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DP/ID/SER.8/546
12 January 1987
ENGLISH

ASSISTANCE TO INDUSTRIAL ESTATE DEVELOPMENT

SI/SWA/86/801

SWAZILAND

Terminal report *

Prepared for the Government of Swaziland
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

Based on the work of J. S. Juneja
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United Nations Industrial Development Organization
Vienna

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V.87 80213

ACKNOWLEDGEMENTS

The Mission expresses its grateful thanks to the Honourable Minister of Commerce, Industry and Tourism, Mr. Derek Von Wissell and the Principal Secretary of the Ministry, Mr. Chris Mkhonza for the valuable guidance. Untiring support of the counterpart officers of the Ministry, Mr. John Ndlangamandla and Mr. Mandla Simelane as well as advisor Dr. Robert Haas have been a source of driving force. The information provided and discussions held with other officers of the Ministry, SEDCO, NIDCS and other Ministries and organizations have been very useful and stimulating. The Mission could not have completed its study and analysis effectively without unstinted support of scores of entrepreneurs, industrialists, managers of enterprises, members of Matsapha Town Board, Matsap'ha Industrial Estate Consultants - Carl Bro, bankers and others who devoted their valuable time for discussions.

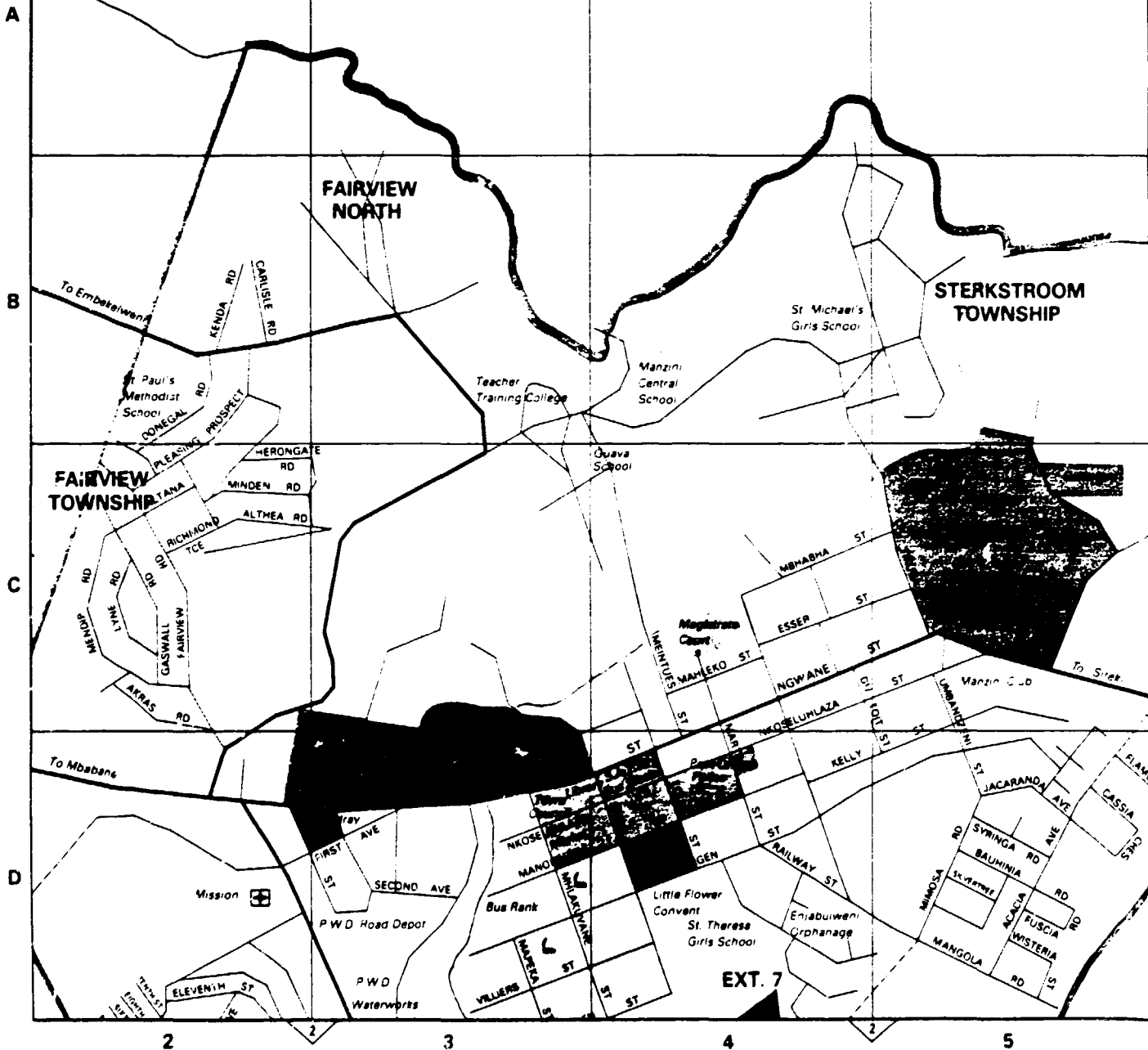
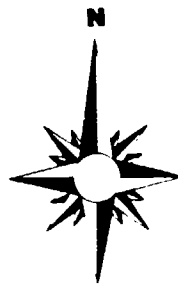
The Mission will fail in its duty without thanking Mr. Bernard Hausner, UNDP Deputy Resident Representative in Swaziland and Mrs Thandi Nkosi, Programme Officer, whose continued guidance and advice during the stay of the Mission was a source of strength. We are indeed grateful to UNIDO for the opportunity given and the confidence reposed in us.

J.S. JUNEJA
TEAM LEADER

MAP 1

MANZINI MAP

REFERENCE	
	MAJOR ROUTE
	MINOR ROUTE
	PROPOSED MINOR ROUTE
	RIVER & DAM
	MUNICIPAL BOUNDARY
	INDUSTRIAL AREA
	COMMERCIAL AREA
	PARK/CEMETERY
	CHURCH
	HOSPITAL
	GOLF



SWAZILAND MAP SECTION

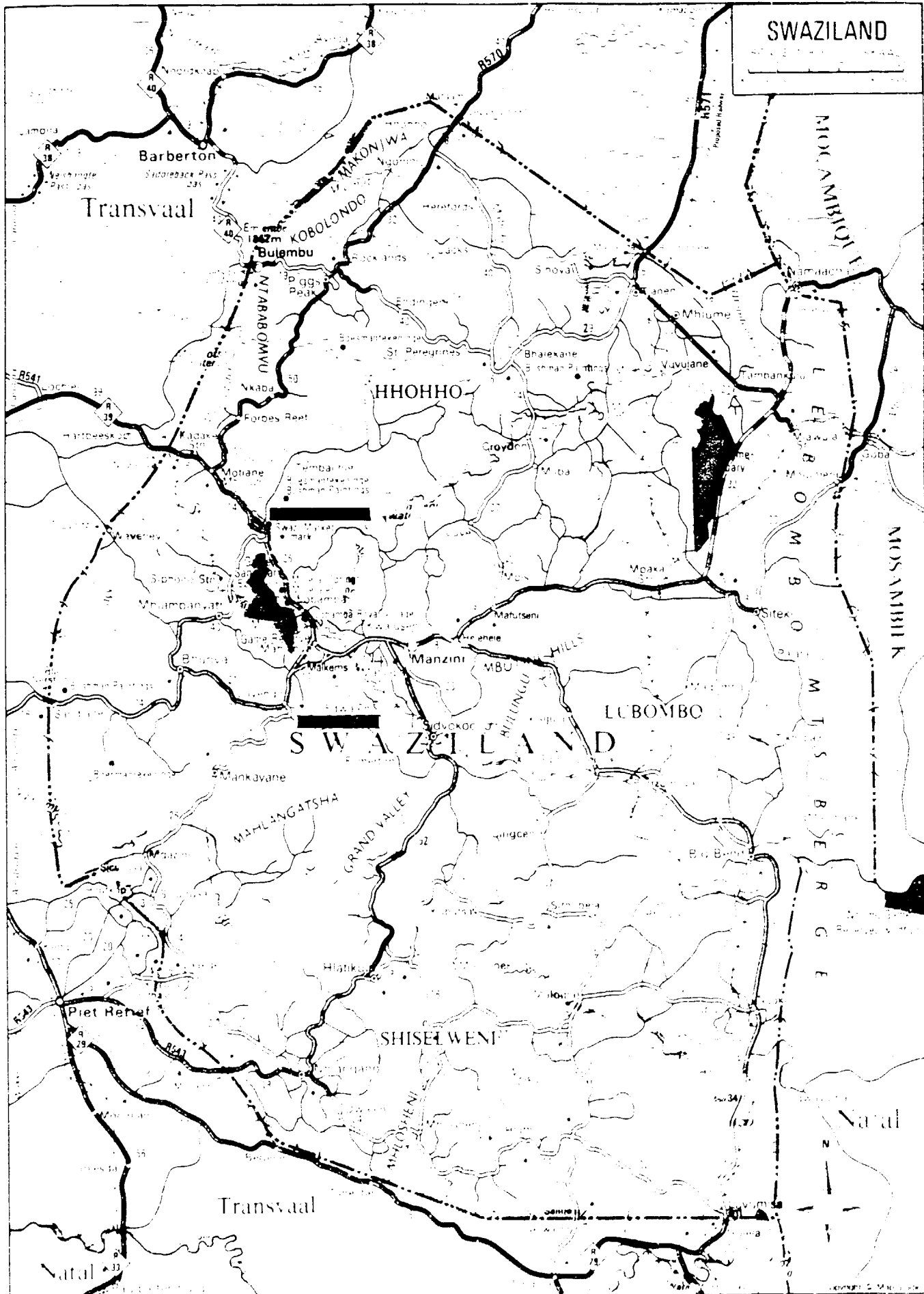


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DEVELOPMENT PROGRAMME FOR INDUSTRIAL ESTATES
AND
INDUSTRIAL ENTERPRISES

0.1 Introduction

Industrial Estates in the Kingdom of Swaziland have played a significant role in the development of industries in the medium and large scale sector and local entrepreneurship among the small enterprises field. Agro- and forest based industries are mostly dispersed nearer to the produce areas in the country, whereas majority of others are located on the Matsapha Industrial Estate. Efforts to attract investors on other industrial sites have yielded limited results.

Eight industrial estates established by the Small Enterprises Development Company in diverse locations at Mbabane, Manzini, Pigg's Peak, Hlatikulu, Siteki, Nhlanguano, Matsapha and Vuvulane have promoted craft related industries as well as commercial and service oriented enterprises. However, SEDCO - a parastatal - has contributed to the development of Swazi-owned small enterprises, where they hardly existed any. But SEDCO's inactivity since 1982 has been detrimental to this effort. The gap between the large and the medium industrial enterprises on the one hand and small industries on the other continues to widen - the former being mostly foreign owned and managed.

Swaziland offers a sound and healthy environment for industrial growth and is receptive to investments backed by a sound track record of political stability. It offers access to a variety of markets as a result of its participation in the Lomé Agreement, SADCC and PTA* and preferential treatment received in the U.S.A. for some of its products. However, it is constrained by its own market size, but has a free access to the Common Customs Area, i.e. Botswana, Lesotho and South Africa and more particularly neighbouring South African market - traditionally largest trading partner of Swaziland.

*PTA: Preferential Trade Area

Matsapha Industrial Estate has been found to be favourite with the investors for large and medium industries, but constrained by shortage of skilled manpower - both at the technical and managerial levels, which deserve topmost attention. Swazi ownership is limited due to the lack of local entrepreneurship. This needs to be encouraged through systematic entrepreneurship development programmes and support services.

Fourth National Development Plan for the period 1983/84 - 1987/88 lays emphasis on investment promotion, employment generation and infrastructure development for the industries through industrial estates development programme. Growing unemployment specially among the school leaving youth of the country remains an area of utmost concern for the policy-makers. Therefore, efforts are being made to stimulate new investments by regaining the confidence of the investors to generate employment without much regard to the development of local enterprises. In the meanwhile, the National Industrial Development Corporation of Swaziland - a parastatal, is being revamped and restructured to catalyse the process of industrialisation by better provision of medium to long term financing to medium and large enterprises as well as other physical inputs such as shells. Now the government seems determined at this juncture to activise small enterprises development programme for generation of self-employment and employment opportunities.

Therefore, the Mission has addressed itself to the study of not only the industrial estates development policies and programme but also entrepreneurship and technical manpower development as well as generation of employment opportunities through an integrated approach to the development of small industrial enterprises both on and off the industrial estates. Effort has also been made to identify the resource based industrial opportunities to stimulate formulation of project ideas.

0.2 Methodology

The Mission has carried out indepth study and analysis by field visits to Matsapha Industrial Estate, candidate sites for industrial growth centres - Nhlangano, Ngwenya and Mpaka, SEDCO industrial estates at Mbabane, Manzini, Piggs Peak, Matsapha, Hlatikulu, Siteki, Vuvulane and Nhlangano and business centre at Manzini.

Discussion have been held within the Ministries of Commerce, Industry and Tourism, Economic Planning and Finance, Matsapha Town Board, top management of all the banks - Central Bank, Swazibank, Barclays, Standard Chartered and BCCI, consultants, parastatals - SEDCO, NIDCS, Tibiyo Taka Ngwane, Chambers of Commerce and Industry, Railways, entrepreneurs and industrialists. A list of persons met and institutions and enterprises visited is annexed at I.

0.3 Brief Structure

The first chapter deals with the Industrial Development strategy for stimulation of approach to the policy and programmes for the Swazi Economy designed on need basis as observed by the Mission.

Second chapter analyses the industrial land use and its planning for future. The focal point is the Swazi Industrial Heartland - Matsapha Industrial Estate. Third chapter deals with future policy guidelines for land use as well as administrative and supportive functions required. Concepts developed have been expounded for Phase IV of Matsapha Industrial Estate.

Chapter four deals with the industrial growth centres in the Kingdom of Swaziland.

Chapter five reviews Small Enterprises Company and analyses SEDCO industrial estates and chapter six recommends future policy and programme for integrated approach to small industrial enterprises development and industrial estates to stimulate Swazi entrepreneurship.

Chapter seven identifies project opportunities for the Kingdom of Swaziland. And chapter eight expounds on a viewpoint for training and manpower development - a paramount need.

CHAPTER I

INDUSTRIAL DEVELOPMENT STRATEGY

In Swaziland there is a striking imbalance between the larger foreign owned industries and the local cottage craft enterprises and workshops. We need the larger industries to bring in foreign capital and technology, to increase employment. To have a sound industrial environment, we also need the smaller industries, to bridge the gap of industrial needs, for the foreign industry as well as for the indigenous people. There is a demand for low cost produce to meet the basic needs of the people - food, clothes and housing, to improve the standard of living of the entire population. On the other hand the large producers-exporters require service, repair and sub-suppliers/contractors of goods to make their expansion possible in this country. Swaziland is dependant on imports and as a small country, will always be so. But it is also very essential to substitute imports, whatever possible^{*/} to reduce foreign dependance and debts. You will find large quantities of imported products of simple character in the shops. Many of these products can be produced in small units from local raw materials, simple technology, semi-skilled staff and low investments, both for local and export markets. The small and intermediate level of industries are missing in Swaziland, and great efforts must be made to correct this condition.

A range of improvements could be achieved with a successful intermediate industrial promotion program. A summary of advantages:

- * Increased employment
- * Increased value added on local raw materials
- * Reduced capital outflow
- * Strengthened entrepreneurial-technical conscience
- * Better industrial environment for investors
- * Improved home market through higher standard of living.
- * etc.

*/ within the constraints of the South African Customs Union

To reach these goals, actions must be taken on all levels; ministries and parastatal organizations (NIDCS, SEDCO, etc.), education, private sector and monetary institutions. A development programme for the intermediate industry should be initiated by the Ministry of Commerce, Industry, and Tourism to remove any legislative, economic or physical barriers, for the implementation of such a programme. A thorough programme for decades to come, should be designed and implemented with shortest possible delay. Technical training facilities are insufficient to catch up with the growing unemployment. International and foreign agencies can certainly cooperate to support such activities.

Certain actions are specially important:

- * Systematic brain searching for entrepreneurs, technicians and artisans to engage in production or training.
- * To campaign for increased interest in entrepreneurship, engineering and crafts, via television, radio and newspapers.
- * Training and upgrading on all levels, entrepreneurial, technical and vocational.
- * Introduce Industrial Arts subjects in secondary school as compulsory subjects.
- * Adjust wage levels of technical personnel equal to other professions with the same length of education, to improve the status of the technical education and to prevent brain drain to other sectors after graduation.
- * Intensify research on local raw materials for suitable industrial use or process.
- * Organize an Industrial Promotion Group to provide the entrepreneurs with advice on technical, managerial, legislative and marketing disciplines. This group should also assist the entrepreneurs to provide with productional aids (feasibility studies, etc.), to qualify for loans, specialist support, etc.

- * Persuade and issue guidelines to banks to take projects and not only the fixed assets as security for loans. The banks must act on a non discriminative basis and learn to take risks. Development banking culture need to be introduced.
- * Organize fairs and promote Swazi products. Give Swazi entrepreneurs self confidence in competition with foreign producers. "Buy Swazi, build Swaziland."

CHAPTER II

INDUSTRIAL LAND USE ANALYSIS AND PLANNING

According to the last published 'Census of Industry - 1982', the Kingdom of Swaziland has 89 manufacturing enterprises (each with more than 10 workers) employing 11800 persons. Most of the large agro- and forest based industries such as sugar, wood pulp, wood and wood products, fruit canning etc are dispersed in the basic producer areas in the company developed townships in different parts of the country. However, most of the other industries are located in the Manzini - Mbabane business belt and concentrated in the government promoted Matsapha Industrial Estate.

During the Third Development Plan period, only one large industrial project, the third sugar mill - Simunye Sugar Mills was commissioned in 1980. The other industrial projects were medium scale and are mostly located at Matsapha Industrial Estate. During the current plan period, another large project - the National Textile Corporation of Swaziland, is being commissioned in June, 1986 to produce estimated 3000 MT of cotton and polyester-cotton blended yarn at Matsapha Industrial Estate.

The Fourth National Development Plan objectives for Industries are directed towards investment promotion, employment generation and industrial estates development (objective and strategies are annexed at 'A'). The National Plan does not indicate the development of any specified group of industries in the Kingdom. Therefore, the study on land use and strategy for planning cannot be based on the development of candidate industries, but has to be directed to the industrial growth points.

Almost all of the industries are expected to be established by foreign investors or collaborative efforts of either The National Industrial Development Corporation Limited - a parastatal, or Tibiyo Taka Ngwane - Trust Fund, with the foreign investors.

Since most of the industries are located at Matsapha Industrial Estate and the demand generated for land is also for Matsapha; therefore, the study on land use analysis and planning is directed to the Matsapha Industrial Area. Other potential industrial growth centres such as Nhlangano, Ngwenya and Mpaka will be dealt with separately.

2.1 Matsapha Industrial Estate - Background

Growth of Matsapha was initiated in the years 1963/64, when petroleum and transportation companies started using the site for their storage and warehousing needs. The industrial activity started with the setting up of Swaziland Meat Corporation in 1965 and thereafter, the industries and service establishments have been growing for the last two decades. Now Matsapha Industrial Estate has grown to be the INDUSTRIAL HEARTLAND of the Kingdom of Swaziland.

2.2 Matsapha Master Plan

The government of Swaziland initiated a study of the Matsapha township in 1977 through CARL BRO SWAZILAND LIMITED. The main objective of the study was to prepare a master plan for improvement and expansion of Matsapha Industrial Township. The consultants submitted their report in March 1978 and the summary of their recommendations are annexed at 'B'.

CARL BRO have been associated, thereafter, with the servicing and infrastructure development of the area which has been implemented in Phase I and Phase II for improvement of the infrastructure of the industrial estate. The third phase is under implementation to meet with the incremental infrastructural need as also to service additional 40ha of land. Brief description of Phase I, II and III are annexed at 'C'.

2.3 Present Status

It has been considered necessary to analyse the land use of Matsapha, since inception with a view to determine the rate of development and its contribution to the economy as well as impact on employment generation. Due to the limitations in the availability of statistical information from published and secondary sources, attempt has been made by the mission to collect the data from the primary sources through field investigations and personal interviews as per the annexed format at 'D' with a view to compile and update the same. Opportunity has also been utilised during the personal interviews with the management of enterprises to gain insight into the issues and problems facing the growth of Matsapha Industrial Estate.

Current land use analysis is given hereunder (refer Table 2.1):

- 36 industrial enterprises are engaged in manufacturing and processing operations employing 3739 persons. Most of the industries are export oriented with estimated exports of E59.72 million out of a production valued at E70 million.
- 36 service establishments employing 1720 persons are predominant in land use for warehousing, petroleum products storage, transportation, construction activities, restaurants etc.
- Many of the establishments have large plots with scanty built up areas.
- Government has utilised 4.81ha of the land in the industrial estate to meet with infrastructure and other needs.

Table 2.1
ANALYSIS OF INDUSTRIAL LAND USE - 1986

Land Area	No. of Establishments	Type	No. of Employees			Total Value	
			Swazi	Non-Swazi	Total	Prod. million	Exports million
54.95ha	36	Manufacturing	3670	69	3739	E70	E59.72
36.76ha	36	Servicing	1698	22	1720	-	-
91.71	72		5368	91	5459	E70	E59.52

Source:^o Compilation from field investigations and published data.

- Density of Industrial Employees: 60/ha

Comparative Status of Land Use

Data could be collected, compiled and analysed with respect to the land sold and developed for three clearly identifiable periods - up to the year 1973, 1973-77 (five years) and 1978-86 (nine years). The following table gives the comparison:

^o Untiring assistance of the Counterpart Officer, Mr. Mandla Simelane is appreciated and acknowledged. Efforts are being made to computerise the data collected and information compiled in respect of Matsapha Industrial Estate. It is suggested that the task be completed by the Ministry and this resource be updated on continuous basis.

- Similar data may be collected by the Ministry in respect of all the industries in the Kingdom and monitored.

- There is apparent information gap between the Ministry and NIDCS in respect of investors and land use particularly at Matsapha, which may be bridged.

Table 2.2
LAND SOLD AND DEVELOPED

	Up to 1972	1973-77	1978-86	Cumulative Total
Sales of plots*	76.05ha	24.30ha	67.20ha	167.55ha
Plots developed+	29.84ha	29.00ha	37.90ha	96.52ha
<u>Average yearly sale</u>	-	4.86ha	7.47ha	
<u>Av. Yearly development</u>	-	5.80ha	4.21ha	
Percentage of develop- ment to sales(same period)	39.24%	119.35%	56.40%	57.61%

- Source: 1. Treasury Annual Reports 1973 to 1986, and Ministry of Commerce, Industry & Tourism, (Matsapha Trading Account) Government of Swaziland.
2. Matsapha Master Plan, 1978, Carl Bro Swaziland Limited.
3. Field investigation and Carl Bro Swaziland Limited.

* Compiled from the Trading Account of Matsapha Industrial Estate in the Annual Treasury Reports and Ministry's records and is annexed at "E".

+ The concept of development implies usage of land by the purchaser for industrial or servicing activity and erection of a building.

2.4 Observations

- Development during the period 1978-86 has been much lower at the level of 56.40% against the land sold during the same period.
- During the same period 1978-86, the development of 4.21ha per year is lower (72.61%) compared to a higher level of development of 5.80ha during the earlier period of 1972-77. In contrast to this, land sold during 1978-86 period is higher - 7.47ha/year (170.7%) compared to earlier period of 1972-77 which could signify speculative buying as against actual investments for industrial activity.
- However, 14.2ha sold in 1985-86 indicates the trend of enhanced interest of the investors and possibly due to disturbed situation in the neighbouring Republic of South Africa, as well as sanctions by the world community against it. This trend cannot be relied upon for long term planning.
- Plots developed during the 1978-86 period were purchased by the investors as follows:-

Table 2.3

LAND PURCHASE VS DEVELOPMENT

PERIOD OF DEVELOPMENT	PERIOD OF PURCHASE		Total
	Up to 1977	1978-86	
1978-1986	26.53ha	11.37ha	37.90ha
Percentage	70%	30%	100%

This indicates gestation period for setting up industrial enterprises is quite long and is estimated on an average from the data compiled to be of the order of five years.

- Though the development has been slow during the initial years, but the period 1973-77 indicates highest rate of genuine development activity and is 119.34% against the land sold during the same period.
- It is significant that 57.60% of the land sold since inception, has been developed which is considered to be a satisfactory level.
- Since many plots have a scanty development of the order of 20% covered area which indicates that the sizes of plots purchased by the investors are much larger than their needs. It calls for rationalisation of land sales in future according to the project needs.

Assistance of the Consulting Engineers - CARL BRO: SWAZILAND LIMITED is deeply appreciated, who gave unstinted support in this effort.

2.5 Summary

(i) Plots developed till 1986		96.52ha
(ii) Plots under development		9.55ha
(iii) Undeveloped Industrial Land but,		
sold till 1977	15.20ha	
sold during period 1977-86	<u>55.83ha</u>	
		71.03ha
(iv) Balance Industrial Land - unsold till 1986	22.73(i)	
(mostly in Phase III)		
(v) Proposed Phase IV Total Land (A)	58.05	
Less (B) Roads and infrastructure	8.25	
(C) Developed - Swazi Bricks	<u>3.88</u>	
	12.13ha	
Phase IV unsold land A-(B+C)		<u>45.92ha(ii)</u>
(vi) Total unsold Land add (i) + (ii)		68.65ha <u>68.65ha</u>

(vii) <u>TOTAL</u> Industrial Land		245.75ha
(viii) <u>INFRASTRUCTURE</u> Rail Road and yard	24.80	
	Roads (included proposed	
	8.25ha IV	<u>49.45</u>
		<u>74.25ha</u>
(ix) GRAND TOTAL - MATSAPHA INDUSTRIAL AREA		<u>330.00ha</u>
(x) Please refer to the following drawings enclosed:		
I	Development Status - 1977	
II	Matsapha Master Plan - March 1, 1978	
III	Development Status - 1980	
IV	(a) & (b) Drawings. 3105 & 3112 - Aerial Survey	
	[Surveyor General's Office, Government of Swaziland,	
	March 1985] - enclosed with Master Copy.	

2.6 Projection

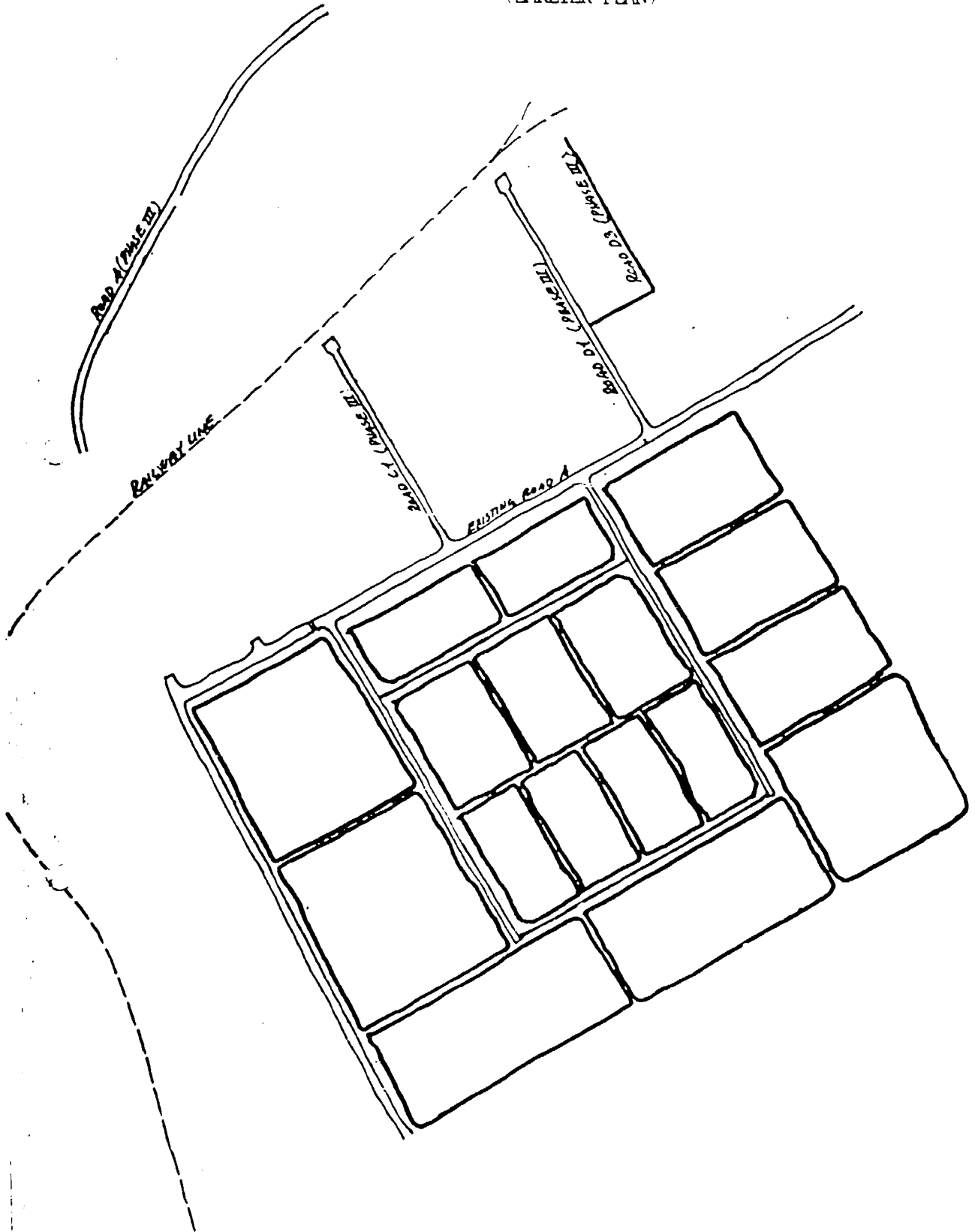
Average Yearly Development 1972-77 period	5.80ha
Average Yearly Development 1978-86 period	4.21ha
Average Yearly Development 1972-86 period	4.78ha
Unsold land including Phase IV	68.65ha
Projections for development of 68.65ha	
@ 4.78 per year	14 years - <u>till year 2000</u>

2.7 Conclusion

- * Matsapha Industrial Area inclusive of Phase IV has full potential to offer serviced land with built-in infrastructure to genuine investors for development of industries till the Year 2000.
- * It is recommended to service Phase IV and provide infrastructure expeditiously.

- * Roads and infrastructure for Phase IV have been recommended for 76 plots against 17 plots (enclosed) earlier envisaged through rationalisation of plot sizes.
- * Plots are recommended to be sold for genuine industrialisation accordingly to project needs.
- * Only those service established be allowed for development in Phase IV, which will serve the needs of the industrial activity;.
- * Efforts be made to motivate the plot holders of undeveloped plots sold till date to develop them for industrial activity, failing which these be retrieved or purchased back by the Government for development of genuine industrial activity.
- * Similarly some plots have scanty development and grossly under-utilised. Efforts be made to sub-divide and retrieve them for development by investors.
- * Both these measures (subject to resolving legal implications) will make enough additional land available in Matsapha Industrial Estate for any accelerated industrial growth till the year 2000 in addition to the development of Phase IV.
- * Details in the next Chapter.

PHASE IV
(EARLIER PLAN)



CARL BRO SWAZILAND LTD.		CONSULTING ENGINEERS		P O BOX 985 MBABANE SWAZILAND	
FOR THE MINISTRY OF INDUSTRY MINES AND TOURISM MASTAPHA INDUSTRIAL TOWNSHIP					
TITLE PROPOSED LAY OUT PLAN - ROADS AND PLOT SUBDIVISION					
DATE	SCALE	DATE	SCALE	JOB NO.	DATE
		OCT. 1981	1:500	400.05	

CHAPTER III

POLICY GUIDELINES FOR
LAND USE AT MATSAPHA INDUSTRIAL AREA

3.1 General Policy

Land should be divided and infrastructure designed according to the need. Small industries, with a workforce less than 100 employees or with a required shed/production areas less than 2,000m², should be provided with a plot areas less than 5,000m² (0.5ha). Medium size industries, with a workforce not exceeding 250 employees or a shed/production area not exceeding 4,000m², should be provided with a plot not exceeding 10,000m² (1ha). Industries with special requirements should get land and infrastructure accordingly, such as pollutive, high consumption of water or electricity or bulky produce demanding rail transport.

3.2 Recommended Conditions for Purchase of Land

1. Verify type of production and plot size required, by documents pre-feasibility study, transfer of company from another country (drawings), loan agreement etc.
2. Commitment by the entrepreneur to start construction within one year and be in production within 3 years from the date of the title deed. If this is not fulfilled, the government can withdraw the title deed with the initial purchase amount as compensation.
3. The entrepreneur should be informed about possible expansion into a connecting plot. The plot can be reserved for him until 6 years. If his initial plot is not covered with 40% by shed/production or 100% utilized for outdoor storing, parking, roads or other industrial related activity within that period, the connecting plot can be sold to another entrepreneur.

4. Plots should be bought back/transferred to new owners, by the government at the current price to avoid speculation and misuse of the area.
5. The price should be increased to 25,000 E/ha = 2.5 E/m² (app.) with a yearly increase of 10%. However, concessional prices could be offered to the small scale industrial enterprises.

Since the industrial estate motivates and attracts the investor and hasten the process of industrialization resulting in much-needed employment generation, productivity and exports, it is recommended that the government may subsidize the cost of infrastructure development and servicing to the extent of 50%. This may be considered as the guiding principle for the pricing policy of land in future.

However, shells may continue to be provided to the investors both to small and medium industries on selective basis to motivate the entrepreneurs and investors and reduce the gestation period.

3.3 Administration of the Matsapha Industrial Area

There are two independent functions involved, to secure the development of an industrial area, one executive and one supportive.

The executive function

The executive function is usually carried out by a council, city or county, to provide the service needed by the inhabitants, and to collect taxes and charges, to enable the service.

The main services required

* Infrastructure:

The supply and maintenance of infrastructure; roads, street lights, water, sewage, drainage, gardening, electricity by the Swaziland Electricity Board, telephone-telex-telefax by the Post and Telecommunication department. The infrastructure must function in an efficient manner, to attract people to the area.

* Security:

To secure the safety of the inhabitants and the properties, police and firebrigade should be posted in the area, to give effective protection. There is need to intensify police patrolling and opening of the fire station at Matsapha.

* Health:

A hospital/clinic should be located in the area, where patients can get medical care and to reduce unnecessary absence from work. An industrial welfare officer should carry out inspections, to prevent damage to men or property, prevent pollution, littering, vagrancy of people and animals and other unsanitary activities.

* Labour:

A labour office should register all unemployed in the area, receive the vacancies from the companies, to facilitate and gear the employees to the right job for his/her qualification, and to reduce disturbance by unemployed around the company gates. (This does not prevent the employers to recruit directly).

* Administration, Treasury:

The previously described activities plus Treasury should be carried out from an Administration Office in the Matsapha Town Area. Tax and charges should be collected and service ordered in an efficient manner from this office. An Executive City Engineer should carry over all responsibility and coordination of the activities. Sale of plots should be executed here, but every sale/purchase must be approved by the Ministry of Industry.

* Residential Accommodation:

Additional residential accommodation be built up in the area and some recreation facilities provided for the inhabitants.

We recommend to the Matsapha Town Board to apply to the Prime Minister of Swaziland (statutory authority for such approval) through the Ministry of Industry for its elevation as a City Council. Matsapha Town has a sound growth potential and should manage its own affairs, with a present population of 9,000 inhabitants and estimated 6,000 employees.

The present status does not allow collection of taxes and charges, to render the required services possible. We are not in favour of Matsapha Industrial Town being governed by any other City Council. (Such as Manzini). We need a City Council particularly geared to industrial development.

As an interim measure, the Ministry should immediately appoint an estate officer to take full responsibility for administering the industrial estate, build an office at Matsapha and train at least two officers in the field of Industrial Estate Management.

The supportive function

So far we have suggested restrictions/demands on the entrepreneur. However, the entrepreneur must be stimulated by all possible means.

- * We suggest the establishment of a Technical Advisory Committee in the Ministry of Industry, consisting of a group of specialists to assist the entrepreneurs needing it at Matsapha or elsewhere in Swaziland in:
 - Management and Entrepreneurship
 - Design of sheds, production lines and product ideas
 - Economy, pre-feasibility studies, banking, etc.
 - Production; raw materials, machinery, quality control
 - Administration; legal, tax, export/import, freight, etc.
 - Marketing, product promotion,, sub-contracting

Local staff should be trained in these fields. As an interim period, international experts can be trainers and advisors in the respective fields.

3.4 Recommended division of plots at Matsapha Industrial Area, Phase IV

We have recommended a change in the previous policy of the division of land. Since the Phase IV plots (enclosed next page) are not yet developed, except for one plot, we prefer the new policy to be introduced at Phase IV. The efforts should be concentrated to this area, and the

previous phases left aside, until decided how to retract the unutilized land. However, the balance unsold land in Phase III could be reserved for prospective large industries or plots divided on the pattern recommended for Phase IV. The reasons to scale down the size of the plots are to:-

- * Limit unutilized land
- * Decrease interest by the non-industrialists
- * Reduce speculation
- * Make the land more functional and productive
- * Increase no. of employees/hectare
- * Enhance security




For the determined entrepreneur, the size of land is not a main issue, as long as he has space enough for his operation.

We wish to develop Phase IV in two steps, due to the watershed division. Step A will be considerable cheaper to develop, since step B requires a sewage pump, to push back the sewage to the sedimentation ponds. Refer to the plan enclosed.






The sizes of plots varies from 2,000 to 10,000m². Expansion of a plot can be obtained by reservation of a rear connecting plot. For requirements of larger or special plots, areas outside can be reserved for such purpose.

3.5 Estimated cost of servicing Phase IV - 58.05 ha

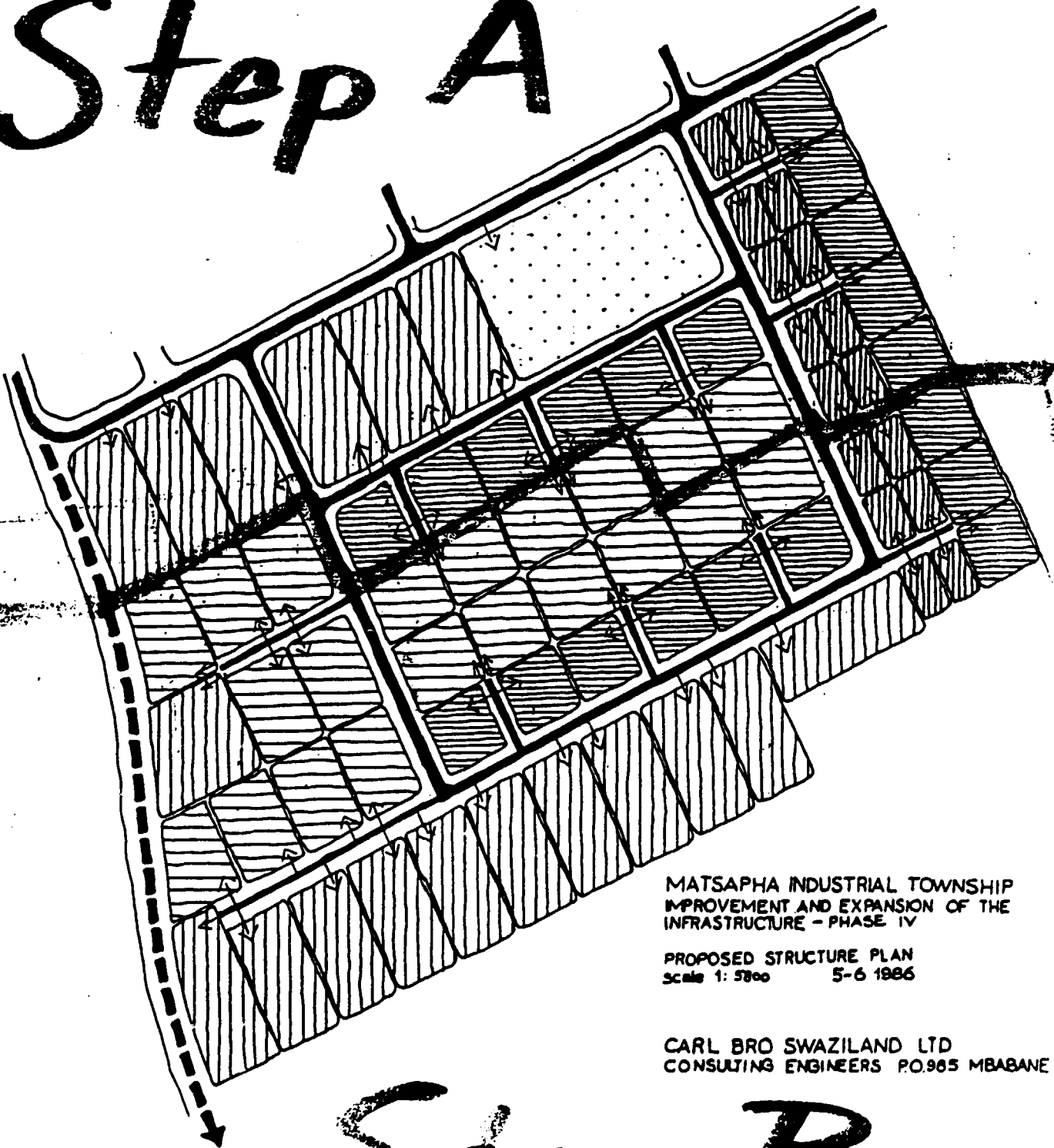
- | | |
|---|------------|
| a. Infrastructure development-
Roads, stormwater drainage,
water supply and sewer system: | E1,306,000 |
| b. Consultants charges @ 12% of (a) | E 156,720 |

 PRIMARY DISTRIBUTOR ROAD
 SECONDARY DISTRIBUTOR ROAD
 ACCESS ROAD

LEGEND

		NO. OF PLOTS	AREA	
	PLOT SIZE 0.15-0.25 HA	16	3.36 HA	5.8%
	PLOT SIZE 0.45-0.55 HA	20	9.98 HA	17.2%
	PLOT SIZE 0.65-0.75 HA	21	14.22 HA	24.5%
	PLOT SIZE 0.95-1.05 HA	18	18.36 HA	31.6%
	PLOT SIZE > 2.00 HA	1	3.08 HA	6.7%
	ROAD RESERVES		8.25 HA	14.2%
	TOTAL	76	58.05 HA	100.0%

Step A



MATSAPHA INDUSTRIAL TOWNSHIP
IMPROVEMENT AND EXPANSION OF THE
INFRASTRUCTURE - PHASE IV

PROPOSED STRUCTURE PLAN
Scale 1: 5000 5-6 1986

CARL BRO SWAZILAND LTD
CONSULTING ENGINEERS P.O.985 MBABANE

Step B

c.	Upgradation of Sewage treatment works:-	
	(i) First step - installation of aerators	E 120,000
	(ii) Expansion of sewage treatment works	E 690,000
d.	Charges by Water and Sewerage Board	
	(i) Two water mains each E67,000	E 134,000
	(ii) One bridge over the sewer	E 17,000
e.	Connection charges, supply of Electricity by the Swaziland Electricity Board ⁺	<u>E 373,850</u>
f.	<u>Total Cost of Servicing 49.80ha 76 plots</u> (out of a total area 58.05 ha)	<u>E2,797,570</u>
*	<u>Cost per hectare</u>	E 56,138
*	Estimates of 'a, b, c and e are attached at annexure 'F'. Estimates at 'd' are based on discussions with the Water and Sewerage Board.	
*	Government purchase price of land not included in the estimates.	

⁺ Swaziland Electricity Board has confirmed during discussions that their estimations hold good despite increase in the number of plots from 17 to 76. In addition, they are taking steps to rectify the system to avoid/reduce incidence of voltage fluctuations.

CHAPTER IV

INDUSTRIAL GROWTH CENTRES

General techno-economic variables for an industrial area to be successful, could be attributed to:

- * Rawmaterial
- * Energy
- * Water
- * Telecommunications
- * Transport
- * Workforce
- * Infrastructure
- * Living facilities
- * Industrial and domestic services
- * Markets
- * Recreation

4.1 Matsapha Industrial Area

The area has a good location for small, medium industrial and a few selected large industries. There is a promising potential for more exports and local industries. The plan for new establishments must be enforced, not to waste expensive land and infrastructure for non-industrial purposes. We have analysed and suggested some measures for land use of Matsapha especially Phase IV (see Chapter II and III) to reach this goal.

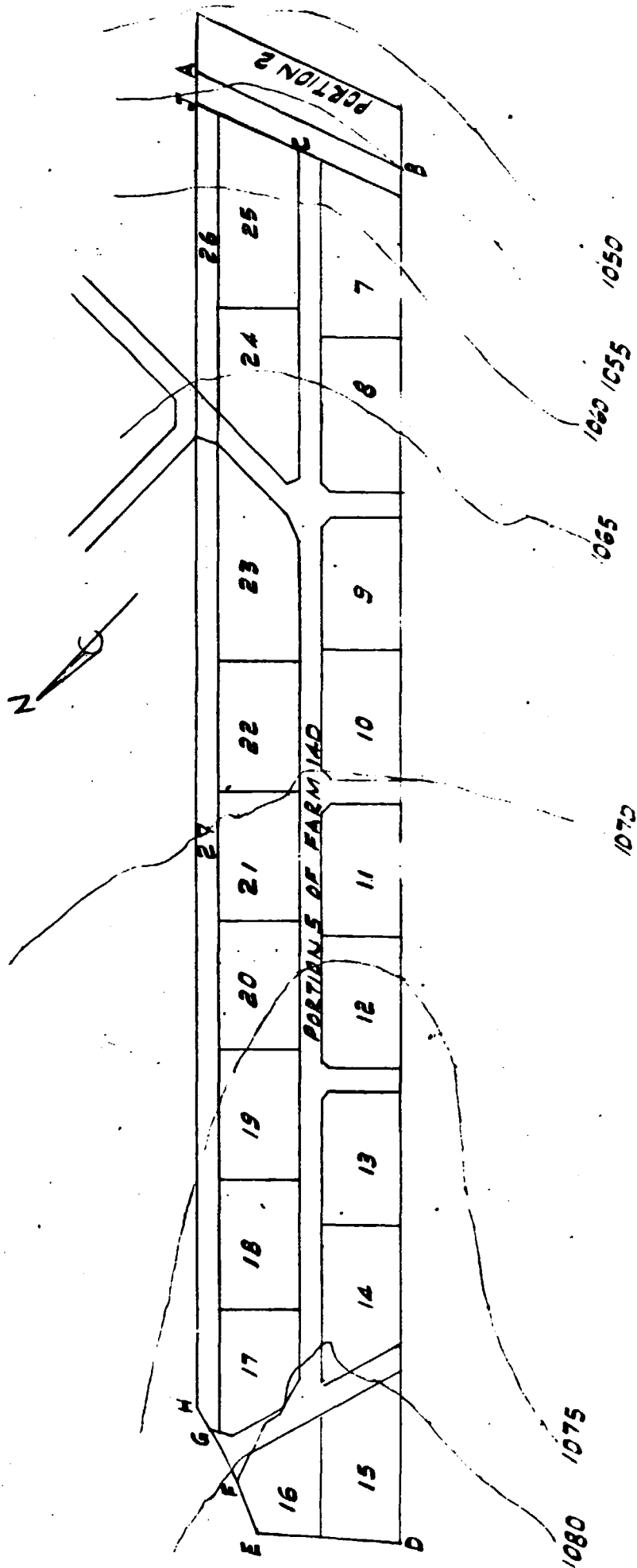
4.2 Nhlangano Industrial Area

Basic infrastructure on the industrial estate at Nhlangano was completed in December, 1981 at a cost of E500,000 by the Government of Swaziland on the land purchased on the 1st June, 1973 for E26,000 measuring 20.55ha divided into 22 plots (see the plan enclosed - No.6, 7, 26 to 27 are not saleable). The first establishment was put up in 1981 by

NHLANGANO INDUSTRIAL TOWNSHIP

CADASTRAL PLAN

SCALE 1 : 5000



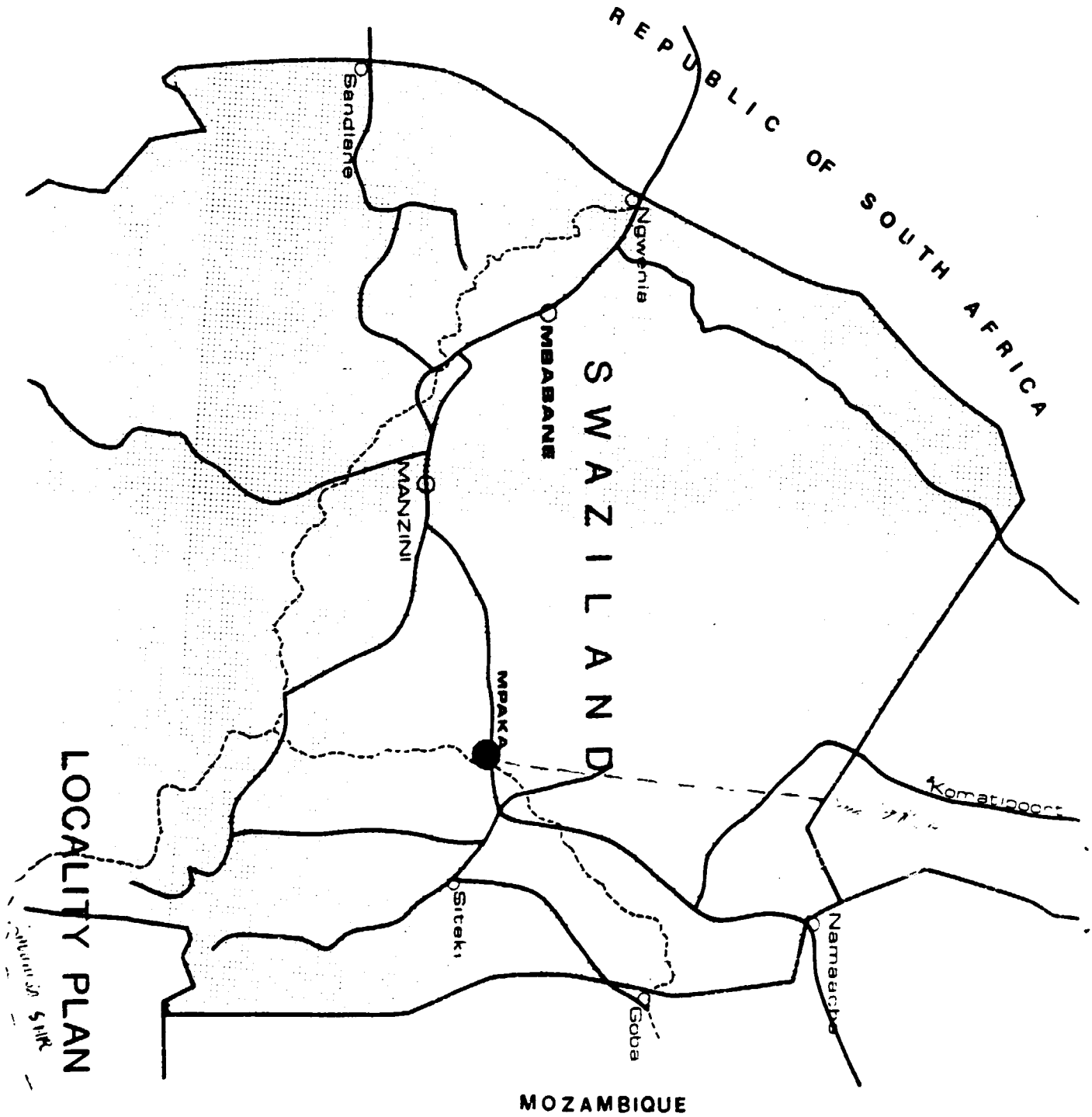
Metro - a wholesaler for general merchandise and groceries and the second is a small enterprise - brick manufacturer and automobile workshop. Apart from the development of these two plots, there is no other activity except an office building being constructed by TEBA (The Employment Bureau of Africa) - South African recruitment agency. It is reported that nine plots have been committed for sale by the Government leaving a balance of six plots.

The area is well located near the dwellings and within a short distance to the South African border (Piet Retief - 47km with a rail terminal) and markets. The Industrial Area is facilitated with complete infrastructure, but entrepreneurs have so far shown little interest for development in the area. A new chipboard industry is under construction within a short distance of the industrial estate and is ensured wood supply from a nearby forest source. The industrial environment (see techno-economic variables) is weak compared to the Manzini/Matsapha area, specially on industrial services and living conditions for the senior staff. There must be a special advantage, like raw material sources to attract a larger industry to this area.

Since Nhlngano industrial estate is already serviced and infrastructure provided, Government may promote it on a selective basis to stimulate the industrial activity in the area and benefit from the investments made for generation of employment in the area. However, it does not hold promise for expansion in the foreseeable near future.

4.3 Mpaka

Mpaka is located 53 km east of the Commercial Centre, Manzini and provides important rail link to Maputo port in Mozambique in the East (location plan enclosed). A E63 million rail linking up Komatiport in the North and Richards Bay and Durban in the South in the Republic of South Africa provides a new link with the existing rail line at Mpaka. Mpaka Railway station has been remodelled and commissioned recently and has capacity for providing sidings for newer industries in addition to the sidings for coal and sugar already in existence.



There are two larger enterprises, clay brick manufacture and coal mining. The coal excavated in the area has a high content of clinker and is not suitable for the burning of bricks in the present design of the kilns. There is no interest from the brick company to develop a suitable kiln to use the local coal, since there is availability of cheap coal of high quality in the Republic.

The Government of Swaziland, the Ministry of Industry may look into the possibility to utilize the local coal as energy source for power generation, production of coke briquets, production of gas and as fuel for specially designed kilns.

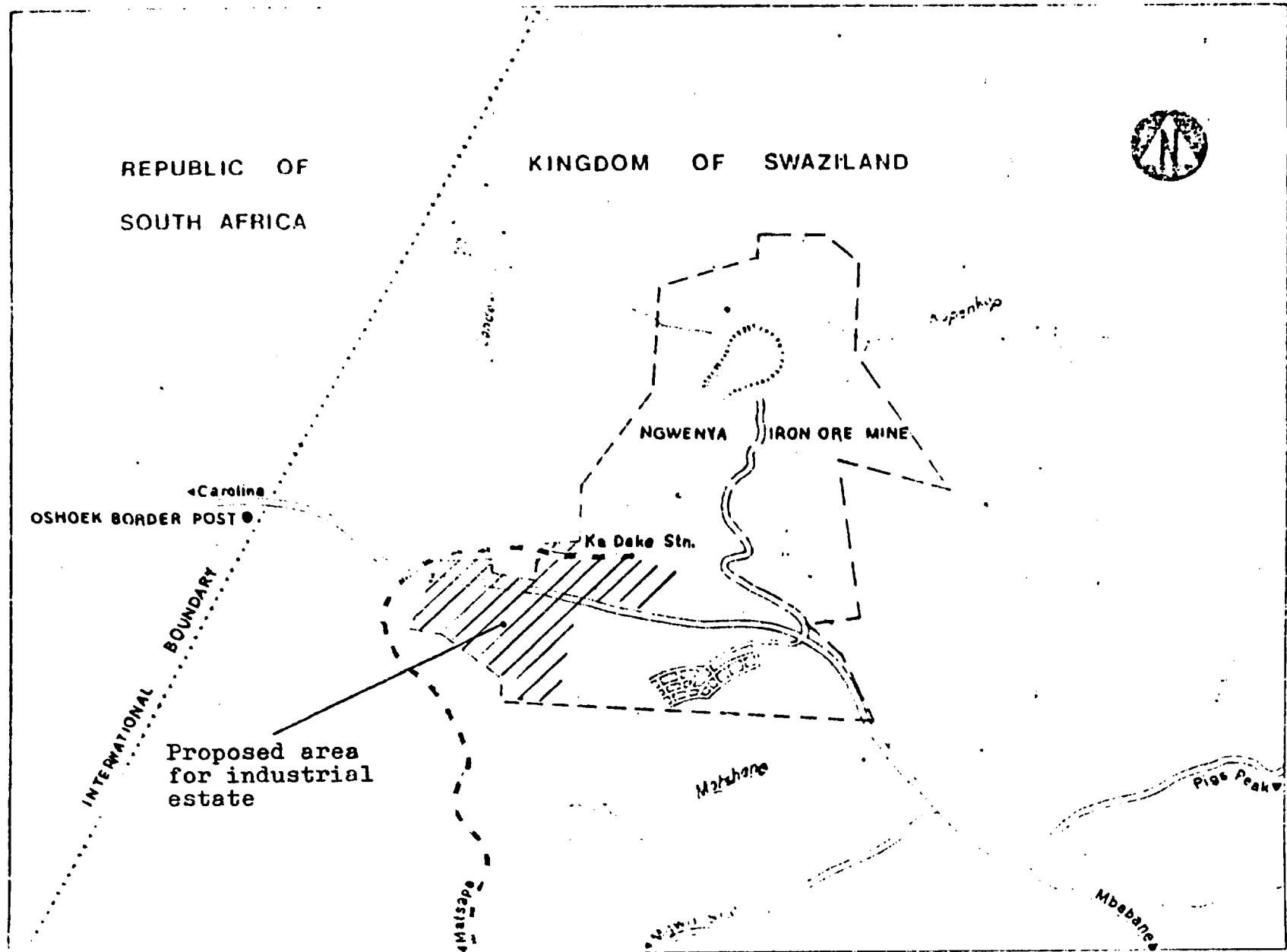
Clay deposits have been reported to be of superior quality and are suitable for production of ceramic tiles, tableware etc.

The area has low potential for general industries and offers no special advantage. It is a hot low land with a limited source of water and has only unskilled manpower in the area.

Mpaka could be considered as a candidate site for a large industry utilising coal or other mineral resources in the area requiring transportation of bulk and heavy goods by rail. However, structural weaknesses in the infrastructure will need to be rectified particularly with respect to the availability of water and substantial improvement in the telecommunication system.

4.4 Ngwenya Industrial Area

Following the closure of Iron Ore Mines at Ngwenya in 1978, the Government of Swaziland purchased the property consisting of about 550ha of land along with the office and dwelling buildings as well as the infrastructure at a cost of E600,000 from Swaziland Iron Ore Development Company Ltd in August 1980 (see Plan enclosed). The Government has been considering to utilise 200ha for an industrial estate and got the initial



design work report from the consultants - Bergman International (Swaziland) Ltd in March 1981 at a cost of E88,000 and has not developed the site into an industrial area so far. (Proposed plan enclosed).

Ngwenya* has four industrial units. The major one is a brake lining factory and two small scale industrial units - a semi-precious stone cutting and woollen upholstery weaving factory. The fourth unit - a glass factory set up with SIDA's assistance has since been closed down. There are, however, several cottage craft units along the main road, which benefit from the tourist traffic between Johannesburg and Mbabane. Actually Ngwenya is situated only 20 kms from Mbabane, too near but outside the industrial zone between Mbabane and Manzini, to be attractive. If other mineral deposits can be found in the area, Ngwenya has an excellent position for export to the Republic. For other industry, it has no real advantages to offer compared with Matsapha. At best one can consider setting up a specialised small scale industrial estate such as - textile weaving, cottage craft industries.

4.5 Conclusions

With the limited resources, the Government has to promote industry, it is most economical to locate most of the industries in the Matsapha Industrial Area, unless there are special advantages in the other area. The development of new areas is very expensive and since Matsapha Industrial Area is underutilized, with plenty of unemployed labour around, we can not come to any other conclusion.

*

During discussion with Swazi Railway Authorities, it emerged that the the bulk movement of freight traffic (e.g. sugar, coal, pulp, wood, citrus) takes place through railway network to the full extent, whereas the railway share of the transportation business for other products is of the order of only 20%. Even Matsapha railway sidings are utilised to the extent of only 50% of their capacity and some of the enterprises with sidings in their premises are not utilising at all. In this context, it can be concluded that the unused railway line at Ngwenya does not have much significance more so, when road transport system is quite efficient.

CHAPTER V

SMALL ENTERPRISES DEVELOPMENT COMPANY LIMITED
AND ITS INDUSTRIAL ESTATES

After achieving independence in 1968, the need to encourage and induct Swazis into business was greatly felt in the expatriate dominated economy in the Kingdom of Swaziland. With a view to encourage local entrepreneurship, Small Enterprises Development Company (SEDCO) was established through the help of the United Nations Development Programme (UNDP), ILO, SIDA and the British Government as a parastatal organisation in 1970 under the Ministry of Commerce, Industry, Mines and Tourism. SEDCO became a wholly owned subsidiary of the Government owned company, National Industrial Development Corporation of Swaziland (NIDCS) in the year 1976 with the following objectives and has stayed in that capacity ever since:

1. To increase the number of Swazi business people in small and medium scale business;
2. To raise incomes and employment of Swazis;
3. To establish industries in rural areas;
4. To promote import substituting industry.

Interrelationship between NIDCS and SEDCO has been of no consequence devoid of pragmatism either for the entrepreneurs, the Government or the organisations themselves. Various consultants and organisations including the World Bank have recommended the delinking of both these organisations, so that SEDCO could work under the direct direction and control of the Ministry. The Government issued a policy statement on SEDCO in October 1985, which include among other things, to bring SEDCO under the control of the Ministry of Commerce, Industry and Tourism. The policy statement emphasised on the strategies to be adopted guiding SEDCO's future operations. However, the Mission's findings reveal that NIDCS and SEDCO have not been delinked from each other. Similarly no other clauses of the policy statement appear to have been operated upon. (Copy of the Policy statement attached at Annex 'G').

Since inception, SEDCO has been providing direct financial assistance and support services to the entrepreneurs and small scale enterprises and major activities are listed hereunder:

- Entrepreneurship development and basic business training;
- Consultancy, counselling and guidance;
- Equity and Loan financing;
- Community (common) facility services (since then closed in most of the estates);
- Technical and financial assistance to small building contractors;
- Development and management of industrial estates.

The Fourth National Development Plan (1983/84-1987/88) of the Government of the Kingdom of Swaziland has outlined the objectives of SEDCO as follows:

- (a) to promote rapid industrial growth in order to raise incomes and employment with special emphasis on labour-intensive industries;
- (b) to promote the development of local entrepreneurs;
- (c) to increase participation of Swazi Nationals in the industrial and service sectors;
- (d) to establish enterprises in rural areas; and
- (e) to maintain the operation of the revolving development fund to finance small- to medium-scale enterprises.

The current plan document has also elaborated on the priority areas during the plan period which are given hereunder:

1. to consolidate existing companies and projects with a view to expanding the progressive ones and closing down those that are failing;
2. to create 500 jobs by giving short- to medium-term loans to small- and medium-size businesses. The focus will be on new projects and the expansion of existing projects;

3. to establish industrial estates at Lavumisa, Lomahasha and Ngomane;
4. to strengthen the marketing extension capacity of SEDCO;
5. to encourage the establishment of cottage industries through the Tinkhundla System;* and
6. to establish factory shells for SEDCO graduated entrepreneurs in existing industrial sites such as Matsapha, Nhlangano, Sidwashini and Ngwenya.

It is a pity that no action plan of SEDCO has been formulated so far on strategies devised keeping in view the plan objectives though half of the plan period is getting over shortly. In fact, SEDCO has been dormant after 1982 where not much activity has emerged to assist small scale enterprises, develop Swazi entrepreneurs, provide financial assistance or training or generate much needed self-employment or employment opportunities for the Swazi youth.

The main objectives of this study in regard to SEDCO is its Industrial Estates programme and hence an effort has been made to focus on this activity and related issues. Therefore, it is desirable to have a brief introduction into SEDCO's eight industrial estates so far established before we deal with other issues:

*

The Tinkhundla is a unique system of Swazi Government at regional level which, in modern times, has been formalized in the Laws of Swaziland by the provision in The Establishment of the Parliament of Swaziland Order, 1978 (King's Order in Council No. 23 of 1978) whereby the King may establish or confirm the existence of all Tinkhundla by public statement at a Sibaya or in such other manner as he may deem fit. His Majesty, the late King Sobhuza II, confirmed the establishment of forty Tinkhundla in the country. In addition to performing its traditional functions at local level, each Inkhundla elects two delegates to the Electoral College, the principal function of which is to elect the forty members of the House of Assembly of the Parliament. Members of the Electoral College elected by the Tinkhundla also serve in the four Regional Councils established by the Regional Councils Order, 1978 (King's Order in Council No. 22 of 1978).

5.1 Industrial Estates

Industrial estate development became an integral part of inducting the Swazi entrepreneurs by providing workplace in the industrial estates, finance as equity and loan, community (common) facilities, and other support and extension services. An investment of E854,821 at cost (total cost of land and building minus cost of Head Office Building E936 986 - E82 165 = E854 821) has been made on all the eight industrial estates, which was initiated with British Aid Funds totalling E686 754 and utilised for six industrial estates, namely, Mbabane (1971), Manzini (1971), Piggs Peak (1971), Hlatikulu (1972), Matsapha (1973) and Siteki (1974). The other two industrial estates, namely, Vuvulane (1976) and Nhlangano (1976) were built with SEDCO's resources. Another industrial estate at Ngwenya was intended to be built for providing accommodation to the entrepreneurs who were to be sub-contracted by the Swazi Glass Craft (Fty) Ltd; but unfortunately this never took off, as Swazi Glass Craft has since been closed and is under liquidation proceedings.

Land tenure system and Swazi Nation Lands have been a limiting factor for the development of industrial estates. Currently, SEDCO possesses title deeds only for land relating to Manzini and Matsapha Industrial Estates and is likely to receive the title deed for Pigg's Peak Industrial Estate shortly. Hence, buildings costing E349,420 have been erected on the land owned by the Swaziland Government.

All the eight industrial estates (see the location plan enclosed) have been visited by the mission and discussions held with 63 of the 93 entrepreneurs for a personal evaluation. Detailed discussions were also held with the Head Office personnel and the field staff as well as with some entrepreneurs outside the industrial estates. Brief resume of each industrial estate is given in the enclosed annexure 'H'.



SMALL ENTERPRISES DEVELOPMENT IN SWAZILAND

HISTORICAL INFORMATION :

SMALL ENTERPRISES DEVELOPMENT COMPANY LIMITED (SEDCO) IS A PARASTATAL ORGANISATION UNDER THE MINISTRY OF INDUSTRY, MINES AND TOURISM. THE ORGANISATION IS CHARGED WITH RESPONSIBILITY OF PROMOTING SMALL INDEGENOUS ENTERPRISES AND ENCOURAGE THEM TO CONVERT LOCAL RAW MATERIAL TO SALEABLE PRODUCTS. THE ENTERPRISES ARE GIVEN PACKAGE DEAL OF ASSISTANCE IN THE FORM OF SMALL BUSINESS MANAGEMENT TRAINING, FINANCIAL MARKETING AND TECHNICAL ASSISTANCE.

THE ENTERPRISES ARE SITUATED IN THE DIFFERENT SEDCO ESTATES AS SHOWN OVERLEAF AND SOME ARE OUTSIDE THESE ESTATES. THEY ARE MORE THAN 180 ENTERPRISES GIVING EMPLOYMENT TO ABOUT 1000 NON AND SEMI-SKILLED WORKERS.

VARIOUS PRODUCTS PRODUCED IN THE ESTATES :

MBABANE SEDCO ESTATE : PHONE : 42811

ARTIFICIAL FLOWERS, FASHION AND HAND PRINTED FABRICS, POTTERY, CURTAINS, READY MADE GARMENTS AND CROCHET WORK, HATS, LEATHER PRODUCTS, HORN PRODUCTS, WATCH REPAIRING, TAPESTRY, MOTOR CAR NUMBER PLATES, JERSEYS, HANDICRAFTS, SCHOOL AND NURSES UNIFORMS, UPHOLSTERY ETC., ETC..

MANZINI SEDCO ESTATE : PHONE 52752

LIGHT METAL ENGINEERING, WATER AND STORAGE TANKS, WINDOW FRAMES, REFRIGERATOR REPAIRING AND COLD STORAGE, SCOTCH CARTS, BEDDING, BURGLAR PROOFS, WOODEN DOORS, JERSEYS, UPHOLSTERY, FENCING MATERIAL AND OTHER ASSOCIATED PRODUCTS IN THE LIGHT METAL INDUSTRY.

MATSAPHA SEDCO ESTATE . . .PHONE . 52894

WOODEN FURNITURE, FENCING AND GENERAL WELDING.

PIGG'S PEAK SEDCO ESTATE : PHONE : 17

ALL TYPES OF FURNITURE RANGING FROM HOUSEHOLD, SCHOOL AND CHURCHES. FOR THE FIRST TIME IN THE SOUTHERN REGION OF AFRICA WOODEN RULERS ARE MANUFACTURED IN THIS ESTATE.

HLATHIKHULU SEDCO ESTATE : PHONE : 44

TANNING OF COWHIDE, GOAT, SHEEP, SNAKE AND IMPALA SKINS. PRODUCTION OF LEATHER HANDICRAFT ITEMS, WOODEN FURNITURE, WOODEN COATHANGERS, SCHOOL UNIFORMS ETC., ETC..

VUVULANE SEDCO ESTATE : PHONE TSHANENI : 10

THIS ESTATE OFFERS GENERAL SERVICES IN RETAIL TRADE AND LOCAL MUTI MAKING.

NHLANGANO SEDCO ESTATE :

SCHOOL UNIFORMS, READY MADE CLOTHING, JERSEYS, WOODEN FURNITURE, WATCH REPAIRING ETC., ETC..

NGWENYA SEDCO ESTATE : HANDMADE GLASS WARE.

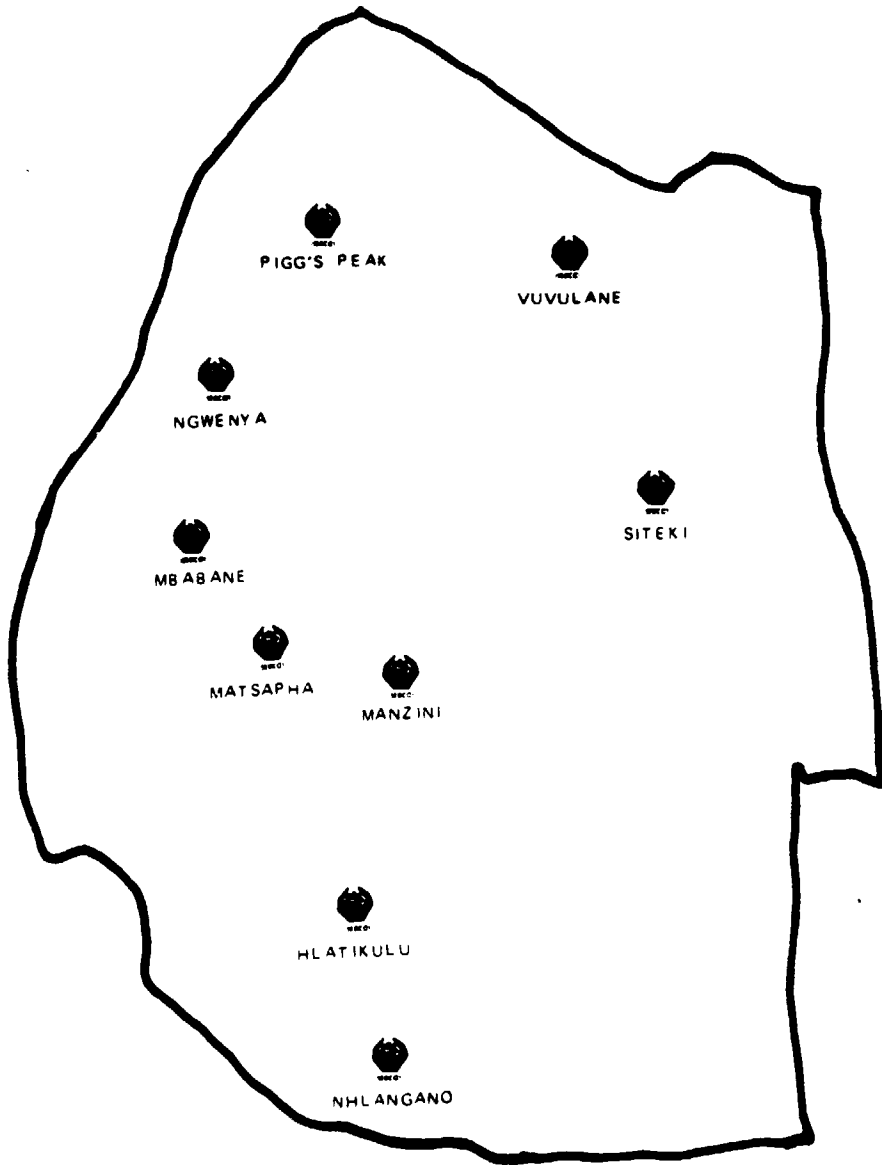
SITEKI SEDCO ESTATE : DRESS MAKING, CHEMISTRY AND HANDICRAFTS.

WHEN YOU ARE IN SWAZILAND MAKE IT A POINT TO VISIT SEDCO ESTATES.
A VISIT TO ANY SEDCO ESTATE IS IN ITSELF AN INTERESTING AND AN EDUCATIONAL EXPERIENCE SEEING ENTERPRISING ENTREPRENEURS AT WORK, TURNING OUT HIGH CLASS PRODUCTS WHICH HAVE READY MARKETS IN SWAZILAND AND ABROAD. VISITORS TO SEDCO ESTATES ARE WELCOME AND FREE GUIDED TOURS CAN BE ARRANGED. FOR MORE INFORMATION ABOUT SEDCO,

PLEASE WRITE TO : P. O. BOX A186 - MBABANE - SWAZILAND. TEL.: 43391.



LOCATIONS OF
SEDCO INDUSTRIAL ESTATES
IN THE
KINGDOM OF SWAZILAND



5.2 Industrial Estates of SEDCO: A Review

A. Management

The Managing Director of SEDCO, Mr. John Fakudze, reports to the Board of Directors and is in turn assisted by a seven-member management team consisting of the following:

	<u>Present Incumbent</u>
1 Financial Controller and Secretary to the Board of Director	Mr. A.S. Motsa
2 Head, Estates Administration	Mr. Percy Mngomezulu
3 Head, Projects	Mr. Paul M. Thabede
4 Head, Building	Mr. Joe Mokgokong
5 Head, Training and Administration	Mr. S. G. Ntshalintshali
6 Head, Management Consultancy	Mr. Gareth D. Mngomezulu
7 Adviser, Buildings	Mr. Rainer Toepfer

Estates are managed by the Head, Estates Administration, SEDCO Head Office located at Mbabane and through five field offices located at Mbabane, Manzini, Nhlngano, Pigg's Peak and Vuvulane. Field offices are responsible for rental collection and local maintenance but enjoy virtually no delegation of powers and almost all matters are referred to the Head Office for approvals, advice, consultancy, trouble-shooting, etc. The maintenance of the industrial estates is quite poor in terms of cleanliness, upkeep and lack of repair to dilapidated buildings. (Total No. of employees in SEDCO 66 as per 1983-84 report including 26 in the Field Office).

B. Enterprises

Eight industrial estates have 93 enterprises consisting of an admixture of manufacturing, trading and servicing employing 296 persons inclusive of self-employed entrepreneurs. Most of the enterprises are very small in size. Manufacturing activities range from light engineering, knitting, dressmaking, stitching, handicrafts and so on. Services enterprises consist of teashops, restaurants, shoe repair, carpentry, motor mechanics and a variety of trading activities like grocery stores, bottle stores, butchery and so on. Many of the

manufacturing enterprises could be classified as service enterprises due to micro size of their operations. Estates at Siteki, Vuvulane and Hlatikulu could better be classified as enterprises estates, since they have no manufacturing activity. The following table indicates the present status of the industrial estates.

Table 5.1
INDUSTRIAL ESTATES
Types of Enterprises, Numbers and Employment Generated

Name of Industrial Estate	Manufacturers		Services		Trading		Total	
	No.	Employees	No.	Employees	No.	Employees	No.	Employees
1 Mbabane	18	43	2	7	3	11	23	61
2 Manzini	16	45	1	3	1	5	18	53
3 Piggs Peak	4	21	1	2	2	9	7	32
4 Nhlanguano	7	28	11	32	2	3	20	63
5 Vuvulane	-	-	3	8	8	28	11	36
6 Siteki	-	-	5	9	1	1	6	10
7 Matsapha	2	24	1	1	-	-	3	25
8 Hlatikulu	2+	12	2	3	1	1	5	16
GRAND TOTAL	49	173	26	65	18	58	93	296

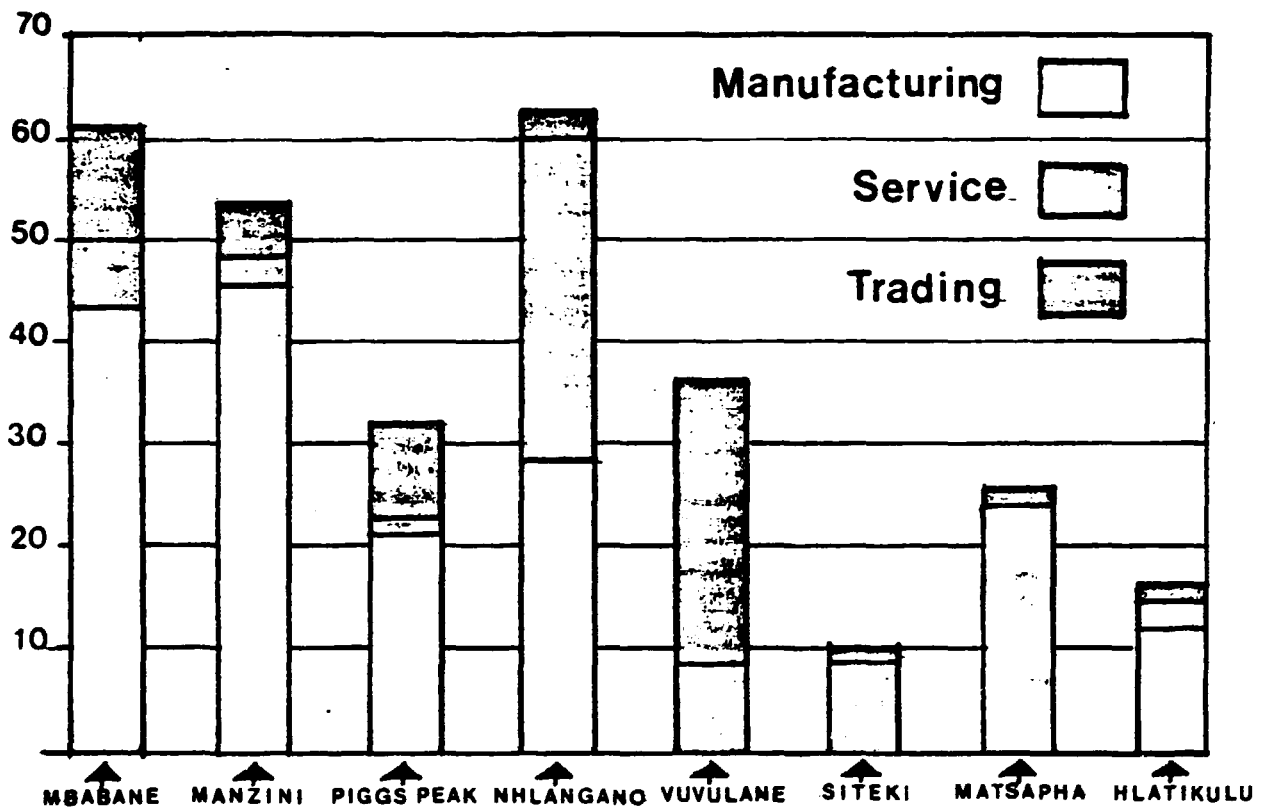
+ Located off the main industrial estate.

Source: SEDCO and field investigations [Questionnaire used is annexed at 'I']

C. Induction, Training and Facilities to Entrepreneurs

- Most of the Swazi entrepreneurs were initially picked up without applying rigorous selection criteria and inducted into business activity.

EMPLOYMENT PATTERN IN INDUSTRIAL ESTATES



- SEDCO embarked on providing much needed raw material assistance on off-the-shelf basis to the enterprises in the industrial estates after bulk purchasing. This activity could not be managed well and hence has been discontinued due to persistant losses.

- Another extension service provided to the enterprises on the industrial estates are common services facilities which implied that an entrepreneur will use the facilities himself and pay for the time, machine is used. Out of the five common facility workshops, one at Mbabane was never commissioned and three others have since been closed. Only one at Pigg's Peak is operative.

The table 5.2 indicates the common facilities usage in terms of the machine hire charges recovered:

Table 5.2
COMMON FACILITIES USAGE

<u>Year</u>	<u>Amount Recovered</u>	<u>Year</u>	<u>Amount Recovered</u>
1973	E 179	1980	E 1,893
1974	E 2,111	1981	E 2,473
1975	E 1,195	1982	E 1,437
1976	E 2,508	1983	E 936
1977	E 2,671	1984	E 461
1978	E 1,504	1985	E 291
1979	E 1,328	1986	<u>E 455</u>
		Total	<u>E19,442</u>
		Usage per year	<u>E 1,389</u>

Copy of the Memorandum of Agreement signed between SEDCO and the entrepreneurs is placed at annexure 'J'.

D. Industrial Estate Premises - Rentals

Premises in the industrial estates were provided to entrepreneurs on rental basis at E1.10 per square metre which were increased by 25% to E1.37 per square metre in 1982 with a stipulation of 10% annual increase. The current rate is E2.30 per square metre. The enterprises have been resenting rent increases.

Recovery of rental has continued to be problematic. Actual collection against receivables are given in the table hereunder:

Table 5.3

RENTALS OF INDUSTRIAL ESTATE RECEIVABLES Vs ACTUAL COLLECTION

<u>Year</u>	<u>Receivables</u>	<u>Actual Collection</u>
	E	E
1980	40,786	18,776
1981	42,072	20,407
1982	51,981	38,526
1983	75,722	37,128
1984	89,296	36,833
1985	102,426	38,550
1986 (Un-audited)	<u>140,714</u>	<u>56,397</u>
Total	<u>542,997</u>	<u>246,617</u>

Percentage Recovery: 45.42%
Copy of the lease agreement is annexed at 'J(a)'.

E. SEDCO's Subsidiary Companies and Joint Ventures

Monetary limit for investment in a small scale enterprise was initially fixed at E50,000 which was enhanced to E100,000 five years ago. However, SEDCO promoted wholly owned subsidiaries and joint ventures in collaboration with expatriate donors with a view to identify develop and train Swazis who could eventually buy them. The monetary investment limit fixed for such enterprises was of the order of E200,000 in each case and

classified as medium-scale. It is rather unfortunate that none of these enterprises have succeeded. Brief description of these enterprises is tabulated below:

Table 5.4
STATUS OF SEDCO SUBSIDIARIES/JOINT VENTURES

<u>Name</u>	<u>Investment</u> (1984)	<u>Present Status</u>
1 Swazi Glass Craft (Pty) Limited, Ngwenya	E97,349	Closed - under liquidation.
2 Potters Joy (Pty) Ltd Mbabane	E150,871	Being run by SEDCO but an entrepreneur being searched
3 Peak Industries Piggs Peak	E112,764	Under negotiation for the transfer of majority equity to Hultafors of Sweden-collabora- tors for the joint venture.
4 Swazi Woodworking & Upholstery (Pty) Ltd. Manzini	E143,187	70% Equity sold to Swazi Pine - a private large company - balance 30% with SEDCO
5 Swazi Foundry & Pattern Makers, Manzini	E71,226	Closed
6 Swazi Est. Steel Windows, Manzini	E84,539	Closed
7 Jewel Citrus Estate	<u>E 87,500</u>	Sold out.
Total	<u>E747,436</u>	

Source: SEDCO

- It can be seen from the foregoing table that the objective of collaboration for medium scale projects and passing them on to Swazi entrepreneurs has not been achieved.

F. Financial Assistance to Small Enterprises

SEDCO has assisted 202 small enterprises consisting of manufacturing, servicing and trading enterprises and investment and loans are analysed hereunder:

Table 5.5

LOAN ASSISTANCE PER ENTERPRISE

-Total equity of Loan on 202 Enterprises	E1,236,461
-Less Investment on seven joint sector and Subsidiary enterprises	<u>E 747,436</u>
-Net Loans for 195 enterprises	E 489,025
<u>-Average Loan size per enterprise</u>	<u>E 2,508 (App.)</u>

It can be seen that the average loan size to each enterprise is only of the order of E2508. Eighteen enterprises did not take any loan. Even if these are excluded, the average size of the loan comes to E2763, which is possibly too small to make a small project viable.

It is also inferred that only 40% loan assistance went to the 177 enterprises and 60% was invested on joint sector and subsidiary companies in the medium sector.

G. Trading Account

Accounts of the industrial estates are reflected separately in the annual reports and are given hereunder as trading accounts.

Table 5.6
TRADING ACCOUNT

<u>Year</u>	<u>Trading Income</u>	<u>Operating Expenses</u>	<u>(Loss)</u>
	E	E	E
1973	22,524	24,449	1,925
1974	19,954	24,548	4,599
1975	20,160	30,187	10,027
1976	25,816	36,696	10,880
1977	30,836	45,533	14,697
1978	36,650	83,525	46,875
1979	40,935	88,673	47,738
1980	44,097	138,300	94,203
1981	44,453	148,486	104,033
1982	52,627	161,057	108,430
1983	74,099	172,152	98,053
1984	92,067	161,971	69,904
1985	102,859	163,786	60,927
1986	<u>142,728</u>	<u>203,108</u>	<u>60,380</u>
TOTAL	749,805	1,482,471	E732,666

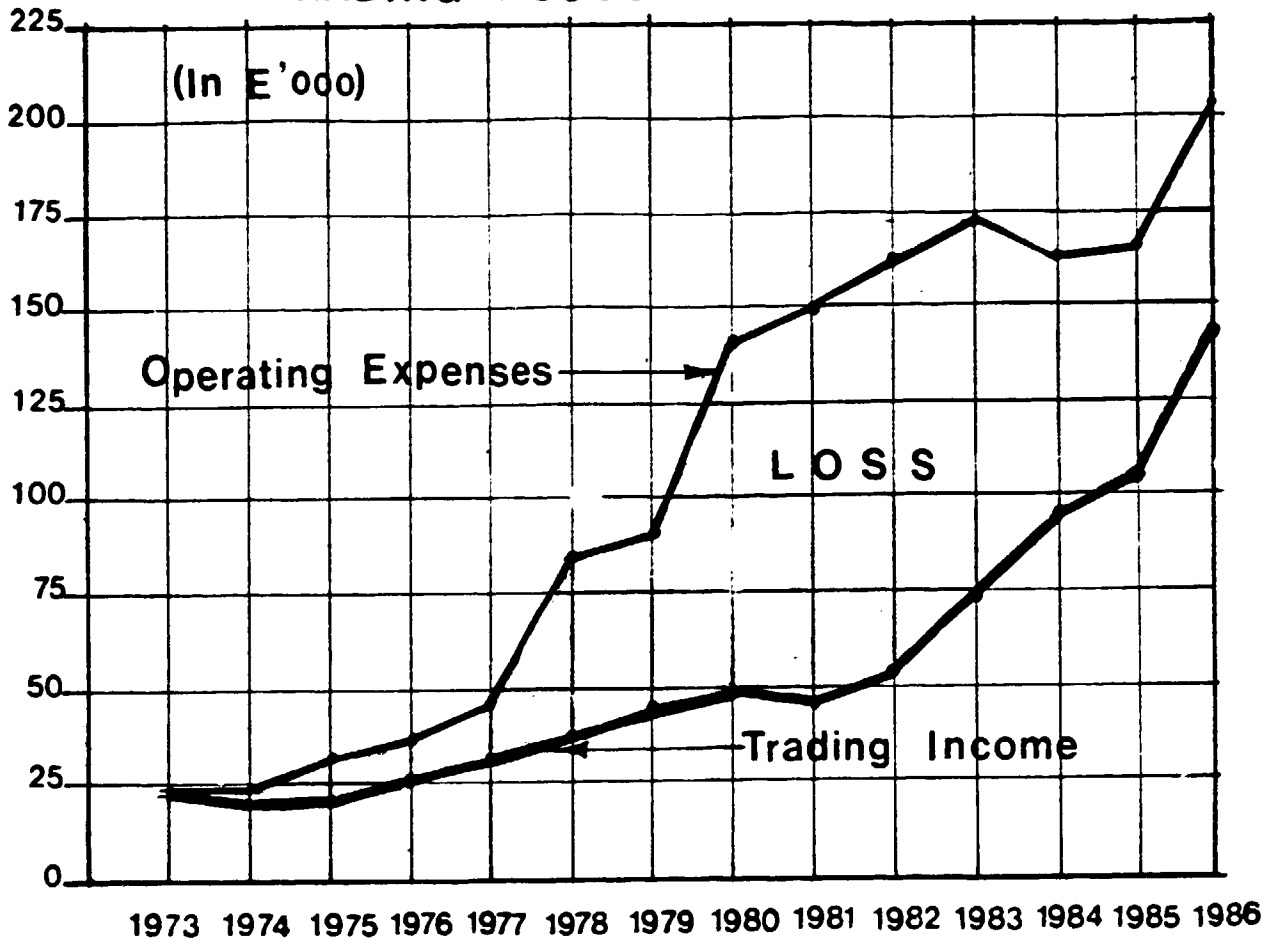
Source: SEDCO - Annual Reports

It is seen that the accumulated operation expenditure exceeded the income by E732,666 for the period 1973 to 1986. However, the trading income reflects rentals receivable and not actually collected which are 45% of the receivables (for the period 1980-86). In addition, the Head Office expenses have not been apportioned to the industrial estates trading account.

H. Concept of Graduation

It was envisaged at the time of accommodating the entrepreneurs in the industrial estates that they will move out after an initial training period of three years - called 'Graduation'. It is reported that

TRADING ACCOUNT OF SEDCO



nine entrepreneurs have so far moved out and only three of them could relocate themselves in business while others have gone looking for jobs. During field visits by the mission and discussions, it has been found that a maximum of 3-4 entrepreneurs could relocate themselves. Graduation concept has been ill-conceived and is not pragmatic.

5.3 Employment and Unemployment

A. Unemployment has been a matter of deep concern for the Government of Swaziland and persistent efforts are being made to create employment avenues through industrialisation. Hence it has been considered prudent by the mission to review it - having direct relevance to industrial estates and industrialisation.

B. No doubt, there has been a spurt of foreign investments in the recent past and apparent creation of employment opportunities for the Swazi youth due to the Government's determination to win confidence of the investors while some others are moving in due to political instability in the neighbouring country. However, overall unemployment situation remains grim, though unemployment estimates are not available. But employment figures in the country are available as also the future projections worked out to the year 2000 which are given hereunder:

Table 5.7
PAID EMPLOYMENT (ESTIMATE) 1980 - 1984

Year	1980	1981	1982	1983	1984
Private sector	55,077	57,243	54,775	54,327	50,581
Public sector	20,047	22,496	22,582	24,246	24,552
Informal sector	10,145	10,452	10,873	11,519	12,200
<u>Total</u>	<u>85,269</u>	<u>90,191</u>	<u>88,230</u>	<u>90,092</u>	<u>87,333</u>
<u>Growth Rate</u>	<u>+3.3%</u>	<u>+5.8%</u>	<u>-2.2%</u>	<u>+2.1%</u>	<u>-3.1%</u>

Source: Government of Swaziland, Economic Review and Outlook for 1986 - January, 1986.

Forecasts for the period up to the year 1990 are given hereunder:

Table 5.8
PAID EMPLOYMENT (FORECAST) 1985 - 1990

Year	1985	1986	1987	1988	1989	1990	GROWTH RATE
Private sector	57,969	58,986	59,732	60,212	60,664	61,082	0.8%
Public sector	23,780	23,973	24,171	24,308	24,442	24,579	0.8%
Informal sector	11,089	11,284	11,637	11,806	11,952	12,072	1.3%
Total	92,837	94,242	95,540	96,325	97,059	97,734	0.8%

Source: * Cohen, Neal P. , Econometric Modelling in Swaziland, U.S. Agency for International Development, January 1985. (Annexed 'K')

The above econometric model has been applied in the Fourth National Development Plan of the Government of Swaziland and hence is considered relevant for simulation to the year 2000 in collaboration with the author and is reproduced hereunder:

Table 5.9
PAID EMPLOYMENT (FORECAST) 1990 - 2000

Year	1990	1995	2000	GROWTH RATE
Private sector	61,082	62,905	64,589	0.6%
Public sector	24,579	25,225	25,890	0.5%
Informal sector	12,072	12,452	12,698	0.5%
Total	97,734	100,582	103,177	0.5%

Source: Forecast of Economic Performance in Swaziland to 2000 -
June 1986

- Forecasts of Economic Performance are placed at Annex 'L' in respect of GDP, Employment, Prices, International Trade and Government Revenue/Expenditures.

* The mission appreciated and acknowledges the assistance of Mr. P. Neal Cohen of the USAID, Swaziland.

C. Unemployment

(i) Growing unemployment situation for the Swazi youth is fully realised by the official circles. However, current unemployment estimates are not available in the Kingdom and hence other relevant indicators have to be considered. As a first indicator, the Kingdom's population and its growth may be seen as follows:

Table 5.10
POPULATION GROWTH

	1976	1980	1990	2000
		(est.)		
Population				
('000)	520	557	754	1020

Source: - Government of Swaziland, Census Report Vol. 1, 1976

- (For 1976 only)

- FAO, ECA, UNIDO, Advisory Group for Africa, Addis Ababa, Feb 1985-Compendium of Selected Socio-Economic Indicators for Developing Africa. 1970-2000.

(ii) An attempt has been made to calculate the Employment Ratio of Estimated Paid Employment in the private, public sector and informal sectors to the economically active population between the age groups 15-60 which are tabulated hereunder. (Details Annexure 'M'):

Table 5.11
EMPLOYMENT RATIO

Year	1983	1984	1985	1986	1988	1990	1995	2000
Employment	90,092	87,333	92,837	94,242	96,325	97,734	100,582	103,177
Economically active popu- lation in Age Group 15-60 years	284,445	293,241	302,310	311,660	331,240	352,055	416,298	495,624
Employment Ratio	31.7%	29.8%	30.7%	30.2%	29.1%	27.8%	24.2%	20.8%

It is clear from the table 5.11 that the employment ratio is expected to go down from 31.7% in 1983 to 20.8% in the year 2000, resulting in increase in the unemployment; unless employment can be generated through external stimuli such as bulk foreign investments or job creation by the public sector or new employment programmes or thrust on self-employment.

(iii) Economic Review and outlook of the Kingdom (January 1985) has reviewed the employment situation as follows:

"Estimated total paid employment exhibited considerable year-to-year fluctuations during the 1980-84 period and was tentatively estimated at some 87,300 in 1984 which was 2.4% below the average level of the previous three years. Apparently, no major improvement has taken place in 1985. Since 1981 up to 1984 almost 6,700 jobs (11.6%) were lost in the formal private sector which is at least partly attributable to the world-wide recession and to adverse climatic factors resulting in a considerable decline in employment in agriculture and forestry in particular. In view of the Government's restricted role in the economy and because of budgetary constraints, this loss was only partially offset by an increase in public sector employment of roughly 2,000 positions. Consequently, total formal sector employment declined by an average 1.4% p.a. since 1982 whereas DP IV projected an average increase of 1.7% p.a. for the 1983/84-

1987/88 period. At the time the Plan was prepared it was predicted that of the expected annual gross additions to the labour force of some 8,500 only an average of 4,400 would find formal sector employment, leaving some 4,100 who remain unemployed or be absorbed in the traditional sector. In the light of the recent date mentioned above (which in fact may overstate the 1984 employment figures to some extent), the formal sector employment situation has become even more alarming."

As mentioned above, 4,100 school leavers will remain unemployed every year during the fourth development plan period, the number will obviously rise every year with the growth in population.

(iv) During the discussions with the officers of the Ministry of Labour, it has emerged that 35% of the unemployed persons approaching the Labour Employment Office could not get jobs, which was about 15% five year ago thus indicating growing unemployment.

(v) Dr. S.M. Matsebula* of the University of Swaziland has estimated the urban unemployment to a level of 28-30% of the labour force in 1981 which is estimated to have increased to 33-35% at present. Rural unemployment is estimated at a level of 7-10% (not including the under-employed) and is not considered alarming owing to social support system existing among the Swazi families. However, there is a growing trend in migration from the rural areas to the urban centres which is estimated to have gone up from 16% (1978) to 20% at present.

(vi) Based on various indicators and discussions held, it can safely be assumed that number of unemployed Swazis (mostly youth) could swell at least to the order of 200,000 against an estimated population of a million people by the year 2000, which is alarming for obvious reasons.

* Research work of Dr. M.S. Matsebula of Department of Economics, University of Swaziland and Missions discussion with him.

5.4 Conclusions

Since independence, there has been growth in Swazi entrepreneurship, ownership and employment in the field of small enterprises and SEDCO has made significant contributions to the same. However, scale of operations in terms of number of Swazi enterprises as well as size of enterprises developed has remained small and so are self-employment and employment opportunities in these enterprises. This has resulted partly due to poor selection of entrepreneurs, lack of project evaluation, micro size of enterprises, emphasis on the impractical 'Graduation Concept', inadequate financial support to enterprises and non-availability of technical support, are some of the reasons for a limited success in this endeavour.

Rising aspirations of the Swazi people coupled with increase in literacy levels and limitations of job opportunities in the private and public sector has led to serious rethinking in a search for alternatives to the economic development. SEDCO's dormant situation for the last 4-5 years, its resource crunch, lack of clearer direction in its operations, and reluctance to change with the changing environment, inability of banks to provide financial assistance for the small enterprises due to their conservative lending policies and rising unemployment has lead the policy makers to relook at the small enterprises development programme. SEDCO's image has also got maligned in the process which is clear from the Government's own policy statement issued in October 1985 which reads 'statement needs to be made in the face of a loss of faith in SEDCO by its clients and by Government'. This is certainly demoralising for the employees and people associated with SEDCO.

Deteriorating job market for paid employment has already been discussed. It is also seen that the growth rate for the job opportunities in the formal sector (both private and public) is expected to be of the order of 0.8% till the year 1990 and 0.57% for the period 1990-2000 years as per present economic indicators. However, growth in the informal sector is expected to be higher at 1.3% till the year 1990 and drop to 0.5% for the period 1990-2000 year. Therefore, considering the limitations of formal sector to absorb the growing labour force leading to precarious unemployment situation and frustration

among the Swazi youth, it is recommended to give a thrust to the informal and small enterprises sector which has a higher propensity for job creation at a lower cost and shorter gestation period.

It is significant to mention the Kenyan experience, where it has been found that investment for 'job creation in respect of small scale projects assisted by Kenya Industrial Estates is on an average Shs.30,000 whereas in the case of large scale units it is about Shs.300,000 i.e. ten times higher'.* Similarly, it has been found in India that the investment required for each job created in a large industry is five times compared to a job created in the small scale sector. Therefore, stimulation of self-employment for Swazis and small enterprises development deserve top priority by activising SEDCO and other institutions as also strengthening institutional framework and support system.

* Kishanchandani, R., Kenya Industrial Estates Review, 1985.

CHAPTER VI

FUTURE ROLE OF SEDCO AND INDUSTRIAL ESTATES

SEDCO has been addressing itself for the development of small enterprises in the trading, servicing and industrial fields. Almost 50% enterprises developed are trading and servicing and the balance 50% industrial which are mostly tiny or micro enterprises. Since Swaziland Commercial Board, a parastatal organisation is already existing, SEDCO should address itself to ONLY SMALL INDUSTRIAL ENTERPRISES AND INDUSTRIES RELATED SERVICE INTERPRISES. Hence, its name could be changed to:

SMALL INDUSTRIAL DEVELOPMENT ORGANISATION OF SWAZILAND

Therefore, its main objectives could be redefined to STIMULATE THE DEVELOPMENT OF SWAZI SMALL INDUSTRIAL ENTERPRISES. It should be a parastatal under the direction and control of the Ministry of Commerce, Industry and Tourism.

Industrial estates provided work-place to virtually non-existent Swazi entrepreneurs in the initial years. SEDCO also provided financial assistance, extension services, common facilities and rendered on-the-spot guidance by closely associating at a common work-place i.e. the industrial estates. Therefore, many first generation entrepreneurs have been groomed. However, relationship between SEDCO and entrepreneurs continued to be that of 'a mother and child' as described by a SEDCO officer. In most cases the 'infant enterprise' concept did not lead to maturity. But, it has also been found during discussion and evaluation of several entrepreneurs in the industrial estates that there are some laudable success stories of growth, whereas others suffered from lack of education, self-confidence, motivation, locational disadvantage and most of all shortage of working capital. Requirements of some of the entrepreneurs were very marginal. To illustrate, a woman entrepreneur in an industrial estate sold her cow to buy a sewing machine in order to stitch the dresses. She expressed her confidence in doing much better in case she could be advanced a working capital loan of the order of E500-E1000 so that she could buy fabrics and sell ready made dresses which has a good demand in the area.

Industrial estates have turned out to be a good grooming ground for first generation entrepreneurs but the 'Graduation Concept' has failed, since it has been reported that only nine entrepreneurs left the industrial estates to restart their enterprises. However, most of them took employment after failing to compete in the commercial environment. It is gathered that only three have succeeded in re-establishing themselves in business.

6.1 Future Ownership of SEDCO Industrial Estates

During personal discussions with most of entrepreneurs on the industrial estates, it has been found by the mission that only three of them are willing to relocate their industrial enterprises if they can get financial assistance to construct new shells. The fourth is willing to get another site for expansion of his industry but does not desire to relocate his business since his factory shell in the industrial estate is also a showroom and an important sales outlet. It is obvious during the discussions that the entrepreneurs would not like to shift, since they have developed their customers and business associates and the locations outside are shrouded with uncertainty, which they do not want to risk. However, many of them expressed desire to purchase their premises on simple hire-purchase terms (with 20-30% cash down and the balance on easy monthly/quarterly instalments with simple interest (say 10%) on the blocked up capital).

Having suffered growing losses from the trading accounts of the industrial estates, failing in its concept of 'Graduation' SEDCO must eventually sell off the shops and shells in the industrial estates. It will evidently be difficult to sell off all the shells immediately. Strategy has to be designed in respect of each industrial estate separately depending upon the following variable:

- (i) Land Ownership: In respect of SEDCO owned land, decision could be taken by its Boards of Directors. Wherever, the other land is owned by the government, permission of the Ministry of Commerce, Industry and Tourism and Ministry of Natural Resources will be required.

Alternatively, Government could also consider allowing SEDCO to sell off the constructed property with land leased on long term basis (e.g. 99 years lease).

- (ii) Valuation of Property: Could be done considering the costs and the present market value keeping in view the fact that entrepreneurs have been on the premises for a number of years.
- (iii) Number of Entrepreneurs: Where there are a few enterprises (e.g. 6 at Siteki and 3 at Hlatikulu), it might be easier to sell off to the individual tenants or collectively to a company incorporated by the entrepreneurs themselves.
- (iv) Type of Activity: Stores/shops such as at Vuvulane or industrial shells such as at Mbabane and Manzini.
- (iv) Locational advantage/disadvantage of each industrial estate.

The Minister of Commerce, Industry and Tourism could appoint an appropriate committee to deal with this subject and finalise the modalities for eventual sale. As an interim measure, management of the Estates could be handed over to the associations of the occupants/tenants of the respective estates to plug the trading losses of SEDCO and saving of management time which could be usefully utilised for development activity. Alternatively occupants/tenants of each industrial estate can incorporate a company to take over the management of each estate.

6.2 Industrial Estates Development Programme - Future

New company (here-in-after called SIDO) must continue Industrial Estate Development Programme, which is an important instrument for the stimulation of Swazi entrepreneurship. However, small industries growth should not be restricted only to the industrial estates. The experience has shown in many countries that the successful enterprises can be developed both on as well as off the industrial estates. Many times entrepreneurs prefer to build

inexpensive shells near their place of residence or work from their homes as a cost-saving measure and expand on need-basis. Therefore, Small Industrial Enterprises should be developed on newly established industrial estates as well as sites chosen by the entrepreneurs permissible as per the laws of the land.

6.3 An Integrated Approach - Small Industries Development Programme

What is important is the total support provided to the development programme since Swazi industries are still in their infancy. Success could be attributed to the integrated support services by SIDO in future - an essential input.

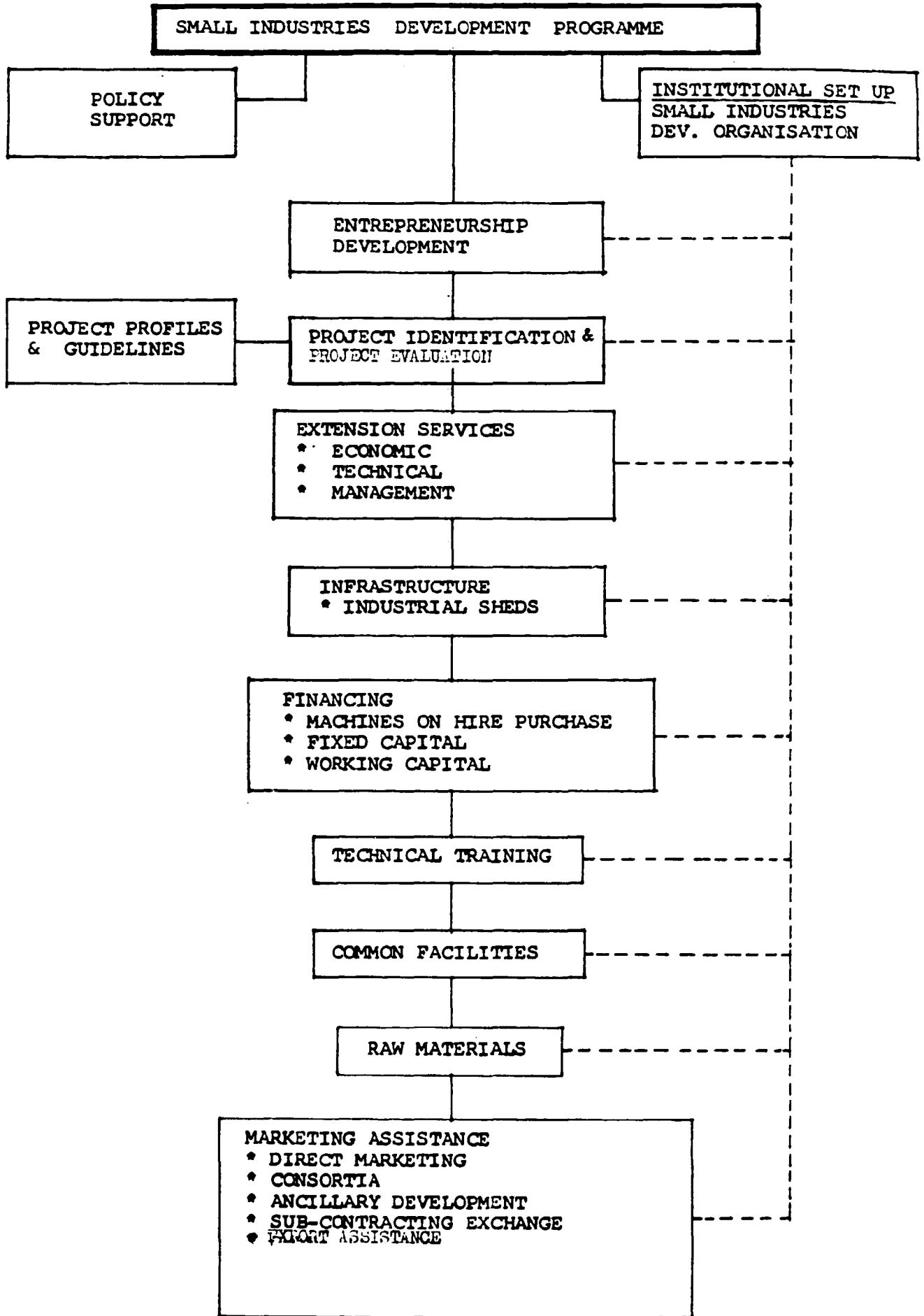
It is relevant to mention that experience has shown in many countries of the developing as well as developed world that small industrial enterprises have contributed very significantly in varying degrees in their economic development efforts and benefitted in terms of productivity, significant value addition and effective local resources utilisation, employment generation, high capital output ratio, lower gestation period, dispersal of industries, exports and so on. There are many case histories and success stories which can be cited. Based on such experience, an integrated approach is recommended which can greatly benefit the Kingdom and its people.

Elements of the Integrated Approach are described hereunder briefly which are considered relevant based on the study and evaluation with a view to evolve the strategy for a total Swazi Small Industries Development Programme.

A. Entrepreneurship Development Programmes (EDP)

An entrepreneur plays pivotal role for the success of an enterprise. Due to the limitations of self-starting entrepreneurs in Swaziland, it is imperative to start entrepreneurship development programme on regular basis - two to three in a year and each with a batch of 25 carefully selected potential entrepreneurs. Selection methodology is to be adopted and must be adhered to, which will significantly influence the success rate. Programme curriculum can be designed to meet with the needs of the target group

AN INTEGRATED APPROACH



consisting of achievement motivation, basic business training, skill exposure selection of project ideas and development of bankable project proposal etc. lasting for a period of 2-3 months. However, duration of the programme could be longer, where skill training is required in specialised field such as dressmaking, fabric weaving etc for generating self employment.

It has been seen that success rate of the order of 50% could be achieved. Motivation, encouragement and continuous support and monitoring is imperative. Since EDP is a specialised technique, experts will be required initially. Meanwhile, SIDO officers can be trained in a formal training programme and as understudy with the experts.

Special training programmes need to be designed for women entrepreneurs as a social need. There are many women who need to support themselves and their children such as unwed mothers, destitutes, wives of mine workers in RSA and other target groups. In a study conducted by Dr. M.S. Matsebula of the University of Swaziland, it is found that 74% informal sector businesses are run by women. Even in SEDCO industrial estates, most of the entrepreneurs are women.

B. Project Identification

A programme for identification of project ideas and proposals may be launched immediately by inducting couple of experts along with local counterparts from SIDO with a view to broad base the industrial foundation and diversify small industries activities to enhance the use of local raw materials and increase the level of operation of small industrial enterprises.

There are many industrial opportunities in the Kingdom. However, care has to be taken that these should be low investment and local resource based as far as possible which can generate employment in down stream small and cottage industries. Details have been discussed in a subsequent chapter on production opportunities.

C. Sub-Contracting (Ancillarization)

Linkages between large and medium industries on the one hand and small scale industries on the other are quite scanty in Swaziland, if not missing. Both have to be viewed complementary as well as supportive. Therefore, functional linkages could be established for mutual benefit.

Sub-contracting can be achieved through ancillarization which may mean an abiding and close relationship between the small and large industrial enterprises whereby the small company supplies parts, components and services to the large company which are used as essential components of production processes and the final products. The relationship is much stronger and closer than a vendor and vendee linkage.

A small scale industry can have a secure market for its products, and draws expertise and assistance from the mother unit; of course, notwithstanding the commercial considerations such as quality, price and assured deliveries.

A survey need to be carried in Swaziland amongst the large and medium industries with a view to find new project and business opportunities for the small scale industries and assist them to establish linkages for mutual advantage. This concept can be established in SIDO with one officer, called 'Sub-contracting Exchange' and can be expanded into an 'International Sub-Contracting Exchange' in due course of time.

D. Financing

Financing is the most critical input for the development of small scale industries. Most of the entrepreneurs, during the field visits, complained about the non-availability of working capital as also fixed capital for their enterprises.

Small industries need developmental financing for their operations. Government's plan to introduce credit guarantee scheme out of the profits of the Central Bank is a welcome move. This will give a major impetus to the

small scale industries growth. It can be operated through the Swazi Development and Savings bank as well as other commercial banks. During discussions with top management of all the four banks, they expressed their readiness to liberally assist in small scale industries as soon as the credit guarantee scheme becomes operational. SIDO could also be covered under the scheme, in case they are assigned the role of financing.

The Regent and the Parliament of Swaziland has already adopted the Central Bank of Swaziland (Amendment) Bill, 1986 (annexed at 'N') for the establishment of a special fund for financing small businesses, but its operational details have yet to be finalised. It has been found during discussions with the Central Bank senior officials that they are working out the modalities. They have, however, expressed desire to seek assistance from some other countries like India, who have successfully operated such a scheme. It has also been suggested that the Swaziland Development and Savings Bank could play a special role in this endeavour by creating a separate cell with experts and bank officials to assist small businesses, the latter can be trained in this endeavour.

In any case, the entrepreneurs must also contribute to the extent of 20% to the cost of fixed assets and 25-30% towards the working capital with a view to involve them fully in the enterprises development programme. However, continuous monitoring is essential. A senior official of a bank said 'our experience with the small enterprises has been good, but we had to monitor very closely'.

Experience gained elsewhere can be usefully utilised for the introduction of Hire Purchase Scheme for funding the fixed assets namely, machines and equipments and industrial shells (sheds) for rapid development of small scale industries. Entrepreneur contributes to the extent of 20% of the cost and the balance can be funded by the financial institution to be recovered over the period of 5-7½ years charging simple interest on the blocked up capital. The title to the funded property remains with the financial institution till after the full payment has been received.

With a view to encourage small entrepreneurs, the interest rates should be charged on concessional basis. Legal remedy need to be taken to make the women entrepreneurs eligible for loans for viable projects and remove the existing obstacles, so that they can enhance their contribution to the Swazi Enterprise Building programme.

E. Project Evaluation

While small scale industries can be viewed as developmental activity generating employment and productivity, the projects must be evaluated before implementing as bankable projects. SIDO officials could be trained in this aspect, so that they can guide the entrepreneurs correctly in this effort.

F. Technical Assistance

SEDCO does not have technical experts or engineers on its staff to guide and assist the small scale industries and entrepreneurs. Technical assistance is of paramount important for improvement of production techniques and quality upgradation, identification of new project opportunities, project evaluation and technical training. It is recommended SIDO should have technical experts/engineers in the fields of mechanical and electrical engineering, and wood, leather, textile and chemical technologists.

G. Industrial Estates

Industrial Estates have been dealt with at length earlier. Project opportunities must be identified for the newer locations as soon as survey is carried out in the Kingdom as earlier recommended.

Shells in the industrial estates be built up according to the needs of identified industries and the entrepreneurs, which could be given to them on hire purchase basis or rental basis as is being done by NIDCS for foreign investors.

However, small industries should continue to be allowed to be developed not only on the industrial estates but on the location of choice of entrepreneurs subject to the laws of the land and feasibility of the projects, as earlier explained.

H. New Industrial Estate Locations

Matsapha Industrial Estate: Small scale entrepreneurs have been kept away from the heart land of industrial activity so far. SIDO must acquire a big plot of land in Matsapha industrial estate and construct several shells for small scale industries development, some of whom could find ready market for their products and cater to the demand of large and medium industries. This could also reduce visible gaps between them and also encourage sub-contracting and ancillarisation.

Ngwenya: Could be considered for a specialised industrial estate consisting of several allied small scale industrial units such as textiles and hosiery, but viability has to be checked through a feasibility study.

Other Locations: Can be considered on the basis of opportunities identified for small industrial and service enterprises with respect to specific locations.

I. Technical Training and Manpower Development

The mission has found that there is definite shortage of skilled and trained manpower even in simpler skills such as - plumbers, wood working men, carpenters, dress makers, brick layers and so on. It was found during discussion with SCOT (Swaziland College of Technology) that they are contributing 150 technical personnel every year. The setting up of Vocational and Commercial Training Institute at Matsapha (VOCTIM) by the Government of Swaziland with the assistance of the German Government through its agency GTZ and EEC is a step in the right direction who will be training 144 youth every year in their three year training programme. As per the Fourth Development Plan, three more institutions for imparting technical training have been planned, which need to be set up expeditiously.

Small scale industries as also large and medium industries need engineers and technically trained personnel, some of whom could also turn out to be entrepreneurs themselves. Specialised training in the following fields is required to meet with the growing demand:-

- Accounting and Bookkeeping
- Design development in knit-wear
- Dress Designing
- Wooden furniture design and manufacturing
- Wooden products design
- Weaving on power-looms and hand looms
- Leather products designing and manufacturing

Some of the existing small scale industrialists need exposure visits, technical training and business training which should be organised through short term training programmes.

More details in Chapter VIII on 'Training and Manpower Development'.

J. Common Facilities

Community facilities installed in industrial estates had a limited usage and it is found that some of them were not appropriate to meet with the needs of the entrepreneurs. In other cases, the scale of operation of enterprises has been micro-level in nature and others have their own machines and equipments.

Common facilities could be provided as a technical support measure in future rather than a regular production facility such as quality testing services, technical guidance, product design development, etc. It is recommended that the facilities of up-coming Vocational and Commercial Training Institute could be utilised in the initial stages. In addition, product design development engineer in woodworking could be provided to SIDO to upgrade the design and quality of wooden furniture and other products being

produced by small scale industries which can bring substantial value addition to the local resources - wood, since there are quite a few small woodworking workshops and furniture manufacturers, which have lot of potential.

K. Field Visits and Staff Training and Development

Many officers of SEDCO have been exposed to various training programmes. Those who are not being utilised in their respective fields of specialisation could be assigned the tasks accordingly. Staff development is required in the following specialised areas:

- (i) Entrepreneurship trainers
- (ii) Small Industries Development
- (iii) Project Identification and Evaluation
- (iv) Development Financing
- (v) Marketing of Small Industries Products

In addition, field visits are required for exposure in some of the countries who have successfully implemented Small Industries Development Programmes and also evolved supportive institutional framework in the developing world such as - India, South Korea, Kenya, etc. Senior representatives of the Ministry of Finance, Ministry of Commerce and Industry Department of Economic Planning, SEDCO and 1-2 successful entrepreneurs are recommended to be included in such a delegation who could possibly be lead by the Honourable Minister of Commerce, Industry and Tourism.

L. Marketing of Small Industries Products

Small Industrial Enterprises do need promotional support and guidance for marketing of their products. This support should be provided particularly with respect to building up their image and national pride for use of Swazi products apart from promotion of products in the export market.

Government is invariably a big buyer. It has been found after discussion with the vast majority of the small scale industries that the government does not want to buy from them, while a minority has indicated that they have to compete within the framework of the Tender Board system. Some have alleged that the government agencies prefer to buy the imported goods.

Experience has shown that encouragement by the government instils confidence in the small scale sector and will go a long way in the growth of the small industries programme. Government may consider preferential or price preference treatment in its purchase policies, notwithstanding, of course, the other relevant factors such as quality, capacity of the small scale industries and adherence to the delivery schedule.

M. Raw Materials and Components

Continued availability of raw materials and components has been observed to be a serious handicap for regular production and fuller utilisation of the capability of the small scale industries. Many of them do not have the financial capacity to buy the inputs in bulk as they are not able to get financial assistance from the banks to meet with their working capital needs; which makes their operations unviable. The scheme to buy in bulk and deliver off-the-shelf to the small enterprises was instituted by SEDCO, but it failed due to mismanagement.

It is recommended that this scheme be revived but with stricter management control for the benefit of small industries development programme.

N. Building and Construction Division

The mission did not have the opportunity to look into the operations of the building and construction division of SEDCO in detail. It is reported that this activity has generated considerable employment and given an impetus to small construction enterprises. No comments are offered.

O. Joint Ventures and Subsidiaries (Medium scale operation of SEDCO)

Most of the SEDCO investments have been made in the joint ventures and subsidiaries to the detriment of development of small scale enterprises and not much benefit has accrued to the economy or employment generation. Hiving off these ventures is a welcome decision and the on-going process should be completed expeditiously.

It is recommended that SIDO should not venture in this activity henceforth unless, a plant is going to serve as a mother unit for the supply of raw materials for a large number of small scale units or vice versa as an assembly plant, as a means of forward or backward integration for the benefit of small scale industries development programme. Even in such a situation, it could be operated as a joint venture rather than a state run enterprise.

P. Monetary Limit

The existing monetary limit has been fixed at E100,000 in investment in respect of each small enterprise and E200,000 in the case of joint ventures of SEDCC for medium scale operations.

Financial assistance to most of the small enterprises has been very nominal and average investment by SEDCO has come to the order of E2408. The commercial banks have also not advanced much funds to the small enterprises. Therefore, the scale of operation of most of these enterprises have remained at the craft level and the gap between the small and large and medium enterprises is very wide.

It is recommended that the upper limit of small scale industries could be fixed at E200,000 in terms of fixed investment on plant, machinery and shell in each case with a view to enhance the scale of operations as also considering the inflation factor. One may argue not to fix the limit. However, the mission is in favour of the limit to ward off the tendency to assist the bigger enterprises looking at the past performance, where SEDCO invested more

funds in the medium industries rather than assisting the small enterprises. The banks rarely came forward to assist. The limits could be revised upwards with the experience and need of the industries in future.

Q. Subventions (Grant/Subsidy)

Being promotional and developmental activity, subventions are inevitable, unless the developmental organisation has its own financial strength. Therefore, the budgetary support has to continue on yearly basis. Alternatively E4 - 5 million may be contributed to SIDO by way of equity in a maximum of two years period, who in turn could be directed to design a clear plan of action for development of bankable small industries projects through carefully selected and trained entrepreneurs and investing in the same coupled with sound monitoring and recovery mechanisms.

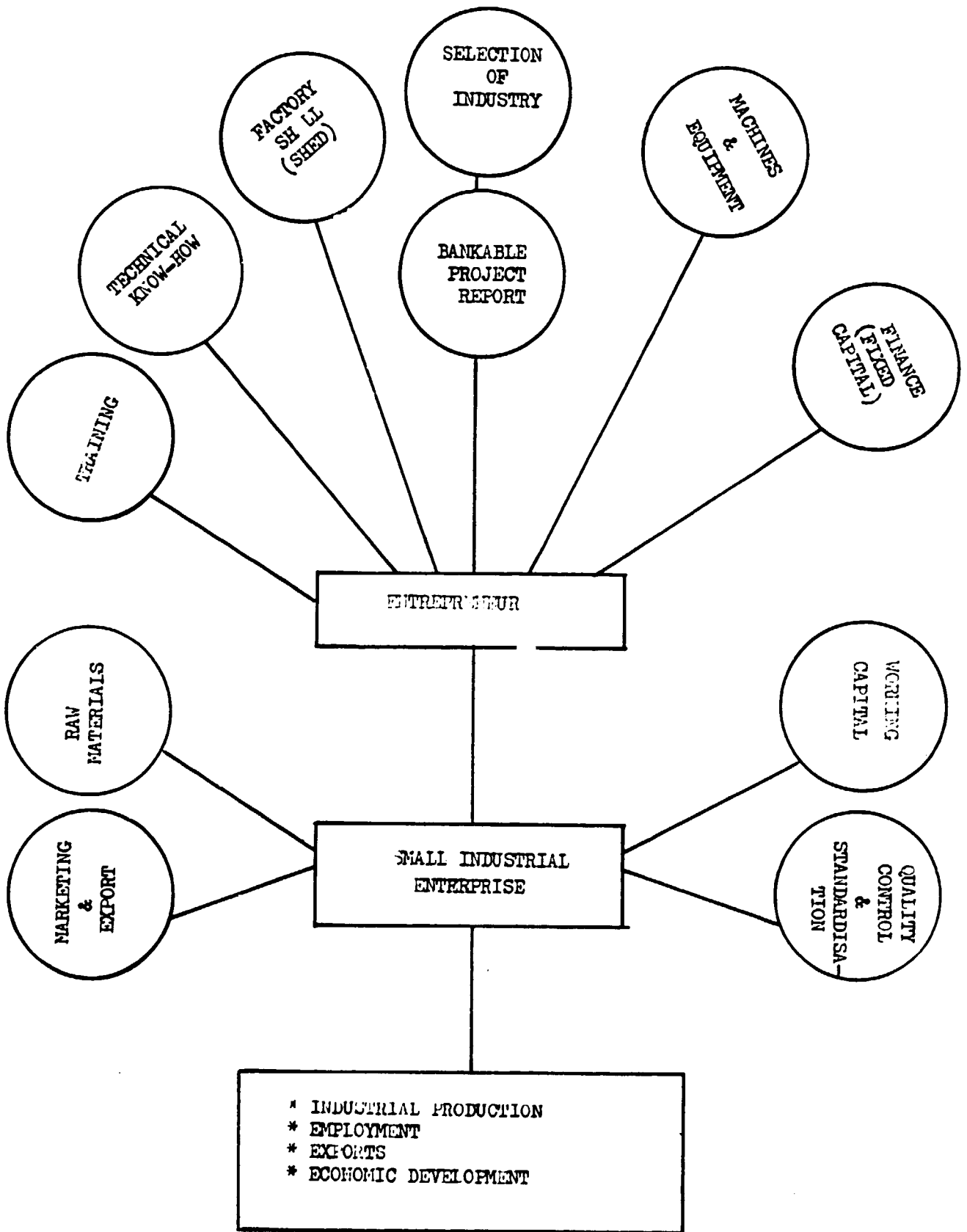
R. Organisation

Organisation's capability to perform with a clear sense of direction and purpose with motivated leadership is the key to the success of the small industries development programme in the Kingdom. SEDCO's inability to perform to the levels of expectations, is the failure of the leadership and the organisation.

It is recommended that SIDO should be under the direct charge of the Ministry of Commerce, Industry and Tourism headed by target oriented, self-motivated and strong leadership. Organisation structure could be developed keeping in view the integrated approach to the Small Industries Development Programme.

SIDO must get the benefit of participation of Ministries of Finance, Economic Planning, Natural Resources and Commerce, Industry and Tourism at the Board level in addition to one Representative of each of small scale entrepreneurs and Federation of employers or Chamber of Commerce.

ENTREPRENEURSHIP DEVELOPMENT AND
ENTERPRISE BUILDING



6.3 Conclusion

Various elements for evolving an Integrated Small Industries Development Programme have been discussed for the Kingdom of Swaziland. Identification of bankable project opportunities coupled with intensive entrepreneurial development training programmes to carefully selected entrepreneurs and providing financial assistance as well as technical and other support services, opens vast avenues for enhancing production capabilities and employment generation for the youth of the country.

It can safely be concluded that 4th plan target for creation of 500 jobs can easily be achieved during the balance plan period, if the action is immediately initiated for implementation of the programme. There is a potential to create at least 500 employment opportunities every year during the 5th development plan period apart from strengthening the Kingdom's industrial base.

CHAPTER VII

PRODUCTION OPPORTUNITIES

7.1 Wood

Swaziland has got large deposits of forests with many species of trees, the most common kinds are eucalyptus/saligna, pine and wattle. Wood is being used quite extensively as local resource for many large and medium scale industries in swaziland. A few small scale industries are also based on wood, but quality and value addition to their products can be significantly improved by providing design support, production techniques and quality improvement through training and market promotion.

In the first place, a thorough research in the local wood species by a wood expert is required, to find the best commercial use of these kinds, and even the lesser known species, if not done so far. Also replantation of the commercially useful trees (except pine and some eucalyptus trees already planted), is worth looking into. Wood processing (except for pulp/paper and particle board) is very labour intensive, with production of a very high value added. Infact in many countries in Asia, it is prohibited to export whole logs or trunks, to stimulate the home production. They must at least be cut into boards.

The following suggested production possibilities are at low or medium investment levels, due to the size of the operations, and with an intermediate level of technology.

A. Prefabricated Houses and Chalets

Impregnated soft wood is used for the structure, which is inexpensive, easy to work on and absorbs wood preservatives easily. Suitable for panel work and solid boards (e.g. pine, pressure impregnated) or waterproof 5 ply sheets. Inner walls by chipboards, coated by wall paper/paint. Insulation, if needed, can be added in the structure with the same design, to economize cooling/heating or reduce sound/noise.

B. Wooden window and door frames/doors

For joinery like window and door frames, hard wood is required (such as Saligna) for durability, wearing and dimension stability. For exterior doors, wood preservative/water proof coating is required. For interior doors, thin ply sheeting on soft wooden frame is sufficient, usually varnished.

C. Standard size wardrobes, bench, cupboards for bedrooms and kitchens (alternatively knock-down)

Body made by chipboard/particleboard and frame support of ribs. Surface coated by formica, plastic film or thick layer paints. Bench tops by formica, veneer or (more exclusive) solid hard wood.

D. Furniture

Knock-down furniture, plain or cushioned, made of pine, saligna, jacaranda or other suitable species. Extensive training in design, joinery and finish is required, to increase export. (The produce of Swazi Pine is really not knock-down but rather joined by wood screws. Their produce is very crude, particularly the finish, and they do not qualify for the IKEA level markets, except cheap supermarket sales. They need advice in design, tool maintenance and finish for higher value addition).

E. Wood kitchenware

Salad bowls, butter knives, hot pads, trenching and cutting boards, in aesthetic designs are suitable for export. Waste from the larger industries can be utilized.

E. Wooden toys

Low and high quality toys, unpainted or painted, for the local market as well as for export. Hardwood waste can be used.

F. Wooden clogs

Clogs should be made of a crack proof light wood of medium hardness.

7.2 Vegetable Leather Tanning

Cow hides and goat and sheep skins are available in plentiful to enable setting up low cost vegetable tanning industry compared to expensive chrome tannery. A tannery with 5-10 cow hides or 50 goat/sheep skins a day could be a viable project and there is no difficulty in procuring the same in various parts of the Kingdom.

The process of vegetable tanning is simple and requires small investment in shed and equipment. It is very labour intensive and requires practical training and knowledge of the process. Most types of hides are suitable and the quality of the finished product is mainly due to the skill of the craftsmen. The main components are lime and wattle extract. The local wattle tree bark has to be tested for soak tanning. Besides wattle bark, other species of mimosa and acacia tree barks can be used. (It is gathered that an expert deputed to Swaziland confirmed the suitability of wattle bark for vegetable tanning).

It is a sad commentary that the only tannery at Hlatikulu had been closed which the mission finds can be easily revived by a small incremental investment through an entrepreneur rather than run by a parastatal organisation. In fact, there is a scope to set up many such tanneries in Swaziland. A foreign trained and experienced person is available with SEDCO, who is keen and can be utilised for restarting the tannery at Hlatikulu. He needs to be motivated.

A. Cow Hides

The whole thickness is suitable for shoe soles and sandals. For thinner needs, a splitting unit is required to produce shoe and clog uppers, belts, straps and briefcases. From the splitted waste, protective gloves can

be made. For uppers it is suitable to use material of vegetable tanned leather in natural/dyed colours of whole leather or straps both for local and export markets. In the initial stages low cost shaving machine can be used instead of the splitting machine. Basically goat and sheep leather is thinner and softer than the hide. Goat has a better strength and a nicer appearance than sheep - suitable for jackets, handbags, gloves and other soft leather wares.

It is also easy to train the crafts men and women to make leather products.

7.3 Ceramic Goods and Earthware

There are deposits of clay, caolin and felspar in the country. A thorough analysis of these minerals is an urgent task, to find their suitable uses. A proper testing kiln (1600°C) should be built to enable sample production for testing of all kinds of ceramical and earthware goods including glazing.

A. Clay

Coarse clay is used for wall bricks, roof tiles and ground bricks (for pavements, garden paths etc). Fine clay (earthware clay) is used for interior wall and floor tiles (usually glazed), pottery and arts goods (sculptures etc.). If production of local glazing materials is feasible, must be thoroughly investigated.

B. Caolin and Felspar

These are the basic components in chinaware or porcelain. This is quite an advanced production, even though the products can be made by hand. Apart from proper testing, it requires special training to receive commercial products. China/porcelain is used for tableware, sanitary products (WC, wash basins, etc.), electric insulators (low content of metal, low absorbant of water and crack proof glazing are conditions) and ornamental goods (ceramic figures, dolls, etc.).

7.4 Cotton

The setting up of a cotton mill geared to spin and yarn from locally grown cotton, is a welcome development which could provide basic inputs for many small scale industrial operations.

Hand-loom or semi automatic looms can produce cotton fabrics, grey sheeting, curtain cloth, dress materials, towels, mats, bed-spreads, tapestry, etc.

"Tie and Die" and screen printing are already in operation in a small scale, and this activity can be stepped up. Also batik dying and batik printing can be introduced. Circular knitted fabrics for vests, underwears, T-shirts can be taken up for manufacturing. Additional garments and knitting units could be established for boosting the exports.

7.5 Other Project Opportunities

There are many other project ideas which could have a local consumption base or export potential. Some of these possible viable projects are listed below:

- Hand made paper and paper board by recycling the waste paper and waste cloth cuttings
- Small vegetable oil extraction plant (e.g. sunflower seeds)
- Cattle and chicken feed
- Aluminium utensils
- Farm implements
- Barbed wire
- Wire nails
- Wood screws
- Chalk crayon
- Pencils
- Pesticide formulation unit.

CHAPTER VIII

TRAINING AND MANPOWER DEVELOPMENT

8.1 The Entrepreneur

In an industrialization programme, the entrepreneur is the most important person. In cases where institutions or cooperatives run industry, the propensity of failure is more. Of course there are exceptions. But obviously when there are many people, decision taking is slow and full of compromises.

The entrepreneur does not belong to a certain trade or professional group. He/she is anywhere. For sure there are special characteristics about this person. He/she is determined, has a good sense for business and a big portion of self-confidence.

Some people believe that these qualities are inherited. That is not all true. An entrepreneur can be trained, but his basic characters must be there. he can be found in all walks of life. That makes the recruitment/encouragement so difficult. Most entrepreneurs turn up by their own will and determination.

In a country like Swaziland, manufacturing enterprises are not included in the traditional Swazi life. There were no demand for industrial products in the cattle breeding society. In Jawa, for instance, one of the oldest agricultural societies in the world, has been industrializing for centuries, even though on a low level. They needed tools for planting, harvesting and further treatment of food products. The entrepreneurs knew casting and black smithing, production of silk and porcelain at a time when Africans and Europeans used stone tools and were dressed in raw hides. Out of such a society, the enterprising spirit grows strongly. Today, of course, they suffer from lack of capital, overproduction for home market and too many people to feed.

In Swaziland there is an opposite situation. It is a reasonably wealthy country with natural resources, good home demand (more than 90% of the ready made products are imported), and very few manufacturers. Therefore, entrepreneurial training is to be implemented on highest priority.

Via the different medias, TV, radio and newspapers, people should be encouraged to apply for training or to start their own manufacturing units. Tests could be designed to examine their personal ability and entrepreneurial traits as well as to try their production ideas. A strong idea is the best ground for a successful entrepreneur. He/she is most likely to succeed if he/she has knowledge about the process, and not have to rely on others know-how, to keep the full control of the development.

UNIDO, ILO, some countries (e.g. India) run training programmes for prospective or existing entrepreneurs. The manuals have been written by ILO in simple English and used in several African countries. Titled "How to start my own business" and "How to improve my own business". They are directed to business in general and not only to manufacture.

We recommend the Ministry of Industry to:

- * Appoint an entrepreneurial training project leader, industrial economist/technician on a long-term basis, to search for and train entrepreneurs, arrange industrial scholarships and call for technical consultants when needed.
- * Request foreign agencies to support such programme with funds and required personnel.

To cope with the unemployment, we need hundreds of new manufacturing enterprises in the years to come. One thing we know; whatever we do, it will not be enough, but we must break the trend of industrial stagnation.

8.2 Engineers/Technicians

A growing industry demands increased graduation of engineers and technicians. They are really the key people of the industry. We must emphasize increased efforts on the education. Every industry requires a couple of good

engineers and technicians who can handle all phases of the production. SCOT (Swaziland College of Technology) is doing a good contribution to the technical education of this country.

To keep pace with the planned industrialization, calls for an expansion of the technical education both in quality and quantity. Due to the present streams - employment in the public sectors, employment in non technical fields or entering teachers training; very few of the yearly number of graduates will go into manufacture. Of course, if there are industries prepared to receive all the graduates, the number going to the industry would be higher. There is no engineering education in Swaziland yet. The highest degree of technical education is Technician Grade III.

If there will be a strong industrial promotion here, the training must keep pace with the industrial development. Suppose there is a growth of 50 industries per year, there could be a demand of about 100 engineers and 200 technicians during the same period depending, of course, on types of projects.

This growth is realistic if a promotion programme is implemented at all levels. It is reasonable to assume that it could create about 5000 jobs per annum due to the types of production that will come up.

To manage this industrial expansion, we need engineers and technicians in different manufacturing specialities.

A. Engineers (general level)

- * Design: Mechanical, Electrical and Construction
- * Production: Mechanical, Electrical and Chemical
- * Technologist: Textile, Leather, Food Processing

B. Technicians

- * Workshop: Toolmaking, Fitting, Welding, Electrical, Woodwork, Tinsmithing, Ceramics, Leather work and Packaging.
- * Laboratory: Testing, Quality Control and Chemical Analysing.

Again we must clarify that the above mentioned specialities depend on the actual industrial requirement.

We recommend the Ministry of Industry and the Ministry of Education in collaboration with SCOT, to design syllabus for each stream, to meet the requirements. It would be suitable to upgrade SCOT to a college of engineering, since it is the highest technical institution in the country. The existing Technician Grade III level plus two years of engineering education, will give sufficient theoretical background for the engineering certificate. In the initial stage, it could be suitable to train 50 engineers and 100 technicians in the manufacturing branches. It is important that there is a close liaison with SCOT and the industry to adjust the intake of students due to the demand. Manpower study currently being undertaken by the Ministry of Education could also throw some light on the demand pattern.

8.3 Artisans/Craftsmen

The artisan/craftsman profession is the most flexible of all. He can be entrepreneur, self-employed or employed. In an industrial country, artisans as a group, is the most common grade of profession with 10-15% of the entire population. Most industrial artisans have 2 years vocational training in their special field. It requires in some cases 7 year on top of that, to get a masters degree, as for welders and toolmakers. Most people get their training in the industry, but for common trades such as auto-mechanics, welders, plumbers, electricians, etc. there are vocational schools, usually with two years of education. For Swaziland to catch up this huge lack of artisans, both in quantity and quality, is a tremendous task. We cannot expect that the industry will manage all this training, since there are very few industries, representing a narrow field of production. To enable us to serve the future industries, we need an output of 500 artisans per year, in all kinds of trade.

It has been found during discussions in SCOT that not more than 50% of their graduates join the manufacturing sector. Hence, the actual availability for production is considerably reduced. Some will possibly apply to the new school under construction, Vocational and Commercial Training Institute at Matsapha (VOCTIM), and will be in operation in one year's time. The concept of

VOCTIM is very thorough and will provide first class professionals. It is mainly from the electrical and mechanical departments that the graduates will go into manufacturing - may be 40-50 artisans per year.* (VOCTIM brochure enclosed at annexure '0').

The types of trades should also be in line with the expected future industries, local resources/rawmaterials available. The number of trades/crafts that we suggest to be introduced as special subjects in the vocational training, if demand is found sufficient, such as:

- * Wood: Sawmilling, saw doctoring, carpentry (building and furniture) and fine wooden arts (carving etc.).
- * Leather: Tanning, leather goods production, shoe production.
- * Ceramics: Tile production, pottery, kiln construction and operation, glazing minerals and production, physical electrical and chemical testing (mainly for electric insulators) and porcelain production.
- * Jewellery: Stone grinding, silver and gold smithing.
- * Textile: Weaving, tapestry, garment design, tailoring, screen printing, batik dying, textile toys and other products.

We recommend the Ministry of Education and the Ministry of Industry to increase the Vocational Schools programme from today's output to industry of about 75 industrial artisans to 500, within a period of 10 years, to manage the future need of skilled craftsmen. Different specialities can apply to various countries for contribution in funds, equipment and instructors.

8.4 Managers

Demand for managers has increased in the Kingdom with the process of industrialisation. The investors are keen to hire Swazi managers at least at the supervisory and middle management levels and they are finding it difficult to get trained managers. Steps may be initiated to enhance training programmes

It has emerged during discussion in SCOT that not more than 50% graduates enter the employment in the manufacturing sector and hence this factor is to be kept in view in the planning process.

at general management level as also in the fields of financial personnel, marketing and production managements after the completion of the manpower study being done by the Ministry of Education.

8.5 General Technical Understanding by the Population

Most people from the industrial countries have the natural advantage of technical training right from the first years of childhood. There are plenty of tools, machines and materials in the home for the children to play with, try and understand. There are toys like meccano, lego and other educational puzzles, and nowadays even electronic games and computers. This technical environment gives the children tremendous advantage for their future development.

From the first class in primary school the students learn subjects such as woodwork, croquet, knitting, sewing and cooking (for both boys and girls), and on higher levels, metalwork, painting, weaving and sculpture, etc. The basic aim is to make people fit to manage daily problems on their own.

Those students who select natural science subjects in the secondary schools, are also trained in technology, drawing, material science, etc. in a very broad sense. This is still compulsory in that stream and thereafter, the students will go in for other specialized education or training.

This means that the entire population has a good technical understanding, can follow technical programmes in the media and enjoy the latest innovations. The people usually maintain their own homes and cars, that have become technically advanced by the years.

What we wish to point out is that once a person has passed the "technical threshold", he/she is able to upgrade herself through reading, repairs, and experiments. That person become technically self-confident. This is the greatest element for industrial development; the know-how of the whole population.

Unfortunately, for the developing countries the situation is different. The previously explained childhood opportunities are mostly missing. Theoretical studies have always been regarded as more important and the choice has simply not been there. Practical/technical works are usually less paid than white collar job, and that strengthens the imbalance. Capital is mainly created out of production, and that requires technical knowledge.

To try and solve this problem, some developing countries have introduced Industrial Arts (IA) at secondary school level as a compulsory subject. It is a short cut and not solving all the problems, but it is a good step in the right direction. In Kenya IA starts from Form I and continues up to Form IV, with 4 lessons per week in most schools. Due to limited resources, only boys are permitted. The Kenyan IA contains woodwork, metalwork, domestic electric appliances, car mechanisms, drawing and material science.

The teachers for IA are trained at Kenya Science Teachers College (KSTC). They have usually two subjects in combination, such as Maths-IA or Physics IA.

We recommend the Ministry of Education and the Ministry of Industry to introduce IA to all secondary schools as a compulsory subject. IA teachers can be trained at SCOT, and in an interim period, technicians of Grade III can be used as teachers. IA workshops should be designed and constructed for all secondary school compounds. Some schools practise handicrafts already, but the education must be broad-based including all secondary schools which should be uniform. Additional subjects for girls such as cooking, weaving, knitting and sewing ought to be included in the IA syllabus.

International agencies and funds can contribute to implement an IA programme.

ANNEXURE 'A'

Industrial Division

Purpose:

The purpose of the Division is to encourage investment in small to large-scale industries and commercial activities in designated industrial estates with a view to maximizing employment creation, economic growth and development.

The industrial estates are autonomous management entities that operate under separate trading accounts. They report to the Minister through management boards appointed by the Minister. These estates are commercial entities that provide complete management services in the acquisition or rent of property and management of the estate in question. One estate is established at Matsapha under its own trading account and two additional estates are proposed.

Objectives:

The objectives of the Division over the Plan period are:

- (a) to provide appropriate physical infrastructure in the existing and proposed industrial estates;
- (b) to encourage investment in those industries whose inputs are based on renewable resources and provide the greatest value-added contribution to national development;
- (c) to encourage labour-intensive enterprises;
- (d) to promote the establishment of export-orientated industries;
- (e) to establish the industrial estates as independent self-financing entities operated according to the discipline of the balance sheet with accountability; and
- (f) to involve estate tenant representation on the estate management boards.

Annexure 'A' Cont.

Priorities:

The priorities of the Division over the Plan period are:

1. to provide appropriate physical infrastructure in the designated industrial estates such as roads, water reticulation, sewerage and storm drainage;
2. to establish self-contained management units to operate the estates with tenant representation;
3. to co-ordinate the activities of the Division with those of NIUCS, SEDCO and the industrial sector;
4. to evaluate investment project proposals of prospective tenants to establish their economic viability;
5. to provide advisory services to the industrial sector and prospective investors;
6. to liaise with the Ministry of the Interior on matters of shared municipal maintenance services and of the estates' future township status; and
7. to establish a staff training programme with emphasis on specialized courses relevant to the activities of the Division. "

1. SUMMARY AND RECOMMENDATIONS

1.1 Summary of Study

1.1.1 Objectives, Study Area

The main objective of the study is to prepare a detailed plan of the unsurveyed portion of the Matsapha Township indicating a suitable industrial plot layout with road and/or rail access, including also a land use plan, pointing out and separating areas for offending and non-offending industries.

1.1.2 Data Collection

A comprehensive data collection and field investigation have been made during the study:

- . Inventory of existing roads
- . Surveying of existing storm water system
- . Surveying of existing sewerage system
- . Surveying of existing water supply system
- . Soils investigation
- . Collection of available data regarding pollution, sewerage, water supply as well as planned expansion of the infrastructure.

1.1.3 Structure Plan

A structure plan has been developed to provide a frame work for future expansion of the industrial estate. The structure plan recommends a grid system of roads whereby access to plots will be from secondary distributor roads thus introducing a

ring road system for the estate. This grid system provides an optimal flexibility in plot sizes and infrastructure.

1.1.4 Residential Development

During the study, investigation has been carried out for the necessity of residential areas be made available adjacent to the industrial estate, and it has been established that about 21,000 people can be accommodated on the areas east of the industrial estate. This is insufficient and additional land will have to be made available east of the Mbabane-Manzini Road.

1.2 Summary of Recommendations

1.2.1 Roads

For the unsurveyed portions of the Matsapha Industrial Township, the ultimate aim must be to construct the grid system of roads shown on the structure plan in order to control the future development. Once the grid system is established, the size of the plots can be determined in accordance with the demand.

In order to establish a primary road distributor system, minor alterations have to be made to the existing road network. This is still possible without excessive cost as the plots in question are still undeveloped. The junctions in question are as follows:

- . Re-alignment of Sobhuza II Avenue to join the new road along the eastern boundary of the estate.
- . Re-alignment of First Avenue south-westwards to join the new road along the western boundary of the estate.

A new connection is also proposed to the Mbabane-Manzini Road. This requires widening the Mbabane-Manzini Road between the two access roads from the industrial estate to allow the establishment of turning lanes, centre strip, and traffic signals.

It is commended to start this improvement scheme by constructing the grid road system including the alterations required to the existing road network. The new access road to the Mbabane-Manzini Road can be postponed and carried out in connection with the planned expansion of Mbabane-Manzini Road, but the land requirement must be carried out immediately.

1.2.2 Storm Water, Drainage, and Subsurface Drainage

Improvement of existing storm water drainage should be carried out immediately. In order to improve the ground condition for the wet and saturated plots, it is recommended to clean and deepen existing waterways together with constructing subsurface drainage.

1.2.3 Infrastructure

Infrastructure such as water supply and sewerage should be constructed in connection with the road construction. However, actual plot connection should be carried out when the plot size is known.

1.2.4 Rail Access

It is recommended that for the unsurveyed portion of Matsapha Industrial Township rail access be limited to plots next to the existing railway line.

1.2.5 Maintenance

It appears that maintenance of the infrastructure for the industrial estate especially the storm water drainage is very unsatisfactory and have caused damage and disruption in the rainy season.

It is therefore recommended that the Matsapha Industrial Township establish its own maintenance section, sufficiently equipped also to carry out minor repairs as well.

1.2.6 Investment Programme

The recommended improvement scheme constitutes an investment programme which is presented in chapter 10 of this volume of the report.

DESCRIPTION OF THE WORKS

The work in phase 1 comprises of:

- (1) Improvement of existing Stormwater drainage including approximately 12.000m³ ditch excavation and laying of approximately 5000 m drainage pipes, to be constructed where there is no construction of new roads. Separate contract: contract value; E 546,579 completed, February 1980.
- (2) Construction of approximately 1200 m roads including corresponding Stormwater drainage, and water supply. Separate contract: contract value E 146, 805.
- (3) Construction of approximately 2000 m of 250 - 400 mm diameter water main from existing water reservoir and connected to existing water mains. Separate contract: contract value; E 546,579 completed, February 1980.

These three projects are of greatest importance to have constructed before the actual extension of the Township is being started, in order to have existing plots properly drained and to have existing needs for access roads and water supply satisfactory met.

A total construction period of 9 months requires a working programme thoroughly planned and properly follow up, in order to keep the programme and in order to deal satisfactorily with all external and reciprocal requirements. All three projects therefore have to be constructed simultaneously.

The phases of the improvement and extension of the Matsapa Industrial Township, which is outside this contract and not yet planned will comprise of:

- (1) Further improvement of Stormwater drainage of approximately 4,000 m³ ditch excavation and approximately 2000 m drainage pipe.
- (2) Further construction of new roads of approximately 5500 m together with corresponding stormwater drainage, sewerage and water supply.
- (3) Further construction of additional water main of approximately 8000 m of 250 - 400 m diameter.

MATSAPHA INDUSTRIAL ESTATE

PHASE II

DESCRIPTION OF THE WORKS

Retender

The work in Phase II comprises the construction of 2 feeder-roads (Road J and 3rd Avenue) with double seal surface treatment, stormwater systems and a gravel access road to plots 214 and 219.

In general the scope of works comprises the following:

- (a) Earthworks, subbase, basecourse and surfacing of 550 metre of feeder roads, including stormwater.
- (b) Construction of approx. 100m of gravel access roads.
- (c) Excavation of open ditches approx. 500m.
- (d) Construction of additional stormwater system (piping 525mm, 600mm and 900mm manholes and wingwalls).

Contract value; E 252,934. Completed January 1982.

MATSAPHA INDUSTRIAL ESTATE
PHASE III

DESCRIPTION OF THE WORKS

The work in Phase III comprises the construction of:

- A. 3 feeder-roads (Road C1 and D1) with double seal surface treatment, stormwater system, sewerage, and water supply.
- B. 1 Access Road (Road D3) to gravel standard, stormwater system, sewerage and water supply.
- C. 3 new access-roads (4th, 5th and 6th Avenue) to gravel standard and stormwater system.
- D. 1 new feeder road (7th street) to gravel standard with stormwater system.
- E. Grading and regravelling of 3 existing access-roads (5th, 6th and 7th Avenue)

In general the scope of the works comprises the following:

- a) Earthwork, subbase, and basecourse layers, totally 2900 m + 605m = 3505 roads (road width including 1.5m shoulders from 9.0 - 9.5m) including stormwater.

- b) Surfacing of 78 m / of the roads under item a).
+ 305 = 1080 m

- c) Sewerage system along 1/3 of the roads totally 1100 m / including manholes.
+ 1 = 4
+ 445 = 1645m

- d) Water supply system along 1/3 of the roads totally 1100 m + 570 = 1720 100mm water main
+ 1 = 4

- e) Regravelling of 300m existing roads.

Contract Value 450,000 - E180,000 = 630,000

Completion date - June 1986

+ work appointed to the contractor in addition to the original contract.

Annexure 'D'

INFORMATION SHEET

MATSAPHA INDUSTRIAL AREA

PLOT NO:

SIZE:

OWNER OF BUSINESS :

DATE (a) Purchase/Rental
(Specify owner, if rented)

From Govt./Others.

(b) issue of title deed

(c) Commencement of Building
construction

(d) Plant commissioned

PRODUCTS MANUFACTURED SERVICED

INVESTMENT

FIXED ASSETS

WORKING CAPITAL

ANNUAL PRODUCTION - MANUFACTURERS/
BUSINESS TURN OVER

MAIN TARGET MARKET (a) Swaziland (b) South Africa
(c) Europe (d) U.S.A. (e) Other(specify)

OWNERSHIP(Percentage (a) Swazi (b) S. Africa (c) Swazi Govt
Parastal. (Specify)
(d) Others (Specify)

NO. OF PERSONS
EMPLOYED (a) Managers (b) Others (c) Swazi
(d) Non-swazi

LAND REQUIREMENTS FOR NEXT FIVE YEARS (if any)

LAND AREA UNUTILISED (if any)

Annexure 'E'

EXTRACTS FROM TRADING ACCOUNT
OF
MATSAPHA INDUSTRIAL ESTATE

A. VALUE OF SALES OF PLOTS
1972/73 - 1967/77 (five years)

1973	22,569
1974	5,275
1975	31,259
1976	44,990
1977	15,381
TOTAL	<u><u>E120 074</u></u>

Rate of plots sold @ E2000 per Acre

Area Sold in Ha

1975 - 1977 (five years) = 24.30 ha

Average sold per year = 4.86

B. VALUE OF SALES OF PLOTS

1978	35,815
1979	41,270
1980	36,734
1981	24,955
1982	37,126
1983	29,240
1984	18,422
1985	38,045
1986	70,357
TOTAL	<u><u>E331 984</u></u>

Rate of Plots sold @ E2000 per Acre

Area sold in Ha 1978 - 1987 (Nine years) = 67.20 Ha

Average sold per year = 7.47 Ha

Annexure 'F'

16th June 1986
Ref. 405.01/6101
JHP/MD

Ministry of Commerce Industry & Tourism
P.O. Box 541
MBABANE

Attention Mr. J. Ndlangamandla & Mr. J.S. Juneja

Dear Sir

**MATSAPHA INDUSTRIAL TOWNSHIP
REVISED LAYOUT FOR THE PHASE IV EXPANSION**

Following your and Mr. S. Ursbengs request we hereby submit our revised layout proposal and cost estimate for the Phase IV expansion.

Please find enclosed proposed layout with suggested plot subdivisions in reduced scale. 4 coloured copies of original layout in scale 1:2500 have already been handed over to yourself. A proposed 1st stage development is indicated on the layout plan.

The increased number of plots in the new layout will require some additional infrastructure to what which was suggested in our 1st proposal refer letter dated 4th October 1986 Ref. 406.02/5525.






Our revised estimated cost reads as follows:-




Infrastructure PH IV;	1st Stage	Remaining	Total
Roads stormwater drainage	E 272,000,-	E 383,000,-	E 655,000,-
Water Supply and Sewer system	E 216,000,-	E 435,000,-	E 651,000,-
TOTAL	E 488,000,-	E 818,000,-	E1,306,000,-

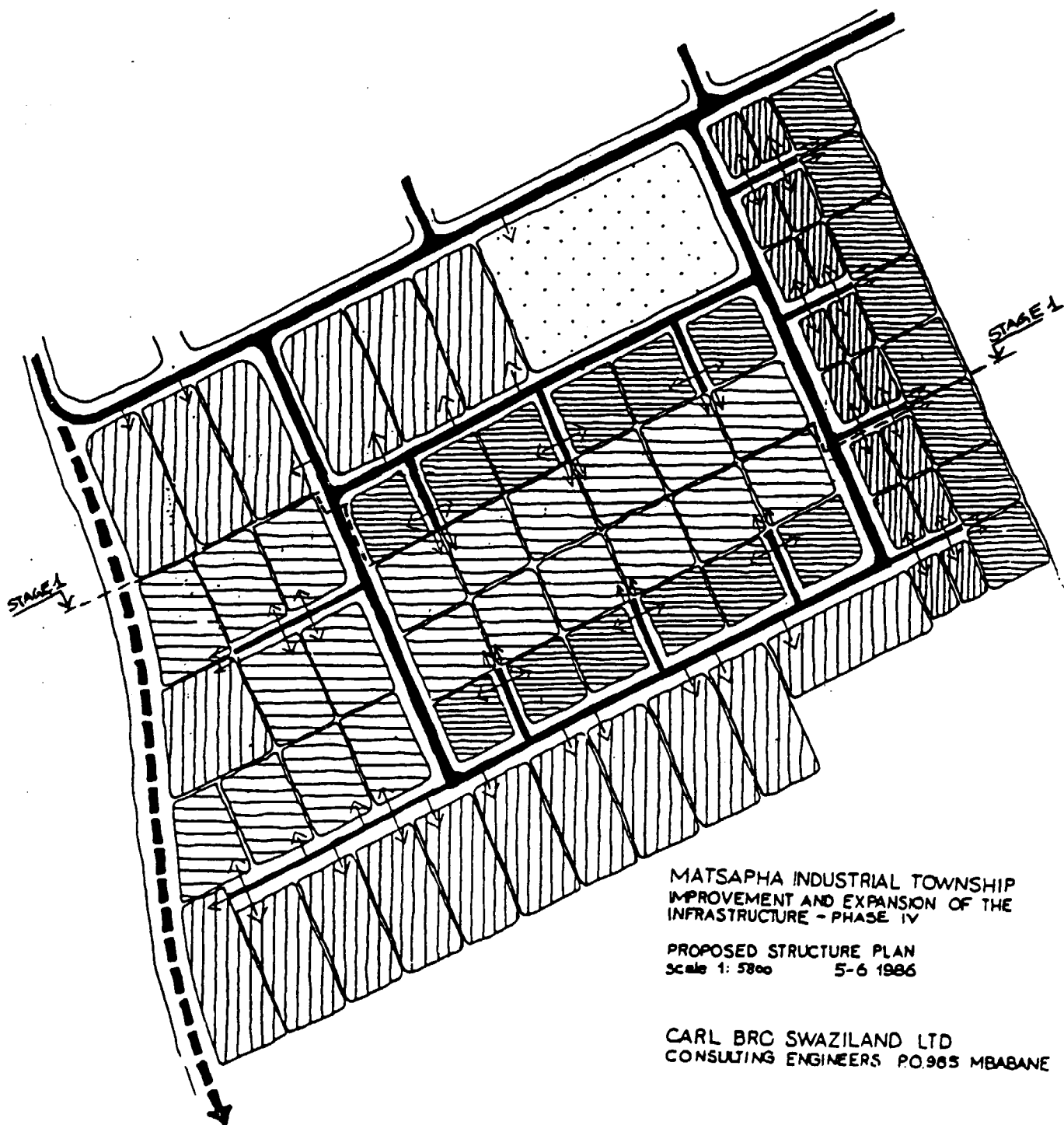
Please note that the above estimate is based on todays price level and includes 10% contingencies. However consultant's fee, disbursement and supervision etc. have not been included at this stage. For estimating purposes it can assumed that this will amount to 10 to 15% of the construction cost.

We trust that we have included sufficient information for your immediate requirements, but should further details or clarification be required please do not hesitate to contact this office.

Yours faithfully

LEGEND		NO. OF PLOTS	AREA	
	PLOT SIZE 0.15-0.25 HA	16	3.36 HA	58%
	PLOT SIZE 0.45-0.55 HA	20	9.98 HA	172%
	PLOT SIZE 0.65-0.75 HA	21	14.22 HA	245%
	PLOT SIZE 0.95-1.05 HA	18	18.36 HA	316%
	PLOT SIZE > 200 HA	1	3.88 HA	67%
ROAD RESERVES			8.25 HA	142%
TOTAL		76	58.05 HA	100.0%

 PRIMARY DISTRIBUTOR ROAD
 SECONDARY DISTRIBUTOR ROAD
 ACCESS ROAD



MATSAPHA INDUSTRIAL TOWNSHIP
IMPROVEMENT AND EXPANSION OF THE
INFRASTRUCTURE - PHASE IV

PROPOSED STRUCTURE PLAN
Scale 1: 5800 5-6 1986

CARL BRC SWAZILAND LTD
CONSULTING ENGINEERS P.O.985 MBABANE

16th June 1986
Ref. 405.01/6099
JHP/MD

Ministry of Commerce, Industry and Tourism
P.O. Box 451
MBABANE

Attention Dr. Haas and Mr. J. Ndlangamandla

Dear Sirs,

MATSAPHA INDUSTRIAL TOWNSHIP - UPGRADING OF SEWAGE TREATMENT WORKS

Following our recent discussion regarding the expansion and improvement of the township, we hereby submit our proposal and preliminary estimated cost for the upgrading of the existing sewage treatment works.

At present the existing treatment works is heavily overloaded and we propose that the first step of upgrading should be to reduce this effluent pollution to a desirable level.

This could be done by installing a number of aerators in the existing stabilization ponds in addition to the existing two, already in operation.

Our estimated cost for such improvement is E120,000,-

The next step of the improvement should cater for the increasing water consumption in the township, which is expecting to reach 16000 m³/day when the township is fully developed.

The expansion of the treatment works could either be the construction of an activated sludge plant or excavation of a new 2 Ha stabilization pond and deepening of one of the existing ponds in addition to an increased number of aerators.

We believe that the latter proposal will be cheaper than an activated sludge plant and we estimate the cost of upgrading will be in the order of E690,000,-

We trust that this information will meet your immediate requirements, but should further information or clarification be required please do not hesitate to contact this office.

Yours faithfully,

Our Ref: Q. 2205/RAH

6 May 1986

Dr R Haas
Ministry of Commerce Industry Mines & Tourism
P O Box 451
MBABANE

Dear Doctor

re : PROPOSED PHASE IV DEVELOPMENT MATSAPA INDUSTRIAL
TOWNSHIP ELECTRICITY SUPPLY.

Further to our meeting at Carl Bro. offices, we have compiled an order of cost to make a supply available in the Phase IV Development Area.

Without full knowledge of the actual requirements we have to make certain assumptions; and have based the final power requirements using a comparable area in the Matsapa Industrial Area, and find this to be approximately 5 MVA.

Using this figure as a base, it will be required to establish a 66/11kV primary substation sited within close proximity of the area and estimate the cost for the substation, which includes civil works, 66/11kV transformer and associated switchgear and protection equipment to be E350-000.

Additionally we propose the construction of an 11kV overhead system within the area, and have used the proposed road layout as marked up on drg.406.06-02, as a guide.

The road route length measures approx. 3Km, and our estimate to construct overhead lines is E23,850.

...../2

- 2 -

Our estimate cost, therefore, for the availability of the supply of electricity is £373,850. which sum should be met by the developer.

An order of cost for a supply into an industrial premises has been based on an average of 100m 11kv overhead line with a 315Kva transformer, which is estimated at £8000. This figure is variable depending upon the actual power requirement by an industrialist, but should serve as an indication.

We trust the foregoing information to be adequate for your purposes.

Yours faithfully

Annexure 'G'

SEDCO POLICY STATEMENT - OCTOBER, 1985

1) BACKGROUND

The Small Enterprise Development Company was established in 1970 with assistance from UNDP, ILO, SIDA and the British Government. In 1976 SEDCO became a wholly-owned subsidiary of the National Industrial Development Corporation. The stated objectives of SEDCO are:

1. To increase the number of Swazi business- people in small and medium scale business;
2. To raise incomes and employment of Swazis;
3. To establish industries in rural areas;
4. To promote import substituting industry.

In order to clarify the focus on smaller enterprises SEDCO is required to restrict its activities to those projects with a capital value of E100.000 (or E200.000 in the case of joint ventures.)

In essence, the rationale for the existence of SEDCO is the recognition that the reduction of economic dependency and the cost-effective creation of employment depend on the existence of a flourishing Swazi business sector. It is as clear now as it was in 1968 that this sector cannot be expected to prosper if its fate is left entirely to free - market forces. Competition from larger, technologically - advanced foreign firms in Swaziland and in South Africa presents a classic "infant industry" argument for protection of small Swazi enterprise. However, the terms of the Customs Union Agreement between Swaziland, Botswana, Lesotho and South Africa allow protection from imports only to an extremely limited extent. Moreover, such protection can often be avoided by foreign firms establishing themselves in Swaziland rather than exporting to Swaziland. In short, "infant" Swazi enterprises frequently require assistance if they are to attain maturity.

This policy statement therefore does not propose any changes in the general objectives of SEDCO. It does, however, evaluate SEDCO's strategies to achieve those objectives and proposes some changes in them. The statement is intended to provide guiding principles in operational form for the activities of SEDCO in the coming years.

The statement needs to be made in the face of a loss of faith in SEDCO by its clients and by Government. However, sight should not be lost of the fact that much has been achieved and that the objectives remain at least as valid as they were in 1970. It is within this perspective that the following sections make recommendations for reform. These recommendations are the result of extensive research and discussions involving business people, academics, international agencies banks, relevant Ministries and SEDCO itself. These recommendations constitute a definitive statement by SEDCO and its parent, the Ministry of Commerce, Industry and Tourism, of the policy to be implemented by SEDCO over the foreseeable future.

2) SEDCO'S ORGANISATIONAL RELATIONSHIP WITH OTHER INSTITUTIONS

The Government of Swaziland has created four institutions to implement its commercial and industrial policies: the Ministry of Commerce, Industry and Tourism, NIDCS, the Swaziland Commercial Board and SEDCO.

Although SEDCO is nominally a subsidiary of NIDCS this has little practical significance and SEDCO operates in effect as parastatal under the Ministry of Commerce, Industry and Tourism. The formal links with NIDCS should therefore be severed. The Swaziland Commercial Board was created at a time when the commercial and industrial ministerial portfolios were separate. It was the intention that the Commercial Board would do for commercial entrepreneurs what SEDCO does for industrialists. However, in practice SEDCO has not observed this distinction. Moreover, there would be economies of scale if these two organisations were merged because their activities are so similar. However, there may be a justification for absorbing some of the activities of SEDCO and the Commercial Board into the Ministry of Commerce, Industry and Tourism. In essence there should be only one parastatal serving small enterprises but the exact division of labour between it and the parent Ministry should be investigated by the consultant mentioned in section 9.

However, an essential component of this reorganisation is the strengthening of formal links with the parent Ministry. The economists in the Ministry's Planning Unit have already been appointed as desk officers for SEDCO affairs. This initiative should be built upon and regular meetings between SEDCO and their Ministry desk officers should take place. In this context, an Implementation Monitoring Committee should be appointed to report every two months to the Principal Secretary for Commerce, Industry and Tourism.

It has been apparent for some time that considerable quantities of aid funds are available to Swaziland for small enterprise support.

However, much of this has not been requested due to the lack of a clear responsibility centre on this issue. SEDCO should appoint an officer whose specific responsibility will be to liaise with an officer in the Ministry's Planning Unit to ensure that this potential aid is not wasted

3) SEDCO AND THE FINANCIAL REQUIREMENTS OF SMALL ENTERPRISES

In the past, SEDCO has acted as a banking institution providing loans to small-scale entrepreneurs. Loans to building contractors are discussed as a special case in the next section; it is the Industrial Loan Fund which is under discussion here.

This fund has supplied start - up and working capital to new and existing enterprises at subsidised interest rates. However, security against default was rarely given and default rates have been high. It has become clear that SEDCO is not equipped to perform this banking function; it has substantial weaknesses in appraisal and in debt collection. In addition, its advisory and debt collection roles conflict. SEDCO should cease to lend to industrial and commercial enterprises but instead should coordinate the provision of subsidised funds to banking institutions for this purpose. The feasibility of donor - and government-funded loan schemes through the commercial banks (including Swazi Bank) should be investigated. If the National Industrial Development Corporation becomes a fully - fledged industrial development bank then it could clearly have a major role to play in this regard. SEDCO's role should be that of coordinator and to provide assistance to entrepreneurs in formulating their loan applications. If it should prove impossible to involve other institutions on a sufficient scale, then SEDCO should commission a study of its needs as a banking institution. Appropriate reforms can then be made. It should however be clear that loan criteria and subsidy levels should be carefully evaluated and agreed with the relevant central and line ministries.

4) SEDCO'S ASSISTANCE TO BUILDING CONTRACTORS

SEDCO's Building Loan Fund, a revolving fund initially established by Government, is used to finance the short-term working capital needs of small building contractors. In recent years repayment default rates have been high due to insufficient contractor pre-selection, insufficient technical monitoring and Cyclone Domoina. However, the criticisms of SEDCO taking a banking role in the provision of credit to industrial and commercial enterprises do not apply to building contractors.

Given the highly standardised nature of the building sector close technical monitoring by SEDCO of each entrepreneur is cost-effective. Thus a commercial bank would not be capable of reducing default rates to acceptable levels, as would be attainable by an efficient SEDCO Building Branch. The plans of the Building Branch to incorporate the contractors more closely into the organisation should therefore be supported. This will enable the attainment of considerable economies of scale in bulk purchasing of materials, stock levels, storage, utilisation of indivisible capital equipment, risk-bearing, administration, marketing and transport. In short, SEDCO Building Branch should become a main contractor with its clients as sub-contractors. The organisational and personnel changes necessary to achieve this are already underway. They should be supported by a decentralisation of day - to-day financial control from SEDCO Main Office to the Building Branch. The Building Loan Fund should receive further capital injections in case of large-scale expansions of activity and for inflation adjustment.

5) JOINT VENTURES BETWEEN SEDCO AND OTHER INVESTORS

SEDCO have in the past undertaken joint ventures, usually with some foreign donor element, in small-scale industrial production. The donor's motivation has generally been to induce some technology transfer and employment creation whilst SEDCO has been attracted by the prospect of income from dividends. Although technology transfer and employment creation have taken place the projects have not been financially successful. Indeed they have been constrained by SEDCO's inability to inject capital into the projects when they require it. SEDCO should therefore sell off these projects or close them down.

The functions of technology transfer and employment creation should be the responsibility of NIDCS who are staffed and capitalised to perform them. SEDCO could, however, perform the functions of marriage - broker bringing together local entrepreneurs and donor/private sector joint venture partners. This would increase the chances of the project being successful and eliminate the risk to SEDCO. In essence, SEDCO should cease to be a risk-taking institution.

6) SEDCO ESTATES

SEDCO operates eight industrial and commercial estates at Manzini, Matsapha, Hlatikulu, Nhlangano, Vuvulane, Pigg's Peak, Mbabane, and Siteki. These estates provide serviced workshops and sometimes communal machinery to entrepreneurs. Historically, rentals have been highly subsidised as much by default as by design. Between 1970 and 1982 rentals remained constant. From 1982 to 1985 they rose at the rather arbitrary figure of 10% per annum. However, from financial year 1985/86 a three - year phased increase is being implemented to achieve a small loss, break - even and a small profit in the three years respectively. This has been dictated more by SEDCO's financial considerations than by a thorough evaluation of the optimal level of subsidy to small-scale entrepreneurs of which subsidised rentals are only one component.

Recommendations for reform of SEDCO estates are premature since a UNIDO study has been commissioned to review industrial estate policy as a whole. However, this study should address such issues as rental subsidies, differences in rental levels on different estates, possible estate management economies and entrepreneur-owned estates. The issue of replacing the original policy of graduation from an estate after three years should also be examined since this policy has clearly failed. However, the intention behind it of phasing out subsidies to entrepreneurs after their "infancy" could be reintroduced in the form of rental increases. Comprehensive reform of SEDCO estates policy should be undertaken after the UNIDO study.

7) TRAINING AND ADVISORY SERVICES FOR ENTREPRENEURS

The field of training and advisory services for entrepreneurs is potentially SEDCO's most important function since it is in this area that market forces and Government's objectives diverge most sharply. Unfortunately, due to personnel and financial deficiencies SEDCO have provided very little in this field in recent years.

Until 1981 SEDCO ran an entrepreneurship induction programme - an evening course of 100 hours spread over 6 weeks. The course was for people newly assisted by SEDCO and involved participants formulating a plan for their intended business venture under guidance. The final version of this plan formed the basis for a loan application to financial institutions. These courses had a significant impact on the success rate of those involved but ceased owing to lack of funds. However, this was clearly a false economy and the course should be reinstated.

Until 1983 an annual 3 - day seminar on business management was held at each

SEDCO estate. This constituted valuable upgrading for established entrepreneurs and should be reinstated. In general, SEDCO should expand its provision of training since returns have been shown to be high.

SEDCO have in the past provided specialist advice in the fields of marketing, bookkeeping, feasibility studies and overall project monitoring. There is also a perceived need for technological advice particularly to support project monitoring.

These advisory services are targeted at those areas in which small businesses often fail. If provided efficiently they would reduce the number of ill-conceived projects, increase the technical and marketing ability of entrepreneurs and reduce the default rate on debt repayments. The funding and staffing constraints on these services should be removed as a matter of high priority.

8) TRADE PROMOTION ON BEHALF OF ENTREPRENEURS

SEDCO have a role to play in providing trade promotional services to entrepreneurs in so far as it has developed experience in this and economies of scale can be attained. However, this should be done in close cooperation with the Foreign Trade Section of the Ministry of Commerce, Industry and Tourism to avoid wasteful duplication. The experience of the Ministry of Agriculture and Cooperatives in organising cooperative marketing should also be utilised.

9) PERSONNEL MATTERS

It is not the purpose of the policy statement to provide a comprehensive review of personnel affairs. However, it should be emphasized that the reforms and strategy changes outlined in this statement obviously have implications for internal organisation, staffing levels, training needs and skill requirements. It cannot simply be assumed that the personnel appropriate to SEDCO to date will continue to be as the new policy is implemented. An independent management consultant should be commissioned to undertake a comprehensive appraisal of personnel needs. The consultant should consider the organisational and staffing needs both of SEDCO and the Commercial Board as a combined parastatal and the alternative whereby one parastatal serves the small enterprises but some activities of the existing parastatals become part of a Ministry extension service. In this way an informed decision as to the relative merits of these alternatives can be taken.

10) FINANCING THE ACTIVITIES OF SEDCO

It must be emphasised that SEDCO is the institution through which Government assists small indigenous enterprises in recognition that market forces would fail to assist them adequately because this activity is rarely profitable. Such assistance consumes a great deal of time and effort and is therefore costly. SEDCO has few source of income: loan repayments, asset sales, charges for training and advisory services and estate rentals. Loans are subsidised and repaid into a revolving fund. Asset sales are only occasional. Training and advisory charges are small as are estate rentals. All these sources of income could be increased to finance SEDCO's expenditures but only at the cost of failing to provide assistance of net benefit to SEDCO's clients. In other words, if Government wants to help small entrepreneurs it must pay for it. If SEDCO is to implement Government's policy it must receive subventions from Government to do so. With proper financial control SEDCO's subvented loss is an exact measure of the net benefit it provides to its clients.

However, if SEDCO are to be adequately subvented by Government it must be properly answerable to Government. Remote control by the Planning and Budgeting Committee is insufficient: the Ministry of Finance and the Department of Economic Planning should be represented both on the SEDCO Board and on the Implementation Monitoring Committee. In addition, both SEDCO and the Ministry of Commerce, Industry and Tourism should increase their efforts to inform the central Ministries on a regular basis of developments at SEDCO.

11) CONCLUSION

The purpose of this policy statement is to outline the reorientation necessary to ensure that SEDCO provides the best service possible to its clients in the coming years. As such it makes a number of recommendations which, although they could be implemented individually, must be viewed as an integrated shift in policy. In essence, SEDCO should shift its emphasis from the provision of financial assistance to the provision of technical assistance to small entrepreneurs. In this way, SEDCO can effectively foster the development of a flourishing Swazi business sector over the years to come.

ANNEXURE 'H'

SEDCO INDUSTRIAL ESTATES

MBABANE

This is the biggest industrial estate with 23 units and originally designed for knitting and dressmaking with a common facility which has never been operated. Apart from this, craft related small enterprises have been developed. A wholly owned subsidiary ceramics company by the name of Potters Joy Ltd employing 18 persons is also working in the estate which runs at a loss and SEDCO is attempting to find a prospective buyer.

Most of the enterprises are very small indeed and their own premises are expected to be sales outlets for their products. However, the estate has a locational disadvantage being situated away from the main market. One entrepreneur manufacturing knitted garments and dresses is very successful and is ready for expansion. However he would not like to move out for fear of loss of customers.

In addition to the estate management office, Head Office of SEDCO is also located on the same premises.

NHLANGANO

Nhlangano Industrial Estate is another enterprises estate with 20 shops. The estate consist of dressmakers, knitting factory, barber, furniture and upholstery repairer, herbalist, shoe repair, restaurant, handicraft sales outlet, motor mechanics, photo studio etc. It is located in the city centre next to the post office and newly built shopping centre by NIDCS. Government has recently allowed many small vendors and hawkers of vegetables, handicrafts and household articles to use the compound of the industrial estate and collects the rental on daily basis, which is not being paid to SEDCO.

Hirers are willing to get the premises on deferred payment basis, if given on soft terms except two manufacturers - one has applied for a plot in the Government Industrial Estate and is awaiting the allotment and the second manufacturer of knitting garments has already been given 2.1 acres in the Government Industrial Estate at Nhlangano and is awaiting possession. Both the manufacturers are doing well in business and their main target markets are black schools around Nhlangano and South Africa. They have to import machines from South Africa and depend upon them for maintenance. Similarly, fabric for the former and yarn for latter have to be imported from South Africa.

HLATIKULU

Hlatikulu Industrial Estate has three shops on the main highway of Manzini-Nhlangano in the main town of Hlatikulu. All the three are women enterprises. One of the shops sells grocery and general merchandise items and the second handicraft. The third shop makes dresses mostly traditional after getting material from South Africa. She has difficulty in getting the same as she cannot import in bulk due to the limitations of working capital. Assistance is needed in working capital and import of bulk dress material and thus making it available on off-the-shelf basis.

The industrial estate can hardly be called an industrial estate, since it has only three shops and dressmaker (Hlatikulu Creation) can best be called a service enterprise as she does mostly stitching against orders and sells dresses after fabricating the same - mostly traditional kind.

In addition there are two SEDCO factories - one small leather tannery and the second Hlatikulu woodworking - both got closed. The former was set up in 1973 and closed in 1983 after an expatriate working there left for his home country and the Swazi trained manager was not motivated and the woodworking was closed for reasons of persistent losses. However, three technical entrepreneurs could persuade the Government and got the premises and machines on lease/rental basis. However, they are having difficulty in running the same due to the need for working capital and a truck for transportation of raw

material and finished furniture and could be given by SEDCO lying with them unused. One finishing machine need replacement very badly. SEDCO is not able to help. The new company is named as Shiselweni Woodworks (Pty) Ltd.

The premises of the closed leather tannery have been inspected and it has an excellent potential and viability for getting it restarted for vegetable tanning which will encourage down-stream leather craft units generating substantial employment. This has been dealt with elsewhere in the report. One leather craftsman is making a variety of products after importing leather from South Africa.

SITEKI

Siteki Industrial Estate is a small shopping complex of six shops and all but one are run by women entrepreneurs. Three are stitching dresses, one a grocery shop and two are practising the indigenous herbal system of medicine (muti). Located in the market place and their business could considerably improve if working capital assistance could be provided. Some of the entrepreneurs need a very small dosage of working capital such as to the extent of E1000. Rentals are collected monthly by the estate manager located at Vuvulane.

VUVULANE

A shopping complex of 11 shops consisting of a butchery, bottle store, shoe repairer, dress makers, grocery shop, restaurant, general merchants, radio repair and so on. Set up in a sugar-cane growing area on an indication that an industrial area is likely to be developed and SEDCO Industrial Estate could serve the community. Since there is no major town in the area, hence the entrepreneurs are finding it difficult to attract customers. However, this estate is much better maintained than others by the Estate Manager.

MATSAPHA

A complex of only three small shells in a rapidly growing big Matsapha Industrial Area. A manufacturer of fencing and gates is doing well, while the second entrepreneur is fabricating and repairing trailers, is finding it hard to survive. The third entrepreneur has closed and is using the shell as a warehouse for storage of wood.

It is an irony, that small scale entrepreneurs have not been benefitted from many business and project opportunities emerging from a number of medium and large scale manufacturing, servicing and business enterprises. There is a big gap between the small and large and medium enterprises where the former could work in harmony as sub-contractors to the latter.

PIGG'S PEAK

An out-of-town industrial estate, has basically pine-wood furniture industries apart from a motor spare-parts shop, a grocery wholesale and a restaurant. In addition, Peak Industries manufacturing furniture, measuring scales, door and window frames and coffins is within the complex of the industrial estate. A wholly owned subsidiary of SEDCO is getting converted into a joint venture with Hultagors of Sweden. In addition to the manufacturing facilities, it has a showroom within the industrial estate premises. This is the only industrial estate where some of the common facilities are being used by the enterprises in the estate.

MANZINI

Manzini Industrial Estate is the only one which could be considered as an industrial estate with enterprises manufacturing a variety of light engineering products apart from dresses, woodworking and other industries. It had a foundry which got closed due to continuous losses and the metal working common facilities which have been leased to an entrepreneur along with the machines and equipment. A wholly owned SEDCO enterprise - Swaziland Woodworking and Upholstery (Pty) Ltd has been sold to a large enterprise - Pine Industries who are using the premises for manufacturing good quality furniture for sales in the domestic market.

INFORMATION FORM

SMALL SCALE ENTERPRISES

1. NAME OF FIRM
2. ADDRESS
3. PRODUCT LINE:

MANUFACTURING	SERVICE	COMMERCIAL
-----	-----	-----
-----	-----	-----
4. YEAR OF ESTABLISHMENT
5. INVESTMENT: FIXED - (LAND & BUILDING) (MACHINES)
working Capital
6. (i) OWNERSHIP/RENTAL
(IF RENTA - STATE MONTHLY RENT)
7. (ii) ANNUAL TURNNER SWAZI ----- NON-SWAZI -----

8. ANNUAL PROFITABILITY/
9. NO. OF PERSONS WORKING
10. ASSISTANCE RECIEVED FROM SEDCO: (i) Land/Building
(ii) Machines
(iii) Managerial
(iv) Marketing
(v) Building contracts
(vi) Technical
(vii) Others
11. VIEWS ON INDUSTRIAL ESTATES FOR SMALL ENTERPRISES:
12. STATE BRIEFLY DIFFICULTIES

Annexure J (a)
MEMORANDUM OF AGREEMENT.

Made and entered into by and between

THE SMALL ENTERPRISES DEVELOPMENT COMPANY LIMITED
(hereinafter called "SEDCO")

and

.....

(hereinafter called "The Entrepreneur")

of Mailing address:.....

.....

.....

Residential Address:.....

.....

.....

Carrying on business as:.....

(Name of business)

WHEREAS:

- A. SEDCO is established in order to train and assist small scale entrepreneurs in the conduct and operation of small businesses.
- B. The Entrepreneur approached SEDCO for assistance in the establishment and efficient management of his business; and
- C. SEDCO has agreed to train and assist the Entrepreneur on the basis of the terms and conditions hereinafter set forth.

NOW THEREFORE IT IS AGREED AS FOLLOWS:

1. ASSISTANT TO BE PROVIDED BY SEDCO.

1.1 SEDCO will assist the Entrepreneur in the establishment and organisation of his business. It will assist the Entrepreneur where appropriate in obtaining financing, sources of supplies and machines and equipment. Further, SEDCO will provide marketing assistance to the Entrepreneur.

- 1.2 SEDCO will on request by the Entrepreneur inform commercial institutions such as suppliers, Banks etc. that the Entrepreneur is assisted by SEDCO, for purpose of introduction.
- 1.3 SEDCO shall assist the Entrepreneur for a period of three (3) years. This period may be reduced where in the opinion of SEDCO the Entrepreneur has reached the desired growth level.
- 1.4 Subject to the availability of workshop premises in SEDCO Estates, SEDCO will provide the Entrepreneur with factory or workshop facilities.
- 1.5 SEDCO shall organise formal and informal courses in all aspects of business management, the running and operations of small businesses for the benefit of Entrepreneurs.
- 1.6 SEDCO shall provide technical and managerial consultancy services through its staff and technical advisors.
- 1.7 SEDCO shall upon request by the Entrepreneur assist the latter in preparing tenders or check tenders prepared by the Entrepreneur in order to ensure that the tender is reasonable. SEDCO shall do this in an advisory capacity and shall not be financially or in any other way responsible for gain or loss in the enterprise.

2. OBLIGATIONS OF THE ENTREPRENEUR.

- 2.1 All Entrepreneurs shall attend all courses, formal and informal as referred to in clause 1.4 above, for which they have been nominated by SEDCO.
- 2.2 The Entrepreneur shall maintain a bank account for his business and keep proper books of accounts which in the opinion of SEDCO are satisfactory. He may avail himself of the services provided by the Bookkeeping Service Section of SEDCO.
- 2.3 The Entrepreneur shall afford SEDCO every opportunity to inspect his books of accounts and any record or document pertaining to his business.

- 2.4 In the event that the Entrepreneur is accommodated in a SEDCO workshop, the Entrepreneur shall be required to sign a lease agreement.
- 2.5 After the period of three years referred to in clause 1.3 above, the Entrepreneur shall be required to pay for all assistance given by SEDCO on an economic basis. The Entrepreneur will also have to move his business out of SEDCO premises after this period.

3. GENERAL:

- 3.1 Should the Entrepreneur default in the carrying out of his obligations undertaken under this agreement or the Lease Agreement, and remain in default for fourteen (14) days after receipt of written notice requiring him to rectify such default, SEDCO shall be entitled to terminate this agreement and/or the Lease Agreement.
- 3.2 No relation or indulgence which SEDCO may allow in regard to the carrying out of the Entrepreneur's obligation under this Agreement shall prejudice or be regarded as a waiver of SEDCO's rights under this Agreement in any manner whatsoever.
- 3.3 No alterations, amendments or variations to this Agreement shall be of any force or effect unless reduced to writing and signed by all the parties thereto.

4. TERMINATION.

Each party hereto shall be entitled to terminate this Agreement and/or the Lease Agreement by giving one (1) month's notice written to the other party to that effect.

thus done and signed at.....on this.....the day of.....19.....

As witnesses:

- 1.
- 2. (for and on behalf of SEDCO)

Thus done and signed at.....on this.....the day of.....19.....by the Entrepreneur who declares that the contents of this Agreement have been fully

explained to him/her and that he/she fully understands and appreciates his/her rights and obligations hereunder.

As witnesses:

1.

2.

.....
(Entrepreneur)

ANNEXURE 'J'(b)

LEASE AGREEMENT.

Made by and entered into between

The Small Enterprises Development Company Limited (hereinafter called "the Lessor") of the one part and herein represented by:..... in his capacity as:..... he being duly authorised thereto

AND

.....of..... (hereinafter called "the Lessee") of the other part.

WHEREAS

- (1) The Lessor is the owner in possession of certain shop erected upon immovable property situated at and known as.....

AND WHEREAS

- (2) The parties have agreed that the Lessor will let the said shop to the Lessee subject to the conditions of this lease;

NOW THEREFORE THESE PRESENTS do hereby witness:

- (1) The Lessor hereby lets to the Lessee the said shop for a period of.....years commencing on theday of1984.....
- (2) The rent shall be E.....per month, and payable in advance, on the first day of each and every month during the current of this lease, at the Estate Office, or by post to such person or persons and at such place or places as the Lessor may from time to time, by written notice appoint. An official receipt must be obtained for all such rent payments.
- (3) If the rent shall remain unpaid for a period of ten days of the day it falls due, the Lessor shall be entitled to lock the shop in which the said entrepreneur is operating.

Failure to comply with Section 3 renders the defaulter liable to eviction.

- (4) The Lessor hereby reserves the right to review the rent cited in Clause 2 of this Agreement after every year by 10% (ten percent).
- (5) The Lessee shall not cede or assign this lease nor subject the whole or any part of the property leased thereof without the written consent of the Lessor.
- (6) The shop is leased to the lessee for the sole purpose of the Lessee carrying on therein the business of.....
.....
and shall not be used by the Lessee for any other purpose whatsoever without the prior consent of the Lessor given in writing.
- (7) The Lessee shall observe the provisions of all laws, statutory and Minicipal By-Laws and Regulations affecting the conduct of his business.
- (8) The rent reserved in Clause 2 of this Agreement shall not include water rate, electricity fee and outgoings but as soon as the Lessor installs individual meter(s), the right be hereby reserves to himself, the rates, fees and outgoings will thence forth become the responsibility of the Lessee.
- (9) The Lessee shall not without the written consent of the Lessor:-
 - (a) alter the character of the leased premises in any way or
 - (b) install any equipment or machinery on the premises, or
 - (c) erect or display any signboard or signcards thereon, or
 - (d) store any explosives, combustibles noxious things or carry on any hazardous operation on the premises.

- (10) The Lessor shall not be liable to the Lessee in respect of any loss or damage, whether to person or property, caused by any defect in the property leased, coming into existence during the currency of this lease.
- (11) The Lessor or his agent shall be entitled:-
 - (a) at all reasonable times and, at his election, in company of any workman to inspect the leased property both externally and internally.
 - (b) to introduce any workman into the leased property for the purpose of executing any work or carrying out any repair
- (12) The Lessee hereby covenants with the Lessor to keep and maintain the leased property in good and proper repair, and subject to the terms of this lease, undertakes at the expiry thereof to restore to the Lessor possession of the leased property and all fixtures, fittings and installations, in and outside the shop, in good order and condition.
- (13) The Lessee shall keep and maintain the shop and its immediate surrounding in clean and sanitary condition and shall at his own expense acquire all necessary appliances suitable for the storage and evacuation of refuse and shall maintain and replace them as becomes necessary during the currency of the lease.
- (14) The entrance to the building of which the shop forms a part, or any part thereof, and the passages, lifts and stairways, shall not be obstructed by the Lessee, his employees or any one claiming through him, and should be used by them with due regard to the rights in respect thereof enjoyed by the other occupants of the buildings.
- (15) This Lease may be terminated by either party by thirty days written notice served on the other.

SIGNED AT MBABANE THIS.....DAY OF
.....19.....

In the presence of the undersigned witnesses:

SIGNED:.....(LESSOR)

.....

AS WITNESSES:..... FOR (LESSOR)

..... FOR (LESSEE)

Econometric Model Forecasts (January 1986)

all financial figures are in millions of current year emalangeni

year	1983	1984	1985	1986	1987	1988	1989	1990	growth 87-90
GROSS DOMESTIC PRODUCT									
Agriculture	131.86	162.01	201.81	241.61	269.00	294.69	321.01	348.28	8.9%
Forestry	8.56	9.45	10.95	12.79	14.15	15.53	17.06	18.73	9.7%
Mining	14.84	16.55	19.28	23.14	26.98	31.89	38.23	44.49	17.9%
Manufacturing	130.03	147.55	175.44	208.44	235.33	255.16	276.25	296.53	8.2%
Government	96.62	107.85	122.41	137.39	155.93	172.96	186.21	199.68	7.2%
Distribution	45.17	54.33	63.50	72.38	76.68	81.72	87.25	93.33	6.7%
Transport/Comm.	30.67	33.77	39.67	45.96	50.39	54.38	58.55	62.97	7.6%
Construction	24.14	22.81	29.07	33.85	36.26	38.79	42.61	47.37	9.2%
Other	68.02	77.16	90.94	104.77	113.60	122.08	131.18	140.95	7.4%
Total	549.92	631.48	753.08	880.32	981.32	1067.19	1158.34	1254.31	8.4%
EMPLOYMENT									
Private Sector	54,327	50,581	57,969	58,986	59,732	60,218	60,678	61,105	0.8%
Public Sector	24,246	24,552	23,780	23,973	24,136	24,313	24,521	24,750	0.8%
Informal Sector	11,519	12,200	11,089	11,284	11,637	11,810	11,963	12,089	1.3%
Total	90,092	87,333	92,837	94,242	95,505	96,341	97,162	97,954	0.8%
PRICES									
Swazi "A"	1.447	1.678	2.032	2.336	2.534	2.755	2.995	3.256	8.6%
Swazi "B"	1.596	1.805	2.146	2.468	2.801	3.063	3.349	3.661	9.2%
Swazi "GDP"	1.384	1.566	1.843	2.120	2.294	2.461	2.641	2.835	7.2%
INTERNATIONAL TRADE									
Exports fob	345.2	383.1	469.4	546.4	603.8	654.5	708.4	765.6	8.1%
Imports fob	478.7	481.4	651.9	766.9	863.4	941.7	1016.0	1091.6	8.0%
Balance	-133.5	-98.3	-182.5	-220.5	-259.6	-287.2	-307.6	-326.0	7.8%
REVENUE									
Customs Union	120.7	130.4	136.6	119.8	176.6	197.7	215.8	232.9	9.6%
Individual Tax	22.8	26.6	28.6	31.4	34.2	37.3	40.7	44.4	9.0%
Company Tax	17.2	21.0	24.3	30.5	35.0	37.7	40.5	43.5	7.4%
Sales Tax	0.0	4.4	13.5	36.9	39.9	44.1	48.0	52.1	9.2%
Other Taxes	24.6	30.4	33.4	42.6	28.9	28.4	27.4	26.2	-3.2%
TOTAL REVENUE	185.3	212.8	236.4	261.2	314.7	345.2	372.3	399.1	8.2%
EXPENDITURES									
RECURRENT SPENDING									
General Government	21.4	25.0	28.2	33.8	35.1	39.9	43.8	47.7	10.7%
Justice, Order & Defence	25.9	30.5	31.3	36.4	39.2	42.1	45.3	48.6	7.3%
Education	35.7	41.2	45.3	56.4	66.1	74.7	83.9	94.2	12.4%
Health	12.7	13.0	14.4	17.9	19.6	20.9	22.4	24.1	7.1%
Agriculture	11.7	13.0	13.5	15.4	16.7	17.9	19.2	20.6	7.3%
Transport & Comm.	9.9	11.7	13.8	12.4	17.5	18.6	19.9	21.4	6.9%
Interest & Other	19.4	24.6	29.3	46.4	54.2	65.9	84.9	116.7	28.8%
Total	136.7	159.0	175.8	218.7	248.4	280.0	319.4	373.5	14.4%
CAPITAL									
Education	8.4	7.6	4.7	7.3	8.0	8.6	9.3	10.0	7.4%
Health	1.4	2.2	5.1	13.2	11.7	14.6	17.9	21.7	22.7%
Transport & Comm.	21.0	18.0	22.4	42.1	29.2	31.4	33.7	36.1	7.2%
Agriculture	11.3	4.4	2.5	5.5	6.2	4.0	3.7	3.8	-15.0%
Other	11.8	18.0	42.0	18.4	36.0	39.1	45.6	53.8	14.1%
Total	53.9	50.2	76.7	86.6	91.2	97.7	110.2	125.4	11.1%
SUMMARY OF GOVERNMENT ACCOUNTS									
Revenue	185.3	212.8	236.4	261.2	314.7	345.2	372.3	399.1	8.2%
Recurrent Spending	136.7	159.0	175.8	218.7	248.4	280.0	319.4	373.5	14.4%
Capital Spending	53.9	50.2	76.7	86.6	91.2	97.7	110.2	125.4	11.1%
Net Position	-5.3	3.6	-16.1	-44.1	-24.8	-32.5	-57.3	-99.8	58.2%

Econometric Modelling in Swaziland

coefficients changing their signs. This resulted because of high correlation between the December rainfall and rainfall in either November or January. Negative signs with respect to rainfall are unacceptable. There are not sufficient data to permit parabolic terms (for example, including a squared term).

- 5 Those familiar with the Quantity Theory of Money will remember that $MV=PT$ where M is the money supply, V is the velocity of circulation, P is the general price level and T is the level of transactions (real income or production is usually substituted). V is usually assumed to change only slightly in the short run.
- 6 Swaziland is a member of the Southern African Customs Union and since there are only minimal border formalities, it is not possible for there to be any major discrepancy between prices in South Africa and prices in Swaziland.
- 7 IMF: International Financial Statistics, July 1985. Line 76ia of Commodity Price Table.

Forecast of Economic Performance in Swaziland

all financial figures are in millions of 1980 emalangeni

year	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
GROSS DOMESTIC PRODUCT											
Agriculture	95.28	103.45	109.50	113.97	117.28	119.72	121.53	122.86	123.85	124.58	125.12
Forestry	6.19	6.03	5.94	6.03	6.17	6.31	6.46	6.61	6.76	6.92	7.09
Mining	10.72	10.57	10.46	10.91	11.76	12.95	14.47	15.69	16.67	17.46	18.10
Manufacturing	93.95	94.22	95.20	98.32	102.60	103.63	104.51	105.20	105.73	106.18	106.52
Government	69.81	68.87	66.42	64.81	69.29	70.27	70.57	70.65	70.62	70.60	70.52
Distribution	32.64	34.69	34.46	34.14	33.43	33.21	33.05	32.97	32.93	32.93	32.96
Transport/Communication	22.16	21.56	21.52	21.68	21.97	22.10	22.19	22.25	22.30	22.34	22.37
Construction	17.45	14.57	15.77	15.97	15.81	15.60	15.68	15.91	16.08	16.32	16.46
Other	49.15	49.28	49.34	49.42	49.52	49.59	49.66	49.72	49.78	49.83	49.88
Total	397.34	403.24	408.61	415.24	427.82	433.39	438.13	441.85	444.73	447.17	449.03
EMPLOYMENT											
Private Sector	54,327	50,581	57,969	58,986	59,732	60,212	60,664	61,082	61,473	61,849	62,207
Public Sector	24,246	24,552	23,780	23,973	24,171	24,308	24,442	24,579	24,702	24,838	24,958
Informal Sector	11,519	12,200	11,089	11,284	11,637	11,806	11,952	12,072	12,170	12,256	12,327
total	90,092	87,333	92,837	94,242	95,540	96,325	97,059	97,734	98,345	98,943	99,493
PRICES											
Swazi "A"	1.447	1.678	2.032	2.336	2.534	2.755	2.995	3.256	3.540	3.849	4.184
Swazi "B"	1.596	1.805	2.146	2.468	2.801	3.063	3.349	3.661	4.003	4.377	4.786
Swazi "GDP"	1.384	1.566	1.843	2.120	2.294	2.461	2.641	2.835	3.042	3.264	3.503
INTERNATIONAL TRADE											
Exports fob	249.4	244.6	254.7	257.7	263.3	265.8	268.0	269.8	271.3	272.5	273.5
Imports fob	345.9	307.4	353.7	361.7	376.4	383.7	387.6	389.9	392.1	393.1	394.6
Balance	-96.5	-62.8	-99.0	-104.0	-113.2	-117.9	-119.5	-120.1	-120.8	-120.6	-121.0

Forecast of Economic Performance in Swaziland

1994	1995	1996	1997	1998	1999	2000	1990-2000 year growth
GROSS DOMESTIC PRODUCT							
125.52	125.82	126.04	126.20	126.32	126.41	126.47	0.3% Agriculture
7.26	7.43	7.61	7.80	7.99	8.18	8.39	2.4% Forestry
18.60	19.01	19.34	19.61	19.82	19.99	20.13	2.5% Mining
106.83	107.08	107.31	107.50	107.68	107.87	108.01	0.3% Manufacturing
70.50	70.44	70.40	70.39	70.41	70.46	70.48	0.0% Government
33.01	33.07	33.15	33.23	33.32	33.41	33.51	0.2% Distribution
22.39	22.41	22.43	22.45	22.46	22.47	22.49	0.1% Transport/Communication
16.65	16.83	16.99	17.12	17.21	17.41	17.47	0.9% Construction
49.93	49.98	50.03	50.07	50.12	50.17	50.21	0.1% Other
450.70	452.08	453.29	454.36	455.33	456.36	457.16	0.3% Total
EMPLOYMENT							
62,560	62,905	63,245	63,583	63,918	64,257	64,589	0.6% Private Sector
25,092	25,225	25,357	25,488	25,617	25,763	25,890	0.5% Public Sector
12,394	12,452	12,506	12,557	12,605	12,654	12,698	0.5% Informal Sector
100,046	100,582	101,109	101,627	102,139	102,674	103,177	0.5% total
PRICES							
4.549	4.945	5.377	5.845	6.355	6.909	7.511	8.7% Swazi "A"
5.233	5.722	6.256	6.840	7.479	8.178	8.941	9.3% Swazi "B"
3.759	4.034	4.329	4.646	4.985	5.350	5.741	7.3% Swazi "GDP"
INTERNATIONAL TRADE							
274.5	275.3	276.1	276.8	277.4	278.1	278.7	0.3% Exports feb
395.2	395.8	396.3	396.9	397.5	397.4	398.3	0.2% Imports feb
-120.7	-120.5	-120.2	-120.1	-120.1	-119.3	-119.6	0.0% Balance

Forecast of Economic Performance in Swaziland

all financial figures are in millions of 1980 emalangeni

year	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
REVENUE											
Customs Union	87.2	83.3	74.1	56.5	77.0	80.3	81.9	82.8	83.3	83.8	84.1
Individual Tax	16.5	17.0	15.5	14.8	14.9	15.2	15.4	15.7	15.9	16.2	16.5
Company Tax	12.4	13.4	13.2	14.4	15.3	15.3	15.3	15.3	15.4	15.4	15.4
Sales Tax		2.8	7.3	17.4	17.4	17.9	18.2	18.4	18.5	18.6	18.7
Other Taxes	17.8	19.4	18.1	20.1	12.6	11.5	10.4	9.2	8.2	7.2	6.3
TOTAL REVENUE	133.9	135.9	128.3	123.2	137.2	140.2	141.2	141.4	141.3	141.3	141.0

EXPENDITURES

RECURRENT SPENDING											
General Government	15.5	16.0	15.3	15.9	15.3	16.0	15.7	15.3	14.6	14.1	13.4
Justice, Order & Defence	18.7	19.5	17.0	17.2	17.1	16.8	16.3	15.8	15.1	14.6	13.9
Education	25.8	26.3	24.6	26.6	28.8	29.7	30.2	30.6	30.6	30.9	30.8
Health	9.2	8.3	7.8	8.4	8.5	8.3	8.1	7.8	7.5	7.3	6.9
Agriculture	8.5	8.3	7.3	7.3	7.3	7.1	6.9	6.7	6.4	6.2	5.9
Transport & Communication	7.2	7.5	7.5	5.9	7.6	7.4	7.2	6.9	6.6	6.4	6.1
Interest + Other	14.0	15.7	15.9	21.9	27.5	28.6	29.6	30.6	31.4	32.3	33.1
Total	98.8	101.5	95.4	103.2	112.1	114.0	113.9	113.7	112.3	111.8	110.2
					10.3						

CAPITAL											
Education	6.1	4.9	2.6	3.4	3.5	3.4	3.3	3.2	3.1	3.0	2.9
Health	1.0	1.4	2.8	6.2	5.1	5.8	6.4	7.1	7.6	8.1	8.5
Transport & Communication	15.2	11.5	12.2	19.9	12.7	12.5	12.1	11.7	11.2	10.8	10.3
Agriculture	8.2	2.8	1.4	2.6	2.7	1.6	1.3	1.2	1.1	1.1	1.0
Other	8.5	11.5	22.8	8.7	15.7	15.6	16.4	17.4	18.3	19.2	19.9
Total	38.9	32.1	41.6	40.8	39.7	38.9	39.6	40.6	41.2	42.2	42.6

SUMMARY OF GOVERNMENT ACCOUNTS

Revenue	133.9	135.9	128.3	123.2	137.2	140.2	141.2	141.4	141.3	141.3	141.0
Recurrent Spending	98.8	101.5	95.4	103.2	112.1	114.0	113.9	113.7	112.3	111.8	110.2
Capital Spending	38.9	32.1	41.6	40.8	39.7	38.9	39.6	40.6	41.2	42.2	42.6
Net Position	-3.8	2.3	-8.7	-20.8	-14.7	-12.6	-12.3	-12.9	-12.2	-12.8	-11.8

Forecast of Economic Performance in Swaziland

1994	1995	1996	1997	1998	1999	2000	1990-2000 year
REVENUE							
84.4	84.5	84.7	84.8	84.9	85.1	85.0	0.3% Customs Union
16.8	17.2	17.5	17.9	18.3	18.7	19.1	2.0% Individual Tax
15.4	15.4	15.5	15.5	15.5	15.5	15.5	0.1% Company Tax
18.8	18.9	19.0	19.0	19.0	19.1	19.1	0.4% Sales Tax
5.5	4.7	4.1	3.5	3.0	2.5	2.1	-13.7% Other Taxes
141.0	140.8	140.7	140.6	140.7	140.8	140.9	0.0% TOTAL REVENUE
EXPENDITURES							
RECURRENT SPENDING							
12.9	12.4	11.8	11.3	10.8	10.5	10.0	-4.2% General Government
13.4	12.9	12.4	11.9	11.4	11.1	10.6	-3.9% Justice, Order & Defence
31.0	31.1	31.2	31.3	31.3	31.7	31.6	0.3% Education
6.7	6.5	6.2	6.0	5.7	5.6	5.3	-3.8% Health
5.7	5.5	5.3	5.1	4.8	4.7	4.5	-3.9% Agriculture
5.9	5.7	5.5	5.2	5.0	4.9	4.6	-4.0% Transport & Communication
34.0	34.9	35.7	36.6	37.3	38.3	39.0	2.5% Interest + Other
109.6	108.9	108.2	107.4	106.4	106.6	105.5	-0.7% Total
CAPITAL							
2.8	2.7	2.6	2.5	2.4	2.3	2.2	-3.9% Education
9.0	9.4	9.8	10.2	10.5	11.0	11.2	4.7% Health
9.9	9.5	9.1	8.8	8.4	8.1	7.7	-4.1% Transport & Communication
1.0	0.9	0.9	0.9	0.8	0.8	0.7	-5.1% Agriculture
20.8	21.5	22.2	22.9	23.4	24.2	24.6	3.5% Other
43.4	44.1	44.7	45.1	45.4	46.3	46.4	1.3% Total
SUMMARY OF GOVT ACCOUNTS							
141.0	140.8	140.7	140.6	140.7	140.8	140.9	0.0% Revenue
109.6	108.9	108.2	107.4	106.4	106.6	105.5	-0.7% Recurrent Spending
43.4	44.1	44.7	45.1	45.4	46.3	46.4	1.3% Capital Spending
-12.0	-12.2	-12.2	-11.9	-11.2	-12.1	-11.0	-1.6% Net Position

Empl/Pop

year	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
employment	90,092	87,333	92,837	94,242	95,540	96,325	97,059	97,734	98,345	98,943	99,493	100,046
age												
15-20	62,898	64,656	66,463	68,321	70,231	72,194	74,212	76,286	79,637	83,136	86,788	90,600
20-25	47,474	48,908	50,386	51,908	53,477	55,093	56,757	58,472	60,101	61,776	63,498	65,267
25-30	39,925	41,173	42,461	43,789	45,158	46,570	48,026	49,528	51,039	52,596	54,201	55,854
30-35	34,134	35,220	36,341	37,497	38,690	39,921	41,191	42,502	43,849	45,240	46,674	48,153
35-40	28,724	29,648	30,601	31,585	32,600	33,648	34,730	35,847	37,006	38,202	39,437	40,712
40-45	23,827	24,600	25,399	26,224	27,075	27,954	28,861	29,798	30,775	31,783	32,825	33,901
45-50	19,508	20,147	20,807	21,489	22,193	22,920	23,671	24,447	25,259	26,098	26,964	27,860
50-55	15,687	16,207	16,745	17,300	17,873	18,466	19,078	19,711	20,375	21,062	21,771	22,505
55-60	12,268	12,681	13,107	13,548	14,003	14,474	14,961	15,464	15,995	16,544	17,111	17,699
total	284,445	293,241	302,310	311,660	321,301	331,240	341,489	352,055	364,036	376,436	389,269	402,551
employment ratio	31.7%	29.8%	30.7%	30.2%	29.7%	29.1%	28.4%	27.8%	27.0%	26.3%	25.6%	24.9%

Empl/Pop

year	1995	1996	1997	1998	1999	2000
employment	100,582	101,109	101,627	102,139	102,674	103,177
age						
15-20	94,580	98,322	102,212	106,256	110,461	114,831
20-25	67,086	70,039	73,122	76,340	79,700	83,208
25-30	57,558	59,189	60,866	62,590	64,363	66,187
30-35	49,680	51,218	52,804	54,439	56,124	57,862
35-40	42,028	43,381	44,778	46,219	47,707	49,243
40-45	35,012	36,163	37,352	38,580	39,848	41,158
45-50	28,785	29,747	30,741	31,768	32,830	33,927
50-55	23,263	24,054	24,872	25,718	26,593	27,497
55-60	18,306	18,941	19,599	20,279	20,983	21,711
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total	416,298	431,054	446,345	462,189	478,609	495,624
employment						
ratio	24.2%	23.5%	22.8%	22.1%	21.5%	20.8%

Annexure 'N'

PART A

S1

THE CENTRAL BANK OF SWAZILAND (AMENDMENT) BILL, 1986

(Bill No. 7 of 1986)

(To be presented by the Minister for Finance)

MEMORANDUM OF OBJECTS AND REASONS

The object of this Bill is to amend the Central Bank of Swaziland Order, 1974 by giving effect to the recent changes in the Monetary Agreement between the Governments of Lesotho, South Africa and Swaziland so as to make the lilangeni the only legal tender in Swaziland and to enable the Central Bank to determine periodically the external value of the lilangeni and to provide for matters incidental to the foregoing.

The Bill also seeks to repeal the Currency Order, 1974.

D.P. MAKANZA
Attorney—General

A BILL

for

An Act to amend the Central Bank of Swaziland Order, 1974.

ENACTED by the Regent and the Parliament of Swaziland.

Short title.

1. This Act may be cited as the Central Bank of Swaziland (Amendment) Bill, 1986, shall be read as one with the Central Bank Order, 1974 (hereinafter referred to as "the Order") and shall come into operation on 1st July, 1986.

Amendment of section 4.

2. Section 4 of the Order is amended by inserting after paragraph (a) the following paragraph —

"(aa) to issue securities on its own account."

Amendment of section 8.

3. Section 8 of the Order is amended by replacing subsection (2) with the following —

"(2) After the appropriate allocation has been made to general reserve under subsection (1) the remainder of the net profits for the financial year —

(a) shall be applied to the redemption on behalf of the Government of any securities issued and outstanding under section 6(5) or 35(2);

(b) may be transferred to any special fund established under section 41 *bis* in such amounts as the board may determine."

Amendment of section 21.

4. Section 21 of the Order is amended by adding the following subsection after subsection (2) —

"(3) the external value of the lilangeni may be determined from time to time in a manner, proposed by the Central Bank and approved by the Minister."

S3

- (a) the making of loans and advances on such terms and conditions as the Central Bank may determine, to such bodies as the Minister may, after consultation with the Central Bank approve;
- (b) the purchase, holding or sale of debentures, bonds and other obligations maturing within eight years from the date of acquisition thereof by the Central Bank and issued by the bodies approved by the Minister under paragraph (a);
- (c) the participation by the Central Bank in programme to guarantee loans made by financial institutions to bodies approved by the Minister under paragraph (a) where the Minister is of the opinion that such bodies should be accorded priority for the economic development of Swaziland."

Repeal.

9. The Currency Order, 1974 is hereby repealed.

S2

Replacement of section 23.

5. Section 23 of the Order is replaced with the following section—

“Legal tender

23. Only notes and coins which are issued by the Central Bank and which may be exchanged by the Central Bank at full value under section 26 shall be legal tender in Swaziland in the case of—

- (a) notes or gold coins, for the payment of any amount;
- (b) coins, for the payment of any amount not exceeding ten Emalangeni.”

Amendment of section 30.

6. Section 30 of the Order is amended by replacing paragraph (a) with the following—
“(a) the reserve tranche position of Swaziland in the General Resources Account of the International Monetary Fund.”

Amendment of section 37.

7. Section 37 of the Order is amended in subsection (2)—
- (a) in paragraph (a) by replacing the words “123 days” with the words “one hundred and eighty days”;
 - (b) in paragraph (b) by replacing the words “123 days” with the words “one hundred and eighty days”;
 - (c) by inserting after paragraph (b) the following paragraph —
“(bb) purchase and sell in the open market securities issued by the Central Bank”;
 - (d) in paragraph (c) by replacing the words “123 days” with the words “one year”;
 - (e) in paragraph (c) (i) by replacing subparagraph (aa) with the following—
“(aa) instruments referred to in paragraph (a) or (b) or subparagraph (bb).”

Addition of section 41 bis.

8. The Order is amended by inserting after section 41 the following new section —

“Establishment of special funds.

- 41 bis. (1) The Minister may direct the Central Bank to establish a special fund or such number of special funds as may be necessary for the financing of such small businesses or general development as he may determine where after consultation with the Central Bank the Minister is of the opinion that the establishment of such funds is necessary.
- (2) Any fund established under subsection (1) shall consist of amounts—
- (a) appropriated by the Government for purposes of the fund;
 - (b) contributed by any donor;
 - (c) transferred by the Central Bank to the fund under section 8;
 - (d) accruing to the fund from any other source.
- (3) A special fund shall be held in trust and administered by the Central Bank as the sole trustee for facilitating economic development through—

Vocational and
Commercial
Training
Institute
Matsapha

V O C T I M
P.O. Box 2795
Mbabane
Tel. 42681

Objectives of the Project

The Project shall contribute to enable Swaziland's public and private sector establishments to recruit sufficient members of skilled craftsmen and clerical workers from the local labour market.

Departments and capacity

	No. of students (Intake per year)		
Building & construction department	24		
Electrical department	24		
Mechanical department	24		
Automotive department	24	96	
Commercial department:	---		
- Bookkeeping & Accountancy	24		
- Secretarial studies	24	48	144
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Concept of the Project

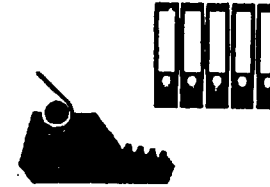
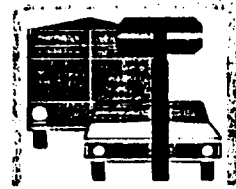
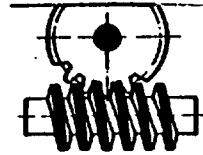
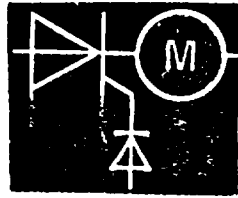
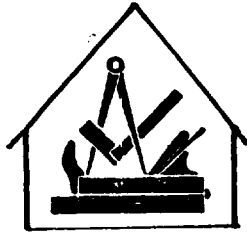
The concept of the Project is to give the students an in-depth practical oriented training in the respective craft. It is to assist the employer in the systematic instruction. The Project and the employer join hands to produce a fully skilled worker. For this system of dual training it is essential that the students have entered into a contract of apprenticeship prior to the beginning of training at the Institute. The practical approach in total is reflected in the the following:

Theory 25%	On-the-job training 50%
Workshop instruction 25%	

Responsibility for the Project

The Project is a joint venture of:

- the Kingdom of Swaziland/Ministry of Education:
provision of land, buildings, personnel
- the European Economic Community/European Development Fund:
financing of building&equipment
- the Federal Republic of Germany/German Agency for Technical
Co-operation (GTZ):
provision of experts, scholarships and additional equipment



Vocational and Commercial Training Institute Matsapha

V O C T I M

Junior Certificate plus preferably
Apprenticeship Contract plus
Entrance Test at Voctim

Training at VOCTIM/
On-the-job

Year 1	Year 2	Year 3	Year 4
19	19	19	19
1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12	1 2 3 4 5 6 7 8 9 10 11 12

Total (months)

Basic training

— 9 —

9

Practicals

— 3 —

— 3 —

— 9 —

— 6 —

— 3 —

24

Advanced training

— 6 —

— 3 —

15

Upgrading in theory

— 3 —

— 3 —

Trade Test III is optional for students after a minimum of 3 years after mutual consultation with employer.

Further information may be obtained from: Manfred Winnefeld - Project Manager VOCTIM, Tel. 42681

ANNEXURE P

PERSONS MET AND INSTITUTIONS AND ENTERPRISES VISITED

MINISTRY OF COMMERCE, INDUSTRY AND TOURISM

Honourable Minister Mr. Lerese Van Wissel
Mr. Chris Mkhonza, Principal Secretary
Dr. Robert Haas, Adviser
Mr. Nkhambule, Under Secretary
Mr. John Ndlangamandla, Assistant Secretary
Mr. Jon Welth, Senior Planning Officer
Mr. Mandla Simelane
Miss Susan M. Nxumalo, Assistant Planning Officer
Miss Lalie, Law Office
Mr. N.K. Bhardwaj, Adviser, Marketing
Accounts Office.

FINANCIAL INSTITUTIONS

Mr. H.B.B. Oliver, C.B.E. Governor, Central Bank of Swaziland.
Mr. Wolde-semait, Adviser, Central Bank of Swaziland
Mr. N. Bqentnall, Managing Director, Barclays Bank of Swaziland
Mr. Paul Bocherty, Managing Director Standard Chartered Bank, Swaziland
Mr. S.C.M. Dlamini, Manager Standard Chartered Bank, Swaziland.
Mr. W.H. Jafree, Director, Bank of Credit and Commerce (Swaziland) Ltd
Mr. Nasir M. Laidi, Manager, Bank of Credit and Commerce (Swaziland) Ltd
Mr. G. Deguefe, General Manager, Swaziland Development and Savings Bank
Mr. Peter Doyle, Economist, Swaziland Development and Savings Bank

SEDCO

Mr. John Fakudze, Managing Director
Mr. A.S. Motsa, Financial controller and Secretary to the Board
Mr. Percy Mngomezulu, Heads, Estate Administrator
Mr. Paul M. Thabede, Head, Projects.
Mr. S.G. Ntshalintshali, Head, Training and Administrator
Mr. Gareth D. Mngomezulu, Head, Management Consultancy
Mr. Roine Toepja, Adviser, Buildings
Mrs. Sizakele Tuche, Textile and Handicraft Office
Mr. Isaac M. Dlamini, Senior Extension Office
Mr. Cyril N. Dlamini, Estate Manager, Manzini.

NIDCS

Mr. M. Matsebula, Managing Director
Mr. Scott A. Reid, Assistant General Manager
Mr. Mayson Dlamini, Dy Mananger (Project)
Mr. R.S.M. Nkhambule, Project Office

RAILWAYS

Mr. Sakkie Delpport, Director commercial
Stephen Master, Mpaka

SWAZILAND ELECTRICITY BOARD

Mr. Q.E. Fqiede, Dy. Gerenal Manager
Mr. Q.A. Howden, Commercial Engineer

OTHER INSTITUTIONS ADMINISTRATION

Mr. Joerg 'Peter' Holla, Adveser, Dept. of Economic Planning & Statistics.
Miss Maureen Chanane, Tibiyo Taka Ngwane
Mr. J.L. Nkambule, Lobour Office, Dept. of Lobamba
Mr. Neai Cohen, Economist, U.S.A.I.D
Mr. B.A. Ginindza, SBACO.

MATSAPHA TOWN BOARD

Mr. J.N.C. Munzell
Mr. David T. Nkosi

CONSULTANCIES

Carl Bro.
Mr. Claus Christansen, Resident Manager
Mr. Jan H. Peterson. Senior Engineer
Stanley Cohen, BHR and Associates
Mr. J.A. Lawsby, Resedent Manager

UNIVERSITY OF SWAZILAND

Mr. Mike Matsebula, Profession of Economist

TRAINING INSTITUTIONS

Swaziland College of Technology (Mr. Rudolf E. Levy)
Manzini Industrial Training Centre (Sister Judith Ellen Dean)
Vacational and Commercial Training Institute, Matsapha

UNDP

Mr. Bernard Hausner, Resident Rep (ACTC)
Miss Thandi Nkosi, Programme Office
Mr. Carlos Alberto Conlary SIDFA

Visited and had discussions with 103 Industrialists, entrepreneur of Managers of Enterprises in small, medium and large Sector in Matsapha, Manzini, Ngwenya, Nhlangano, Hlatikulu, Piggs Peak, Big Bend, Mbabane, Siteki, Vuvulane, Mpaka, Siphofaneni, etc.