Mr. Paul Mfuyi LABODE, Project Officer
- F. Tibiyo Taka Ngwane
- Mr. A.S. DLAMINI, General Manager
- J. Delegation of the Commission of the European Communities
- Mr. K. von HELLDORFF, Delegate

- H. Swaziland Development and Savings Bank (SDSB)
 - Mr. A.V. KUNENE, Deputy General Manager
 - Mr. S.M. MKHONTA, Board Secretary, Manager Administration

- I. Veterinary Department, Ministry of Agriculture
 - Mr. G. FOURIE, General Manager, Swaziland Meat Corporation
 - Mr. Furaha S. SHUMA, Hides, Skins and Leather Expert

- J. Glass Works (Ngwenya Glass Factory)
 - Mr. Robert B. BULUNGAI, General Manager

- K. Tinkabi Tractor Plant
 - Mr. Alan CATTERICK, Manager

- L. Piggs Peak
 - Mr. Lars WESSBO, Managing Director of local woodworking company
 - Mr. Christer JOHANSSON, woodworking expert

LIST OF PROJECT POSSIBILITIES

Vegetable Dehydration (feasibility Study Available)
Ceramic Tableware manufacture (Feasibility Study available)
Technical ceramics - Domestic Sanitaryware etc
Prefabricated wooden houses
Paper mill from wood pulp (Usutu Pulp)
Distilling Industry (based on local Molasses)
Leather Industry (based on local hides)
Asbestos Cement slates, Pipes, tiles etc (based on local asbestos)
Iron ore Pelletizing plant
Cane furniture
Coal gasification (based on local coal)
Wooden toys
Electric Bulbs
Ball point pens
Batteries - motorcycle and automobiles
Sweets, biscuits, breakfast cereals etc
Wooden clothes pegs
Fasteners, tacks, screws bolts, barbed wire etc
Agricultural implements
Paints, varnishes, surface coatings
Soap for industrial and personal use, cleansers, laundry, delectants etc.
Spinning and weaving plant (based on local cotton)
Motorcycle assembly, also small cycles on bicycle frames
Bee-keeping for honey and bee wax
Wood-wool cement products
Cement-bonded particle board (UNIDO study available)
Steel pipes fittings
Rain wear
Umbrellas Assembly
Oil Refinery
Tobacco Processing (1978, study available)
Wattle Extract
Refining of used oil
Manufacture of Industrial Gas - Oxygen, Acetylene etc.
Tanning factory of local hides
Assembly of trucks, buses, passenger cars, caravan mobile homes etc.
Luggage, suitcases, travel-bags, belts shopping bags etc
Electric motors manufacturing and repair
Assembly of primus stoves
Production of bars valve fittings
Manufacture of steel window and door frames
Furniture manufacturing
Sanitary fittings, Accessories & Ware
Knitware manufacturing - cardigans, sweaters, jerseys etc
Plumbing fixture
Power tools
Radiator caps, flashers, ignition starters, fuses, lamps etc.
Blankets & bedspreads, wool and acrylic nylon mixtures
Enamelled houseware, basins, bowls, platters, etc.
Sisal twines, cords, boiler, twines binders
Aluminium housewares, pots, pans, kettles, cans
Fish raising, smoking, frozen, fresh, etc.

Duck Raising
Foam Mattresses, sandals, etc
School exercise books
School uniforms
Pharmaceuticals
Foundry
Fruit and Vegetables processing

The above are project possibilities which the National Industrial Development Corporation of Swaziland feels could be established in Swaziland. Feasibility studies on the above may or may not be available. Strong emphasis is made on projects that will exploit locally available raw materials and are labour intensive.

TIBIYO TAKA NGWANE
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 APRIL 1982

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THE FINANCIAL STATEMENTS APPEARING ON PAGES 2 TO 13 ARE SIGNED
ON BEHALF OF THE COMMITTEE.

Libandla LeTibiyo Taka Ngwane

We have examined the Financial Statements of Tibiyo Taka Ngwane set out on pages 2 to 13 and we report that -

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- (b) in our opinion, and according to the best of our information and explanations given to us and as shown by the books of Tibiyo Taka Ngwane, the Balance Sheet fairly presents the financial position of Tibiyo Taka Ngwane at 30 April 1982 and the results of its operations for the year then ended.

TIRIYO TAKA NGWANE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1982

STATEMENT OF ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies which are consistent with those adopted in the previous year.

1. ACQUISITION OF LAND AND IMPROVEMENTS FOR THE SWAZI NATION

It is the policy of the Tibiyo Taka Ngwane to purchase land and improvements on behalf of the Swazi Nation. The land so acquired does not vest in Tibiyo Taka Ngwane as such but is registered in the name of the Ngwenyama as Trustee for the Swazi Nation. The cost of such land and improvements is thus shown as a deduction from accumulated funds.

2. INVESTMENTS IN COMPANIES

Investments in companies are valued at cost less provisions made for any anticipated losses.

3. PRELIMINARY PROJECT EXPENSES

Preliminary project expenses will be written off if the project concerned does not become viable or will be refunded or capitalised as an equity interest if the project becomes viable.

4. FIXED ASSETS

Fixed assets consist of vehicles, furniture, fittings and equipment which are depreciated at rates which will reduce their book values to estimated residual values over their anticipated useful lives.

5. STOCKS

Stocks consist of standing crops, livestock and merchandise valued as follows :-

Standing crops - at cost of establishment, fertilisation, cultivation and irrigation.

Livestock - at standard taxation values.

Merchandise - at the lower of cost and net realisable value.

TIBIYO TAKA NGWANE

BALANCE SHEET AT 30 APRIL 1982

	<u>Note</u>		<u>1981</u>
ACCUMULATED FUNDS		51 911 351	46 071 573
<u>Deduct</u> Acquisition of land and improvements for The Swazi Nation	1	5 832 834	5 269 528
TOTAL FUNDS EMPLOYED		<u>E46 078 517</u>	<u>E40 802 045</u>
Represented by -			
INVESTMENTS			
Companies	2	20 037 501	18 910 070
Prepayment on investment			
Royal Swazi National Airline		750 000	750 000
Loans			
Royal Swaziland Sugar Corporation Limited		13 000 000	13 000 000
Simunye Plaza (Proprietary) Limited		374 900	374 900
Metalware Manufacturers (Swaziland) Limited		125 874	125 874
Tisuka Taka Ngwane		149 000	199 000
		<u>34 437 275</u>	<u>33 359 844</u>
PRELIMINARY PROJECT EXPENSES	3	450 127	32 976
FIXED ASSETS - at book value	4	1 381 863	909 926
CURRENT ASSETS			
Stocks	5	2 730 067	
Debtors and prepayments		5 599 858	
Cash	6	2 594 880	
		<u>10 974 805</u>	
<u>DEDUCT</u> CURRENT LIABILITIES			
Creditors		1 165 553	
Standard Bank Swaziland Limited		-	
Bank of Credit and Commerce International Swaziland Limited		-	
		<u>1 165 553</u>	
NET CURRENT ASSETS		9 809 252	
TOTAL EMPLOYMENT OF FUNDS		<u>E46 078 517</u>	<u>E40 802 045</u>

TIBIYO TAKA NGWANE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1982

		<u>1981</u>
<u>INCOME</u>		
Dividends	5 151 576	2 855 629
Gross profit contribution by farming and trading undertakings (Tibiyo managed)	208 596	169 563
Interest	1 731 103	1 369 677
Net profit third party managed projects	1 281 753	2 155 621
Sundry	155 815	104 058
	<hr/>	<hr/>
	8 528 843	8 669 585
<u>EXPENDITURE</u>		
Administration costs	594 277	594 277
Bad debts	135 002	135 002
Contribution towards costs of the Swazi Nation (Note 8)	732 362	732 362
Depreciation	159 940	159 940
Interest paid	199 479	199 479
Loss on disposal of fixed assets	1 425	1 425
Project overhead expenses (Tibiyo managed)	668 047	668 047
Projects abandoned	1 273	1 273
Provision for obsolete stock	266 534	266 534
	<hr/>	<hr/>
	2 758 330	2 758 330
Excess of income over expenditure for the year	5 770 504	5 911 255
Accumulated funds at 30 April 1981	46 071 573	46 071 573
<u>Add</u> Adjustments in respect of prior year	69 274	69 274
	<hr/>	<hr/>
	46 140 847	46 140 847
Accumulated funds at 30 April 1982 per Balance Sheet	<hr/>	<hr/>
	51 911 351	51 071 573

TIBIYO TAKA NGWANE
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30 APRIL 1982

<u>SOURCE OF FUNDS</u>		<u>1981</u>
Excess of income over expenditure for the year	5 770 504	8 561 421
Adjustment in respect of prior year	69 274	69 013
<u>Add</u>		
Depreciation	159 940	109 874
Loss on disposal of fixed assets	1 425	-
	<u>161 365</u>	<u>109 874</u>
Funds derived from operation	6 001 143	8 740 308
Loans received	-	1 515 094
Proceeds of disposal of investments	155 566	-
Proceeds of disposal of fixed assets	1 900	9 109
Repayment of loan	50 000	-
	<u>E6 208 609</u>	<u>E10 264 511</u>
<u>APPLICATION OF FUNDS</u>		
Acquisition of - Investments	770 443	510 732
- Land and improvements for the Swazi Nation	563 306	315 288
- Plant, machinery, vehicles and equipment	636 202	196 163
Repayment of investment acquisition loans	512 554	656 255
Loans granted	-	1 000 900
Preliminary project expenditure	417 151	2 514
Net increase in working capital	3 308 953	2 254 514
	<u>E6 208 609</u>	<u>E10 264 511</u>
<u>CHANGE IN WORKING CAPITAL</u>		
Increase/(Decrease) in - Stock	616 068	413 714
- Debtors	902 772	850 000
- Cash	(548 117)	886 259
	<u>970 723</u>	<u>4 567 303</u>
- Creditors	137 144	154 674
- Bank overdraft (2 475 374)	(2 475 374)	-
Net increase in working capital	<u>E3 308 953</u>	<u>E4 412 629</u>

TIBIYO TAKA NGWANE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1982

1. Acquisition of Land and Improvements
for the Swazi Nation

<u>Property</u>	<u>Local Name</u>	<u>Hectares</u>	<u>Locality</u>	<u>Total Cost</u>	
				<u>1982</u>	<u>1981</u>
Ballock Farm	Balloch	120	Matsapha	16 757	16 757
Beginsel Farm	Kubuta	917.8	Hlatikulu	60 658	60 658
Bezuidenhout Property	Kelly's Hope	128.4798	Malkerns	53 000	53 000
Border Tiaber				75 000	-
Rosrand Farm		284.0474	Manzini	32 000	32 000
Carrington Farm	Carrington	218	Malkerns	38 105	38 105
Droxford Farm				21 164	21 164
Dalcrue Farm	Dalcrue	556	Malkerns	116 871	116 871
De Doorns Farm	De Doorns	2136.5936	Hhohho	20 000	20 000
Estate Mazibuko	Est Mazibuko	73.5	Shiselweni	200	200
MacIntyre Farm	MacIntyre	2866.7	Hlatikulu	46 464	46 464
G L King Investment	King Investment			75 000	75 000
Girdwood Dingley	Last Post	1637.59	Shiselweni	6 080	6 080
Gege - Farm 775				29 000	-
Gordon Bennett Ranches	Mpofu	5032.4	Hhohho	171 592	171 592
Herbst	Herbst	3	Lubombo	12 319	12 319
Jacaranda	Jacaranda	48.5	Malkerns	27 000	27 000
Jacobs	Dumisa	3091	Manzini	119 702	119 702
Joubert	Labora	696.7	Manzini	5 000	5 000
King	King	30	Manzini	11 395	11 395
Lensvelt Farm	Lensvelt	108.3	Malkerns	35 968	35 968
Louw Farm				42 000	-
Manzini House	Manzini		Manzini	25 531	25 531
Manzini Property	Manzini Property		Manzini	26 000	26 000
Malkerns	Malkerns Farm	170.4	Malkerns	34 515	34 515
Mbuluzi Property	Mbuluzi			303 461	303 461
Mpangela Ranch	Mpangela	1394		25 504	25 504
P J Fotheringham Property	Fotheringham	121	Malkerns	44 000	44 000
Potgieter	Greenings	902.9	Lubombo	12 918	12 918
Laaggenoeg		1564.6373	Manzini	40 000	40 000
Ross Citrus Estate	Ross Citrus Est	323.4286	Malkerns	130 000	130 000
Shain	Shain	185	Malkerns	39 665	39 665
- carried forward -				1 696 869	1 550 869

TIBIYO TAKA NGWANE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1982

Continued)

1.(Continued)				<u>Total Cost</u>	
<u>Property</u>	<u>Local Name</u>	<u>Hectares</u>	<u>Locality</u>	<u>1982</u>	<u>1981</u>
	- brought forward -			1 696 869	1 550 269
Talbot	Talbot	37.3	Hhohho	43 878	43 878
Thomson Estate	Thomson Estate			11 250	11 250
Usutushwana Estate	Usutushwana Estate	169	Matsapha	40 528	40 528
van der Watt Farm	Langkraal	411	Mliba	25 000	25 000
Wagner Ranch	Wagners	4236.8	Siteki	75 000	75 000
Wiid Property	Wiid		Lubombo	54 928	54 928
Swaziland Cotona Cotton Ginning Company Limited	Wiid	4736	Lubombo	52 582	52 582
Dalcrue Farm - housing				39 411	28 873
Dams in Chief Thabede's Area				2 437	2 437
Droxford - Buildings				41 643	40 768
Etsheni Fencing				854	854
Etsheni House				6 207	6 207
Fisheries Building				2 743	2 743
Gege - housing				6 650	-
Jacaranda Farm - Sheds				1 771	1 771
Kaolin Mine - Building				634	634
Kentucky				6 611	-
Lozitha Office Block				100 751	87 737
Lobamba Ablution Block				606	606
Malkerns Dairy				222 511	173 290
Malkerns Farm Buildings				41 435	41 435
Malkerns Farm Housing				78 380	-
Masundwini Fencing				11 753	11 753
Malkerns -				46 400	-
John Hurbats Farm				45 000	45 000
Murphy Farm				326	-
Rice Mill . Building				62 102	371
Sivandze Se Shiselweni - Kitchen				7 868	7 868
Tshelani -				18 030	2 116
Prospecting Rights				481 020	481 020
Sihoya - Buildings				53 500	53 500
	- carried forward -			<u>3 284 691</u>	<u>2 843 016</u>

TIBIYO TAKA NGWANE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1982
(CONTINUED)

1. (Continued)				<u>Total Cost</u>	
<u>Property</u>	<u>Local Name</u>	<u>Hectares</u>	<u>Locality</u>	<u>1982</u>	<u>1981</u>
	- brought forward -			3 284 681	2 843 016
Bank of Credit & Commerce International (Sw) Ltd			Manzini	185 645	185 335
				<hr/>	<hr/>
				3 470 326	3 028 351
Sivunga (see note 1(a) on page 9)			Lubombo	2 500 189	2 378 858
				<hr/>	<hr/>
				5 970 515	5 407 209
<u>Deduct Disposals:</u>					
Umbeluzi Estates				11 655	11 655
Mineral rights				126 026	126 026
				<hr/>	<hr/>
				137 681	137 681
				<hr/>	<hr/>
				E5 832 834	E5 269 528
				<hr/>	<hr/>

TIBIYO TAKA NGWANE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1982

1. (Continued)

The activities of Tibiyo Taka Nkwane are conducted on whichever of the aforementioned Swazi Nation land has been allocated to it by the Ngunyama.

1. (a) Details of Expenditure at Sivunga

Establishment of cane fields	623 437
Irrigation, structures, culverts and dams	424 100
Pump station, buildings, underground piping	149 037
Management housing	9 662
Married and single accommodation and kitchen	591 229
Sivunga office	8 200
New open dam	5 461
River pump station	2 967
Sivunga shopping centre	11 300
Storeroom and service bay	1 590
Canal pump station	49 795
Canals and storage dam	54 767
Roads and loading stations	139 320
Bridges over Nyetane	36 675
Poortzicht Farm	198 370
Water purification	25 855
Butchery alteration	4 920
House and shop at Logo Pool	7 500
Qokwane - Village	86 217
- Sewerage	69 787
	<u>E2 500 189</u>

TIBIYO TAKA NGWANE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1982
(Continued)

					<u>1981</u>	
<u>2. Investments</u>						
	<u>Equity</u>	<u>Cost less provision for loss</u>	<u>Balance owing</u>	<u>Income for the year</u>	<u>Equity</u>	<u>Cost less provision for loss</u>
Bank of Credit and Commerce International (Swaziland) Limited	45%	495 000		63 000	45%	387 000
Beral (Swd)(Pty) Limited	20%	383 000		-	20%	383 000
Havelock Asbestos Mines (Swd) Ltd	40%	1 200 000		748 000	40%	1 200 000
Metalware Manufacturers (Swd) Ltd	40%	303 472		73 080	40%	303 472
Mhlume (Swd) Sugar Company Limited	50%	6 250 000	3 641 155	750 000	50%	6 250 000
Roberts Construction (Swd) Ltd	50%	2		164 500	50%	2
The Royal Swd Sugar Corporation Ltd	32.4%	13 000 000			32.4%	13 000 000
Simunye Plaza (Pty) Limited	25%	100			25%	100
Swazispa Holdings Limited	38.7%	584 557	349 459	610 753	38.7%	132 755
Swaziland Brewers Limited	40%	2 240 000	1 680 000	219 843		-
Swaziland Iron Ore Development Co Limited	20%	94 434			20%	250 000
Lonrho Sugar Corp. Limited	2.7%	45 000		12 000	2.7%	45 000
Tibiyo Insurance Brokers (Pty) Ltd Limited	52.6%	50		20 000	52.6%	50
Uombo Ranches Limited	40%	1 112 500		2 490 400	40%	1 112 500
		<u>25 708 115</u>	<u>E5 670 614</u>	<u>E5 151 576</u>		<u>25 855 879</u>
<u>Deduct</u> Amounts owing in respect of the purchase price		5 670 614				1 155 899
		<u>E20 037 501</u>				<u>E24 700 000</u>

TIBIYO TAKA NGWANE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1982
 (CONTINUED)

2. INVESTMENTS

- (a) The Ngwenyama has acquired shares in the above Companies in Trust for the Swazi Nation. The committee is of the opinion that these investments have a value of at least the amount shown above.
- (b) The amounts owing with the exception of Swaziland Brewers Limited are repayable out of future dividends paid by the Companies. The amounts owing to Swaziland Brewers Limited is repayable in annual instalment of E560 000.
- (c) The shares of Mhlume (Swaziland) Sugar Company Limited are pledged to the Commonwealth Development Corporation as security for the amount owing in respect of the cost of the shares.
- (d) The cost of the shares in Swaziland Iron Ore Development Company Limited of E94 434 (1981 - E250 000) reflected above is equal to the dividends which Tibiyo Taka Ngwane anticipate receiving.

3. Preliminary Project Expenses

Brick	15 565
Oil Refinery	11 275
National Hospital	80 063
Pioneer Textiles	-
Tibiyo Agricultural	-
Tyson Poultry	32 225
Usutu River Basin	310 999
	E450 127

4. Fixed Assets (book value)

Vehicles	509 197
Furniture, fittings and equipment	872 666
	E1 381 863

1981

-
 175
 192
 27
 735
 6 000
 776
 847
 979
 926

TIBIYO TAKA NGWANE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 1982

(Continued)

		<u>1981</u>
5. <u>Stocks</u>		
Cattle	120 060	98 940
Dairy cattle	298 640	149 840
Bulembu Store - Goods for resale	183 405	245 833
Goats	15 076	17 793
Jacaramba - Fertiliser	-	2 320
Maize - Standing crops	283 371	119 070
Malkerns - Standing crops	5 223	-
Paramount Bottle Store - Liquor	-	19 266
Rice Mill - Rice	7 735	78 227
Sihoya - Standing cane	69 465	60 432
Sivunga Sugar Estates -		
Standing Cane and fertilizer	1 701 805	1 354 146
Tibiyo Trading Agency - Goods for resale	87 455	7 875
Fuel	2 577	935
Total project stock	<u>2 774 817</u>	<u>2 154 677</u>
Fuel - Head office	5 255	9 322
	<u><u>E2 780 072</u></u>	<u><u>E2 163 999</u></u>
6. <u>Cash</u>		
Fixed and special deposits	295 946	989 302
Call accounts	2 557 948	2 135 476
Cash at bank	65 000	97 197
Cash on hand	880	2 378
	<u>2 919 774</u>	<u>3 224 353</u>
<u>Deduct</u>		
Bank overdraft	324 894	81 356
	<u><u>E2 594 880</u></u>	<u><u>E3 142 997</u></u>
7. <u>Contribution to The Swazi Nation</u>		
Tibiyo Taka Ngwane utilises portion of its income for -		
(a) the promotion of the health, welfare, education and housing of the Swazi people;		
(b) the general maintenance and administration of the traditional institutions of the Swazi people;		
(c) generally, any other purpose the Ngwenyama considers to be the responsibility of the Swazi people or which will further their interests.		

TIRIYO TAKA NOMANE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1982

(Continued)

8. Comparative figures

Certain comparative income and expenditure amounts have been reallocated for disclosure purposes for the year ended 30 April 1982.

TIBIYO TAKA NGWANE PROJECTS UNDER REVIEW

1. Fruit Processing Plant

- a) Study available.
- b) Talks to form a joint venture company in progress between Tibiyo and Steg.

2. Wheat Production

Study being undertaken by Boerenbond.

3. Interfood

- a) Study available.
- b) Joint venture company about to be formed between a company in West Germany and Tibiyo.
- c) Preparatory work has already been undertaken.

4. Usutu/Nqwavuma River Basins

General study available.

5. Cattle Industry

- a) Study being undertaken by Boerenbond.
- b) The study covers animal production, dairy cattle and beef cattle in the area of zero grazing.

6. Poultry Industry

Study being undertaken by Boerenbond.

7. Piggery

Study being undertaken by Boerenbond.

INDUSTRIAL PLANNING AND PROGRAMMING IN SWAZILAND

(Contribution of Mr. F. Richard, IO/PLAN)

1) Objectives for the Industrial Sector

The objectives of the 3rd National Development Plan (1978/79 - 1982/83) for the industrial sector are:

- 1- To promote rapid industrial growth in order to raise incomes and employment;
- 2- to promote the development of local enterprises and management and to increase the participation of Swazi nationals at all levels of the industrial sector;
- 3- to achieve a greater measure of Swazi control over industry;
- 4- to establish industries in the less developed areas of the country;
- 5- to obtain maximum values from all local natural resources especially by raising the level of the stage of processing in existing and future industries;
- 6- to establish export oriented industries, primarily those with a potential for markets outside the southern African region.

The Government capital expenditures planned for industry in the 3rd National Development Plan amount to about E 70 million, half of which being allocated to the establishment of a sugar mill. This represents 9% of the total Government expenditures for the 3rd National Development Plan.

2) Industrial strategy, policies and instruments

Swaziland is an open economy and the Government's policy is to develop export markets for the country's agricultural and industrial products and to enter in bilateral and multilateral trade agreements. Swaziland has access to EEC markets under

the Lomé Convention and to signatories of GATT under the Generalized System of Preferences. She has recently joined the Preferential Trade Area for Eastern and Southern African countries and she is a SADC member.

Swaziland is a member of the South African Customs Union (SACU) which allows a free movement of goods across the member states (South Africa, Botswana, Lesotho and Swaziland). The balance of trade is largely in favour of South Africa which accounts for more than 90 % of Swaziland's imports and about 23 % of her exports. The SACU agreement provides for infant industry protection, but the procedures are complicated and rarely invoked.

Swaziland has a free enterprise system and there is no industrial licencing policy. However, both the Government and the Swazi Nation play an active role in promoting and supporting the country's industrial development through three national development organizations:

- The National Industrial Development Corporation of Swaziland (NIDCS) is a parastatal organization which promotes and supports the establishment of industrial units with a capital investment exceeding E 100,000. These projects are usually in export oriented industries.
- The Small Enterprises Development Companies Ltd (SEDCO) is a wholly owned NIDCS subsidiary which aims at reducing the gap between the traditional and the modern sectors through the development of local entrepreneurship and the promotion of small scale industries with a capital investment less than E 100,000. These projects supported by SEDCO are usually oriented toward import substitution.
- Tibyo Taka Nowane is a development fund owned by the Swazi Nation and is outside the Government system. It has extensive interests in mining and agriculture and is becoming increasingly involved in promoting capital intensive projects in the modern export oriented industrial sector.

The Government's policy is to attract foreign capital and know-how to support the industrialization process. NIDCS can assist foreign investors with the preparation of pre-investment studies, the provision of loans and equity capital, the lease or sale of factory buildings; other incentives include a tax holiday in the early years of operation. There is no restriction on the movement of capital and profits.

Most industries of the modern sector are established in industrial estates developed by the Government. The main industrial estate of Matsapha on the main Mbabane Manzini highway is now fully occupied and a new industrial estate is being established at Nywenya at 20 Km of Mbabane on the main Mbabane/Johannesburg road.

Nine mini-industrial estates have been developed by SEDCO for small scale enterprises.

3) The industrial planning system

There is no effective industrial planning process and the dualism in the political system does not facilitate the coordination between the Government institutions supporting the industrial development (NIDCS and SEDCO) and Tlhyo with regard to the country's industrialization process.

The Ministry of Commerce, Industry, Mines and Tourism is a weak and understaffed institution, in particular with regard to industry and there is no unit in charge of industrial planning and development.

NIDCS and SEDCO should promote and support only those industrial projects which contribute to the objectives of the National Development Plan. Employment creation, processing of local resources, linkages with existing enterprises, localization outside the Mbabane - Manzini are the criteria which should be used to evaluate the projects to be promoted. However, both the lack of competence and staff in the preparation and evaluation of industrial projects and the dependence on foreign investors

for industrial development limit the capacities of NIDCS to choose which projects should be implemented.

4) Evaluation of the recent trends in industrial development

The industrial development during the 3rd National Development Plan does not seem to have produced the expected results in terms of economic balanced growth, creation of employment opportunities and reduction of the dependence upon the Republic of South Africa. The pattern of industrial development has continued to follow the same lines as in the past with the establishment of capital intensive units controlled and managed by expatriates and located in the Mbabane-Manzini Corridor. Industrial development is still an enclaved sector with a limited output diversification mainly oriented toward export markets. There are few backward and forward linkages within the industrial sector and with the other sectors of the economy. On the basis of our limited understanding of the situation we believe that there are at least three main causes which explain these poor results:

First, because of the world recession, fewer companies from the industrialized countries are seeking investment opportunities abroad at the present time. In addition, South African Investors, the main group of investors in Swaziland, are now offered advantageous incentives to establish in the homelands. The recession has also diminished the flow of government revenues from the Customs Union and the export earnings. This decrease in government revenues has in particular caused a sharp reduction in 1982 in the planned government expenditures for NIDCS.

Second, there is a lack of a clearly defined industrial strategy with a set of appropriate policies and programmes of development which will enable the Government to develop a well integrated industrial structure on the basis of a sound management of the internal

and external constraints and opportunities faced by the country in its industrial development. This is particularly true for the development of a network of small scale industries by national entrepreneurs

Third, the institutional framework for industrial planning and programming is too weak. The Ministry of Commerce, Industry, Mines and Tourism does not have the capacities to formulate and manage the appropriate strategy, policies and plans for the development of the industrial sector. The lack of working relationships between the Ministry and the other ministries concerned by the country's industrialization process and the lack of coordination between the Ministry of Industry NIDCS and SEDCO on one side and the Tibyo on the other side hinder the implementation of an overall industrial strategy and policy framework. The capacities of NIDCS and SEDCO in the preparation and evaluation of industrial projects are limited and their approach in identifying and formulating industrial projects is biased toward the exploitation of local resources and does not take enough into consideration marketing aspects.

5) Possibilities of cooperation between Swaziland and UNIDO in the field of industrial planning and programming

The following possibilities of cooperation between Swaziland and UNIDO in industrial planning and programming were defined during the programming mission.

Project idea No. 1: Assistance in the field of industrial strategy and policies

This project will prepare an up-dated report on the country's industrial development which will review the industrialization process and study the role of the government and of the institution in planning and developing the industrial development.

A training workshop will then be organized for high level officers from the ministries and institutions involved in the country's industrial development. The participants will be trained in the field of industrial strategy and policies; they will discuss the up-dated report on the country's industrial development and propose changes to be introduced in the national industrial strategy and policies and in the organization of the institutional framework supporting the industrial planning and development process.

On the basis of the conclusion of the workshop on industrial strategy and policies, the project will prepare a set of recommendations to revise the industrial strategy and policies and to improve the organization of the institutional framework supporting the industrial planning and development process.

Project idea No. 2: Assistance to the Ministry of Commerce, Industry, Mines and Tourism in industrial planning

Within the framework of the industrial objective, strategy and policies, the project will assist the Ministry of Commerce, Industry, Mines and Tourism in the establishment of an industrial master plan. The project will assist in the identification of key priority branches/section and in the formulation of integrated development programmes for these key section/branches. The project finally will assist the Ministry in strengthening its capacities in planning and monitoring the industrialization process. The project will train officers of the Ministry of Industry in the methodologies and techniques for preparing, implementing and monitoring an industrial master plan.

Project idea No. 3: Assistance to MIDCS and SFTCO in the preparation of industrial projects

The objective of this project will be to assist MIDCS and SFTCO in preparing pre-investment studies (opportunity, pre-feasibility and feasibility studies) for key industrial projects. The project

will also assist NIDCS and SEDCO in evaluating and promoting industrial projects which will contribute to the achievement of the Government's objectives and strategy in the industrial sector.

Project idea No. 4 Training in the preparation and evaluation
of industrial projects

The objective of this project will be to train officers of NIDCS and SEDCO in the preparation of pre-investment studies (opportunity, pre-feasibility and feasibility studies) and in the evaluation of industrial projects.

Contribution of Mr. J. Perg, Agro-Industries Section, Division of Industrial Operations, to the Report of the Programming Mission to the Kingdom of Swaziland, 12-18 June 1983

I. INTRODUCTION

The purpose of the mission was to participate as representative of the Agro-industries Branch in the UNIDO Programming Mission. The other participants were:

Mr. J. Djibo	Programme Development and Evaluation Branch
Mr. F. Richards	Industrial Planning Section.
Mr. A. Buckle	Metallurgical Industries Section
Mr. M. Farah	Factory Establishment and Management Section.

The general mission report will reflect the detailed programme of the mission, therefore, below are only presented the comments on the subjects concerning the agro-industries sector of Swaziland.

II. FINDINGS

1. General

Meetings were held with the following official authorities:

the Ministry of Industry, Commerce, Tourism and Mining;
Department of Planning in the Ministry of Finance (the Department of Planning falls directly under the Prime Minister)
National Industrial Development Corporation of Swaziland (NIDCS)
Small Enterprises Development Corporation (SEDCO)
Veterinary Department of the Ministry of Agriculture
Tibiyo Taka Ngwane, representation of EEC
as well as the UNDP Resident Representative and his staff.

The meetings were conducted in order to assess the capabilities of the present infra-structure, the industrial development plans of the country, and specifically the areas of priorities where UNIDO assistance would be needed.

In addition to the above meetings, visits were made to the Swaziland Meat Corporation (SMC), the Figgs Peak Industrial Estate (wood working), the joint venture wood working factory (SEDCO and Swedish Hultafors), the glass factory and a large private country abattoir.

The above meetings confirmed that the industrial development is very much agro-based and that the development potential in the agro-industries sector is very good indeed. The two parallel development organizations (Tibiyo and NIDCS) presented long "shopping" lists for projects (copies attached), which were mainly agro-dominated. Tibiyo was requested to submit their studies on the "Fruit Processing Plant", "Interfood", and "Cattle Industry" to UNIDO for comments. The General Manager promised to send the studies after consultation with his board.

2. The Leather and Leather Products Industry

The livestock population according to the Central Statistical Office is as follows:

	<u>1972</u>	<u>1977</u>	<u>1979</u>
Cattle	589,220	634,090	660,500
Goat	252,037	257,898	284,713
Sheep	37,247	30,952	29,713
Horses	1,971	1,700	1,762
Mules	272	276	418
Donkeys	15,704	13,155	14,060
Poultry	379,222	514,415	590,199
Pigs	14,493	20,481	19,824

It seems, therefore, that the FAO Yearbook figures for 1981, i.e. cattle 670,000, goats 264,000 and sheep 50,000 can be accepted as reasonably reliable.

However, no evidence was found to support the high "off-take" rate of 53 per cent in goat, and the production figure of 140,000 goat skins per year is highly suspect. A more reliable estimate for the production

(and collection) of goat skins would be about 50-70,000 pieces per year according to local estimates.

Furthermore, it should be noted that the figure published by FAO concerning the area yield of Swazi cattle hides per piece of about 42 sq.ft. is grossly over-estimated. The figures from the SMC slaughter show that the average is around 30 sq.ft. per piece for the Swazi cattle hides, and the average weight of wet-salted is about 20 kg, of dry-salted 15 kg, and dried 8 kg per piece.

The SMC has abandoned their plan to build a wet-blue tannery. The reason given was that the slaughter rate of the SMC, which was nearly 200 cattle per day, has dropped to 100 cattle per day. This is mainly because the import of live cattle from South Africa has been stopped and the traditional Swazi farmer is not interested in selling his cattle, as the cattle herds represent for him a different value with "prestige in numbers".

The present price structure of cattle hides in Swaziland is as follows:

Primary producer receives approximately	10	Emalangeni/piece
Export to South Africa of wet-salted obtains	16-18	" "
Export from SMC to overseas (wet-salted)	20.4	" "

(Documentary evidence was shown to confirm the last price, 1.02 Emalangeni/kg).

In spite of the fact that the SMC has shelved their plan to start a mechanized wet-blue tannery - or may be just because of this decision -, it is most important for the national industrial policy to pursue the development in the leather industry sector.

It is, therefore, strongly recommended that the Government will request the services of a short-term UNIDO expert to carry out a six-week techno-economic study for the establishment of a mechanized tannery.

..... The enclosed job description was left with the NIDCS and it is expected that a request should be forthcoming shortly. It was agreed that September 1983 would be a suitable time to field the expert.

The starting up of the tannery (possibly as joint venture with some UNIDO technical assistance) would be only the first step in the development of the leather and leather products industry. Initially the tannery would cater for wet-blue exports and finish small quantities of leathers for local consumption. The quantities of finished leather would be gradually increased to supply the local shoe and leather goods industry in order to substitute imports. (Bata should be contacted to determine their interest in a joint venture partnership with the tannery.)

The imports of leathers and leather manufactures in 1980 was 607,000 Emalangi, and of footwear 6.57 million Emalangi.

In addition to the tannery project it is also recommended that a small leather, footwear and leather goods training and production unit should be started under SEDCO (the small SEDCO tannery in Hlatikulu has been closed). This unit would have a small tannery to produce pilot runs of vegetable tanned leather and some chrome uppers, a department for producing handicraft-orientated leather goods and sandals, and a department for training in industrialized leather goods manufacture. To begin with, the handicraft production should concentrate on producing simple goods with traditional designs for the tourist market (see enclosed sketches). A project proposal will be prepared by the back-stopping section and sent to SEDCO for evaluation and possible request for UNIDF special purpose financing.

As soon as the tannery is operational and capable of producing finished leather for local consumption, a small semi-mechanized shoe factory for the production of about 500 pairs per day should be started. A yearly production of 125,000 pairs of footwear should be easily marketable on the local market. The total consumption is estimated to be around 300,000 pairs per year (import value of 6.5 million Emalangi) or 0.53 pairs per caput/year. Such a factory would have a labour force of 50-60 employees and reduce the footwear import value by approximately 2.5 million Emalangi. A detailed techno-economic study for starting up this factory should be carried out as soon as the tannery is in operation.

3. The Wood Sector

The forest area of Swaziland is about 120,000 hectares, of which about 97,000 hectares are planted forest consisting mainly of coniferous species (72,000 hectares), salina/eucalyptus (22,000 hectares) and wattle (3,330 hectares).

The pine trees are grown mainly for the production of pulp wood and the wattle bark is exported to South Africa on a quota basis controlled by the South African Wattle Growers Union.

The SEDCO industrial estate in Piggs Peak and the SEDCO joint venture with Swedish Hultafors were visited. The Managing Director of the joint venture company "Peaks Industry Ltd.", Mr. Lars Wessbo, expressed his disappointment that because of a change in SIDA policy he and his production manager were not able to work for UNIDO. Mr. Wessbo presented his ideas on the development of the whole SEDCO wood industry operations and indicated his interest in assisting the other SEDCO wood working estates provided he could obtain additional expert help through UNIDO. Mr. Wessbo's concepts seemed very clear and sound and it was, therefore, suggested that he will put his views on paper and prepare draft job descriptions and send them with the Government's request through the normal channels to UNIDO. The Project Review Committee could then be approached to find funding for the implementation of the requests.

4. Other Agro-industrial Projects

Literature from NIDCS including pipeline project lists, an economic survey, a guide for investors in Swaziland, and a review of commerce and industry in Swaziland, are available for further information in the writer's office to anyone interested.

Note: Local currency 1.1 Emalangeni = US\$ 1

UNITED NATIONS



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO

26 January 1983

PROJECT IN SWAZILAND

DRAFT JOB DESCRIPTION

SI/SWA/83/.../

Post title Leather Industry Expert

Duration Six weeks

Date required As soon as possible.

Duty station Mbabane, with travel within the country.

Purpose of project To obtain information on the production and collection system of raw hides and skins. To formulate a project proposal for the establishment and operation of a medium-sized tannery producing leather for the requirements of domestic leather product industry and for exports.

Duties The leather industry expert will be attached to the Ministry of Industry and Trade and he will be especially expected to:

1. Assess the quantity and quality of raw hides and skins available and collect all relevant background information on the subject matter.
2. Advise on the most suitable location for the establishment of a tannery, taking into consideration the existing infrastructure and the utilities required.
3. Prepare a layout for a tannery capable of producing about 300 cattle hides and 300 goat skins per day. Specify machinery and equipment needed.
4. Estimate the capital requirements for:
 - site preparation
 - connection works
 - construction of buildings
 - machinery and equipment
 - operational cost including raw materials, chemicals, labour, overheads etc.

5. Prepare a report on the aspects and socio-economic impact which the envisaged tannery is expected to have on the country's economy.

The expert will also be expected to prepare a technical report setting out the findings of his mission including a project proposal and recommendations for the Government on further action which might be taken.

Qualifications: The expert should have extensive and varied experience in the leather industry, including planning of tanneries. Experience gained through working on similar projects in developing countries would be desirable.

Language: English.

Background information: Swaziland has a fairly large livestock population which is estimated to total up to about 700,000 cattle, 300,000 goats and sheep. As no mechanized tanneries exist in Swaziland, virtually all raw hides and skins are exported to South Africa with a very limited economic benefit for the producers. A small rural tannery established by ILO/UNDP in Hlatikulu some years ago, is not able to handle more than a few hides and skins per day.

FAO, under TCP/SWA/2201, has executed an extensive hides and skins improvement programme and carried out a survey on the availability of the raw materials. The mission report of FAO recommends the establishment of a medium-sized tannery capable of processing daily 400 hides and 200 skins. The Swaziland Meat Corporation (SMC), a fully mechanized abattoir, accounts for 35% of the total hides and skins production. In 1979 722,074 kgs. of wet-salted hides were exported and EM 732,100 worth of revenues were realized. The figures for 1980 are showing a decline to 386,712 kgs. and EM 306,300 respectively, owing to the building-up of herds. The average weight of a wet-salted hide is 20 kgs. Tentative estimates based on the FAO report would support a production of some 90,000 bovine hides and about 70,000 goat and sheep skins per year.

APPENDIX

The sketches presented in this appendix are only a very rough guideline in what direction the so-called "Native Designs" could be developed in the leather and leather products sector in Swaziland.

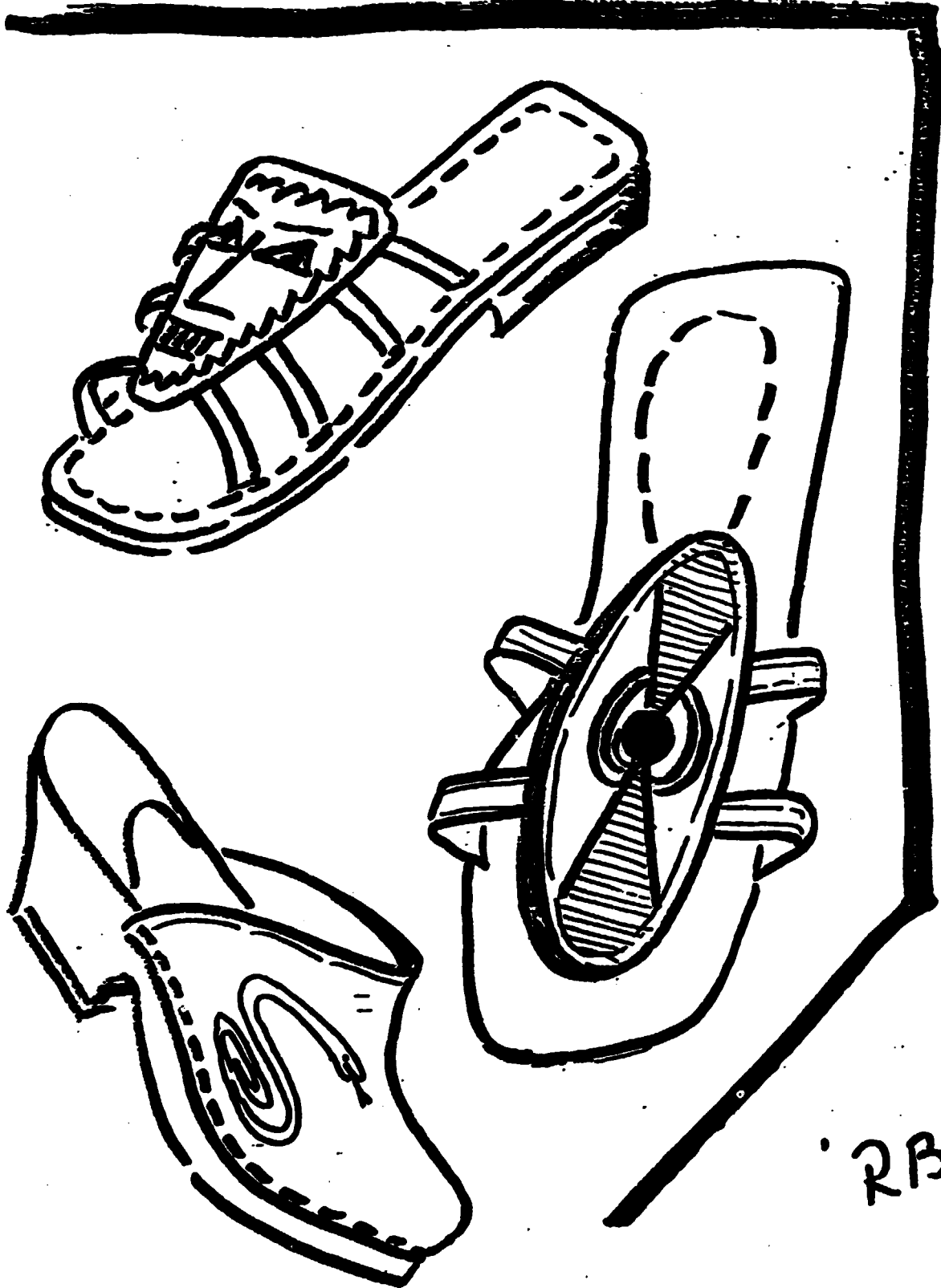
Further study of presently existing skills and aptitudes is necessary in order to make a comprehensive programme for the starting up of a "Leather goods training and demonstration centre" as suggested by the report.

Such a study should also look into marketing possibilities of these types of articles.



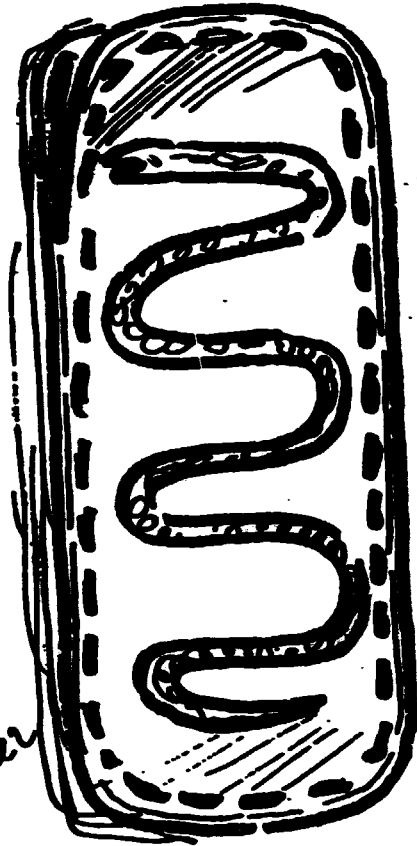
HANDBAGS
IN 'NATIVE DESIGN'

'RB'

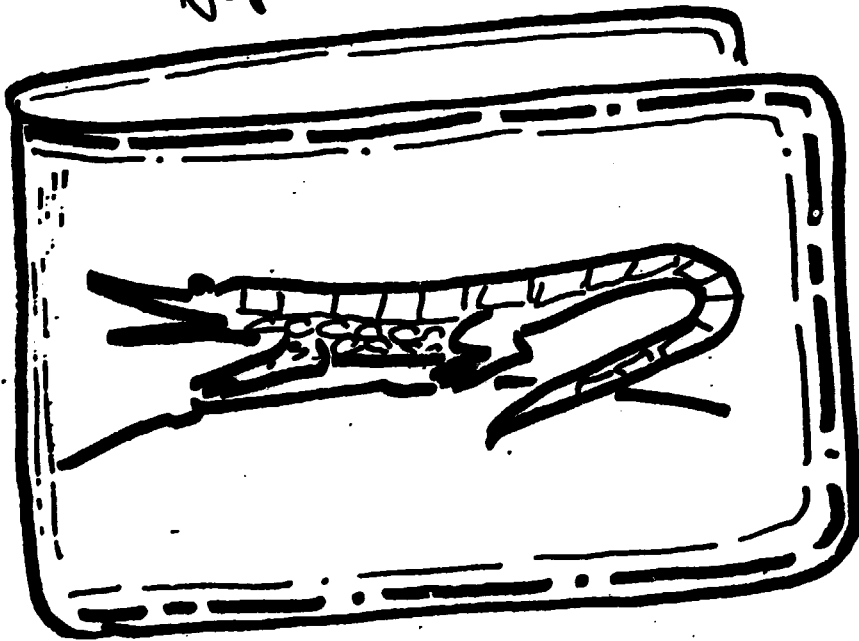


'RB'

SANDALS & CLOGS WITH
'NATIVE DESIGN'



Hand tooled
articles in
vegetable tanned
leather



'R.B.'

SMALL LEATHER GOODS
WITH 'NATIVE DESIGN'

STRENGTHENING MANAGEMENT CAPABILITIES OF INDUSTRIAL ENTERPRISES

(Contribution of Mr. N. Farah, IO/FCTY)

The mission was informed by the national institutions contacted that the institutions and the productive units concerning industrial establishments are short of efficient organization and industrial management and that this deficiency results in low productivity and capacity utilization and absorptive capacity for use or development of new technology. Almost all the organizations the mission contacted considered that inadequate management skills which again stem from extreme shortage of qualified nationals at the middle and higher level management is crucial to the development of economy as a whole, particularly to the industrial sector which is in its early stage of development and which forms a small but growing percentage of the economy. The concern that these organizations showed for the development of management to speed up industrialization is related to the country's great potential for industrial development based on substantial national natural resources.

The most important organization responsible for the development and implementation of industrial projects is NIDCS (National Development Corporation of Swaziland) which itself is an extension of the Ministry of Industry, Mining and Trade with the status of an autonomous parastatal. This organization is mainly concerned with the development of medium and large scale industries. Besides being a financing organization giving loans to both local and foreign enterprises, it is a development organization directly involved with investment projects through joint venture participation as well as through exercising full ownership of certain enterprises. The management of the industrial enterprises mainly comes from external sources and is considered to be generally adequate, although there is an urgent need to increase the participation of Swazi nationals at both technical and management levels. In order to bolster financing capabilities for development projects, NIDCS cooperates with international financial institutions such as the World Bank, the European Investment Bank and the African Development Bank.

One important project in which the Government would like to have UNIDO's assistance is TIKABI TRACTOR. This project produces tractors and agricultural machinery in order to increase the production capacity

of the agricultural sector which in most cases presently applies traditional methods of animal driven plough. It is considered to be still a pilot project but has gone through a considerable period of development and reached a point where it should be turned into a commercialized project. Even at the present time it sells between 120 and 150 tractors per annum and has received orders for substantial consignments from neighbouring African countries. The Government plans to transfer the project from its present position as a development project with the Ministry of Industry to NIDCS in the near future where it will be commissioned as a fully fledged commercial entity. It is considered that TINKABI tractors with their medium size and appropriate technology orientation are suited to the African soil and environmental conditions. This fact coupled with the comparatively low price should make the tractors attractive to African countries the economies of which are dominated by the agricultural sector. However, it is recognized that efficiency in production, quality of products and timely delivery is extremely important from the competition point of view in the open market. Therefore, in order to meet the efficiency and quality standards, TINKABI TRACTOR would need high skill in production and marketing. Since the project is presently short of nationals with the necessary skills in these fields, the Government expressed the wish to have UNIDO's assistance. In this respect, particular emphasis has been given to overall production management and marketing in the formulation of a project proposal which is being prepared by UNIDO and sent to the Government for consideration and substantive approval.

Another important organization which is involved in industry is SEDCO (Small Enterprises Development Corporation). This organization which is a subsidiary of NIDCS is responsible for the development of small scale industries through financing entrepreneurial development and provision of technical and management assistance. It has been instrumental for establishment of industrial estates in certain parts of the country, each estate specialising in certain sub-sectors of industries. SEDCO runs training programmes for entrepreneurs which it has already identified so that they could run their enterprises more effectively. SEDCO has also its own projects in such areas as woodwork, metalwork, pottery, glass, etc. Again, due to inadequacy of national skills in both technical and management fields, SEDCO's programmes and projects run into difficulties mainly pertaining to

production, finance and marketing. It is in these fields that SEDCO would like to have UNIDO's assistance. The mission agreed to formulate a project comprising these expertises and send it to the Government for review and submission of an official request.

TIBIYO is owned by the Swazi nation and is an organization which plays an important role in the overall economic development of the country. It is involved in a substantial scope of activities with the industrial sector. Like the other organizations in the country, TIBIYO is short of nationals with the necessary skills in the field of project development and financial management. During the mission it inquired whether UNIDO would be in a position to provide assistance in the field of accounting, project appraisal and implementation for a period of at least two years. The UNIDO mission explained that technical assistance in this field was possible provided financial resources were available. In this connexion, the mission understood that the Office of the European Community in Swaziland would be willing to finance TIBIYO's request for UNIDO's execution. The UNIDO mission informed the management of TIBIYO that a project proposal would be prepared and submitted for their consideration through UNDP and the Government. The management of TIBIYO confirmed that they would eventually submit an official request through the Government i.e. the Ministry of Planning.

In a discussion with the Ministry of Industry, Mining and Trade, the mission understood that the Ministry would like to strengthen its capability in the guidance of the industrial sector, improve its working operations with MIDCS and monitor project development and implementation. The mission considered that what the Ministry requires is a consultant to provide overall advisory services.

Attached are the face sheets of three project proposals prepared for further consideration:

1. Strengthening the Production and Marketing Operations of Tinkabi Tractor; Cost: US\$ 150,400
2. Assistance to SEDCO; Cost: US\$ 147,550
3. Assistance to Tibiyo; Cost: US\$ 311,200

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

PROJECT PROPOSAL

PART A - BASIC DATA

COUNTRY/REGION : KINGDOM OF SWAZILAND

PROJECT NUMBER :

PROJECT TITLE : Strengthening the Production and
Marketing Operations of TINKABI TRACTOR

SCHEDULED START : As soon as possible

SCHEDULED COMPLETION : 18 Months after commencement

ORIGIN AND DATE OF
OFFICIAL REQUEST :

GOVERNMENT COUNTERPART
AGENCY : National Development Corporation of
Swaziland (NICDS)

UNIDO CONTRIBUTION : US\$ 150,400

GOVERNMENT CONTRIBUTION :

CURRENCY REQUIRED

FOR UNIDO INPUT : US\$ 150,400

CONVERTIBLE : US\$ 150,400

OTHER :

UNIDO SUBSTANTIVE
BACKSTOPPING SECTION : Factory Establishment and
Management Section

PROGRAMME COMPONENT : 31.4.B

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

PROJECT PROPOSAL

PART A - BASIC DATA

COUNTRY/REGION : KINGDOM OF SWAZILAND

PROJECT NUMBER :

PROJECT TITLE : Assistance to SEDCO

SCHEDULED START : Soon after approval

SCHEDULED COMPLETION : 1 Year after commencement

ORIGIN AND DATE OF OFFICIAL REQUEST :

GOVERNMENT COUNTERPART AGENCY : Small Enterprises Development Corporation

UNIDO CONTRIBUTION : US\$ 147,550

GOVERNMENT CONTRIBUTION :

CURRENCY REQUIRED

FOR UNIDO INPUT : US\$ 147,550

CONVERTIBLE : US\$ 147,550

OTHER :

UNIDO SUBSTANTIVE BACKSTOPPING SECTION :

PROGRAMME COMPONENT : 31.4.B

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

PROJECT PROPOSAL

PART A - BASIC DATA

COUNTRY/REGION	:	KINGDOM OF SWAZILAND
PROJECT NUMBER	:	
PROJECT TITLE	:	Assistance to TIBIYO
SCHEDULED START	:	Soon after approval
SCHEDULED COMPLETION	:	2 Years after commencement
ORIGIN AND DATE OF OFFICIAL REQUEST	:	
NATIONAL COUNTERPART AGENCY	:	TIBIYO
UNIDO CONTRIBUTION	:	US\$ 311,200
CURRENCY REQUIRED	:	
FOR UNIDO INPUT	:	US\$ 311,200
CONVERTIBLE	:	US\$ 311,200
OTHER	:	
UNIDO SUBSTANTIVE BACKSTOPPING SECTION	:	Factory Establishment and Management Section
PROGRAMME COMPONENT	:	31.4.B

Contribution of Mr. A. Buckle, IO/MET to the Mission Report for Swaziland

Metallurgical Industries

The following will present only those matters directly concerning metallurgical industries. The general report and those of the individual staff members contain the relevant background and corresponding details. Meetings were held with the following institutions:

- Ministry of Industry Commerce, Tourism and Mining
- Department of Planning, Ministry of Finance
- National Industrial Development Corporation of Swaziland (NICDS)
- Small Enterprises Development Corporation (SEDCO)
- Geological Institute

Visits were made to various enterprises, the most important being Tinkabi Tractors and the Ngwenya Glass Factory.

Findings

Discussions were held concerning mining and foundry. A meeting with the Geology Institute to discuss possible UNIDO cooperation in the development of mineral processing was negative. The director stated that no requirement existed for UNIDO assistance in any area of activity concerned with mineral exploitation.

The requirement for foundry was discussed with NICDS and with SEDCO in considerable detail following on from the study of SI/SWA/ / . Great interest was shown by the authorities. It was observed that there existed the possibility to establish a foundry under the management of Tinkabi Tractors, and the advantages and disadvantages of such an arrangement were discussed in some detail. It was agreed that from the viewpoints of administrative efficiency, and very reduced overhead, the arrangement was most attractive and may decisively affect the viability of the project. The major disadvantage discussed was that such an arrangement may result in the foundry supplying Tinkabi Tractor and tending to neglect other customers. However, the requirements of Tinkabi for castings appear to be such as to practically guarantee profitability, and since the production volume will be small, the marginal profit will be high. This should guarantee the service to the rest of the economy.

It was agreed that if a foundry was to be established, it should be small and tend more to manual operation rather than on mechanization. It was further agreed that SEDCO would request UNIDO to carry out a study to prepare a technical market survey and specific production programme, together with an economic operative analysis.

A visit was made to Tinkabi Tractors and the subject of the foundry was discussed. The tractor company indicated that its consumption of castings could be over 500 tons p.a. It was noted that this company is the licensee for International Harvester and much of the machinery lends itself to local production representing an interesting volume of castings.

SEDCO specifically requested UNIDO assistance to the Ngwenya Glassworks and a visit to the plant was included in the mission itinerary.

The glassworks was established with assistance from Sweden and manufactures decorative and some utilitarian articles using as raw materials, scrap soft drink bottles. The problems of the plant are:

- a. High fuel consumption - over 40% of operating costs are fuel bills for furnace operation.
- b. High breakage in transit and a pronounced tendency of the glass articles to spalling.

The financial difficulties faced by the plant are such that the operation may have to be closed down.

An inspection of the plant indicated that the problems could be solved with very little effort and a minimum of cost and the glassworks manager and SEDCO was informed that the matter would be referred to the responsible Section of Industrial Operations Division, UNIDO, Vienna.

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

DRAFT PROJECT PROPOSAL FOR THE GOVERNMENT OF

S W A Z I L A N D

Title: Techno-Economic Study for the Establishment of an
Iron and Steel Foundry

Number: **Duration:** 4 months

Sub-sector: Foundry

Government Counterpart Agency: SEDCO

Executing Agency: UNIDO, IO/MET

Estimated Starting Date: October 1983

Government Inputs: Emalangeni

UNIDO Inputs: U.S. \$ 43,000

I. Legal Context:

The Project Document shall be the instrument referred to as such in Article I, paragraph I, of the Standard Basic Agreement concluded between the Government of Swaziland and the United Nations Development Programme on . The Government implementing Agency shall, for the purpose of the Standard Basic Agreement, refer to the Government Cooperating Agency described in that Agreement.

II. THE PROJECT

II. A. Objectives

The objective of the project is to produce a tecno-economic study detailing all aspects of the installation, and start-up of a small scale foundry.

B.

C. Special considerations

Not applicable.

D. BACKGROUND AND JUSTIFICATION

No foundry is at present operating in Swaziland. An earlier pre-feasibility study executed in 1982 under SI/SWA/82/801 indicated that a sufficient market for castings existed, and that the establishment of a foundry was viable.

Additional information indicates that the market is probably greater than assured in the earlier study and that such production inputs as silica sand, and electricity are readily available.

The availability of a foundry in Swaziland will give considerable flexibility to industrial operations, through the ready contact between producer and consumer, and because of the resultant ready availability of spare parts and the rapidity of reply which a local foundry can offer.

Because the foundry to be proposed will utilise only standard appropriate technologies, this project is directed at the development of all the drawings and specifications and data, both technical and financial, including a definitive market identification, training programme and the production development programme.

E. Outputs

The project will produce a complete tecno-economic study which may be directly used for the establishment of the foundry, and the initiation of operations.

A consulting firm will prepare the report, which will include, amongst others:

1. Complete Technical Study, with:
 - a. Definite, itemised products, identified and priced.
 - b. Equipment specification and cost, including
 - i) Installation costs
 - ii) Infrastructure costs
 - c. Civil Engineering
 - d. Product development programme, which will include:
 - i) Phased production schedule and costing.
 - ii) Pattern making schedule and costing
 - iii) Raw materials flow and inventory
 - iv) Semi finished and finished products inventory
 - e. Training requirements based on d(i).
2. Economic analyses will be presented, covering the period from project approval through attainment of the estimated production level. A tentative balance sheet and profit and sheet with annexes, will be presented covering the 12 month period following the attainment of the estimated production level.

F. Activities

The study will be executed by a consulting firm.

The firm will field one or more of its personnel to identify those products to be produced, and to determine those other parameters required for the study. Maximum period in the field is 1 month, with an additional 45 days to present the final report.

G. Inputs

A. Government Inputs

The Government will provide offices, secretarial services and transport within the country as required by the project.

B. UNIDO Inputs

UNIDO will contract the study with a competent company selected by international bidding - \$40,000

UNIDO HQ staff mission for evaluation of final report with Government - \$3,000.

H. Preparation of Work Plan

The terms of reference for the contracting firm will be prepared by UNIDO Vienna.

I. Preparation of the Framework for Effective Participation of National and International Staff

Not applicable

J. Development Support Communication

Not applicable.

K. Institutional Framework

The Government co-operating agency is SEDCO

PART III Evaluation

The report will be evaluated in Vienna by the Metallurgical Industries Section, Division of Industrial Operations, in the presence of the contracting firm. The resulting finalized document will then be presented to, and discussed with the Government.

PART IV Budget

16.00 - H.Q. Staff Mission	\$ 3,000.00
30.00 - Contracts	40,000.00
	<hr/>
99.00	GRAND TOTAL
	43,000.00

