



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

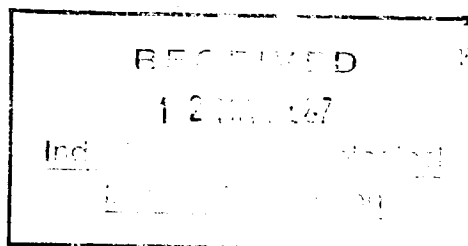
Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

RESTRICTED



March 1987
English

ASSISTANCE TO THE SMALL INDUSTRIES DEVELOPMENT ORGANIZATION (SIDO)

DP/ZIM/82/019

ZAMBIA

Technical report: Improving the performance of SIDO

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

Based on the work of Ewald Rabelin, UNIDO small-scale industry consultant

United Nations Industrial Development Organization
Vienna

This report has not been cleared with the United Nations Industrial Development Organization which does not, therefore, necessarily share the views presented.

Explanatory notes

The local currency has fluctuated over the period of the assignment varied between Kwacha 15.25 and Kwacha 9.- per USdollar.

In addition to generally accepted abbreviations the following have been used in the report:

- SSI: small scale industry. Depending on the context in which used it means either the SSI sector of industry or an individual enterprise within the sector.
- SSE: small scale entrepreneur.
- H/P: hire/purchase scheme.
- R/M: raw materials scheme.
- R & DP: research and development planning.
- DBZ: Development Bank of Zambia.
- NCDP: National Commission for Development Planning.
- SEP: Small Scale Enterprises Promotion Ltd.
- SIDO: Small Industries Development Organization.
- UNZA: University of Zambia.
- VIS: Village Industry Service.
- ZCF: Zambia Co-operative Federation.
- ZFE: Zambia Federation of Employers.

Abstract

The report covers a three months consultancy assignment within the project "Assistance to the Small Industries Development Organization (SIDO), DP/ZAM/R2/018, Zambia".

Dates for field work in Zambia: 21 November - 16 December 1986 and 6 January - 7 March 1987.

The objective of the consulting assignment was:

To recommend to the SIDO management measures to perform the required functions in three different levels:

- SIDO internally, to build up a functional management and organization structure with job descriptions, performance evaluation criteria and operational procedures for SIDO's various functions and departments as required.
- SIDO vis-à-vis banks as for instance Z.F. commercial banks and other organizations, (SEP).
- SIDO vis-à-vis small scale industrial entrepreneurs for industrial

extension services and other assistance measures.

Summary of findings

During about 3 1/2 years of operations SIDO has been working hard to establish itself as a major force in the field of SSI development, striving more toward independence in operations than toward the role of coordinator for formulation and implementation of policies and national programmes. A clear exception to this is SIDO's SSE training activities in cooperation with other organizations.

In its efforts to become known and recognized SIDO oversold itself initially resulting in a later loss of momentum. This has however not dampened the expectations and hopes attached to SIDO.

SIDO has in the development of its organization been hampered by:

- not clear formulation of certain clauses of the SID Act by which SIDO was established,
- the absence of formulated corporate and operational policies, resulting in i.a. an organizational structure in which functional and departmental objectives, authorities and responsibilities have not been defined and established,
- the absence of a formulated long-term development plan for SIDO based on regional, sector and resource studies,
- annual action plans and budgets which have no continuity, as they have not been based on a long-term plan,
- inadequate procedures for the preparation (from identification/formulation and to presentation for financing) of SIDO projects (e.g. establishment of regional offices, industrial estates), also affected by the absence of long-term development plans,
- shortage of funds for operations and necessary investments and its own inflexibility to adapt to smaller budget allocation than requested.

Although the situation now is changing to the better, the SSI sector has been suffering from shortage of funds in financing institutions for loan financing of SSI projects resp. from loan conditions not conducive to SSI projects/enterprises.

SIDO has correctly identified the general need for establishing industrial estates and for filling a financial gap by establishing H/P and R/M schemes for SSI enterprises. SIDO has also correctly analyzed the present situation which would require SIDO to become active in these fields of assis-

tance to SSI.

The technical assistance to SIDO has:

- for professional development of project officers and for establishment of basic training programmes for SSE been adequate but not yet sufficient,
- been inadequate and insufficient for the development of SIDO policies, organizational structure, long-term planning and budgeting, plan -, budget - and performance control, methods and procedures for studies on which to base long-term planning, methods and procedures for preparation and presentation of SIDO projects, administration procedures and routines.

Conclusions

SIDO is an established SSI development institution and generally regarded as the coordinator of efforts and activities in the development of the SSI sector (e.g. it has recently, together with VIS, been appointed by the Bank of Zambia as the appraisal and certifying instance for SSI projects' access to the Bank's SSI Credit Guarantee Scheme).

It might be difficult for SIDO to combine activities required to achieve its first objective (SID Act) "to formulate and implement policies and national programmes..." with the activities resulting from its other objectives which directly relate to practical assistance to SSI at the project level in close cooperation with other organizations and institutions in the field of SSI development.

For the formulation of corporate and operational policies, re-structuring of the organization, methods and procedures etc. as indicated by the findings in this report and recommended in the attached consultancy report, i.e. to continue the development of an efficient SSI assistance organization, SIDO would require technical assistance at management level and continued assistance in professional development of project officers at all levels.

Recommendations

It is recommended that:

- SIDO as soon as possible discusses the consultancy report in order to plan and begin the implementation of recommendations and proposals,
- SIDO during the implementation period retains the services of the two advisers seconded by the Commonwealth Fund for Technical Cooperation of the

- Commonwealth Secretariat as they are experienced senior managers from a well established similar organization (SIDO, Tanzania),
- UNIDO expands its present technical assistance with one management adviser for the implementation of the recommendations of the consultancy report and as adviser to SIDO's Executive Director and to the proposed Chief Operations,
 - UNIDO's project formulation mission for a possible "umbrella" project considers whether it is desirable/possible to relieve SIDO from the obligation to "formulate and implement policies and national programmes relating to the development and promotion of small industries" or to strengthen SIDO so that it can fully shoulder this obligation.

Annex

Report to SIDO Management on a consultancy assignment to SIDO November 1986 - February 1987.

DP/ZAM/82/018

ASSISTANCE TO SMALL INDUSTRIES DEVELOPMENT ORGANIZATION
(SIDO)

Report to SIDO Management on a
Consultancy assignment to SIDO
November 1986 - February 1987

Lusaka, February 1987

Ewald Rebeling

CONTENTS

<u>Section</u>		<u>Page</u>
1.	INTRODUCTION	1
1.1.	Project to which assignment is related.	1
1.2.	Assignment and workplan.	1
1.3.	Fact finding. Interviews.	2
1.4.	The Small Industries Development Act and other basic documents.	5
2.	SUMMARY OF RECOMMENDATIONS	7
3.	RECOMMENDATIONS RELATED TO FUNCTIONAL MANAGEMENT AND ORGANIZATIONAL STRUCTURE	8
3.1.	<u>Functional and departmental organization.</u>	8
3.1.1.	Main functions. Corporate policies.	9
3.1.2.	Proposed organization chart.	12
3.1.3.	Documents related to the organization chart.	13
3.2.	<u>The policy making and executive functions. The SID Act.</u>	14
3.3.	<u>Departments, groups and subgroups.</u>	16
3.3.1.	<u>Operations department.</u>	17
3.3.1.1.	Departmental secretary.	20
3.3.1.2.	Project promotion group. Objectives Functions Activities Organization Linkages Staffing, computerization Documentation Reports Performance Manual	22
3.3.1.3.	Extension and commercial services group. Objectives Functions Activities Organization Linkages Staffing Documentation Reports Performance Manual	30
3.3.1.4.	SSE training coordinator. Objectives Activities Linkages Staffing Documentation Reports Performance Special courses	37

<u>Section</u>	<u>Page</u>
3.3.1.5. Regional supervision and support group.	43
Objectives	
Functions	
Activities	
Organization	
Linkages	
Staffing	
Documentation	
Reports	
Performance	
Manual	
3.3.1.6. Regional offices.	45
Objectives	
Functions	
Activities	
Organization	
Linkages	
Staffing	
Documentation	
Reports	
Performance	
Manual	
3.3.1.7. Concluding remarks about Operations Department.	52
3.3.2. <u>SSI R & DP/ Small Scale Industries Research and</u>	53
<u>Development planning/.</u>	
Objectives	
Functions	
Activities	
Organization	
Linkages	
Staffing	
Documentation	
Reports	
Performance	
3.3.3. Finance department.	56
3.3.3.1. Financial planning. Budgets. Accounts.	57
3.3.3.2. Departmentalization, a technical prerequisite	62
for planning and financial/performance control.	
3.3.3.3. Cash and funds management.	64
3.3.3.4. Controls and reports.	64
3.3.3.5. Financial control of regional offices.	66
3.3.3.6. Working groups. Staffing. Computerization.	66
3.3.3.7. Manual.	67
3.3.4. <u>Board Secretary / Administration department.</u>	67
3.3.4.1. Overview of objectives and functions.	68
3.3.4.2. Registry.	69
Objectives	
Functions	
Activities	
Organization	
Linkages	
Staffing	
Documentation	
Reports	
Performance	
Manual	

<u>Section</u>	<u>Page</u>	
3.3.4.3.	Personnel management.	70
	Objectives	
	Functions	
	Activities	
	Organization	
	Linkages	
	Staffing, computerization	
	Documentation	
	Reports	
	Performance	
	Manual	
3.3.4.4.	Office management.	70
3.3.4.4.1.	Overview of objectives and functions.	70
3.3.4.4.2.	By subgroup:	70
	Activities	
	Organization	
	Linkages	
	Staffing	
	Documentation	
	Reports	
	Performance	
	Manual	
3.3.4.5.	Property management. Purchasing.	72
3.3.4.5.1.	Overview of objectives and functions.	73
3.3.4.5.2.	By function:	73
	Activities	
	Organization	
	Linkages	
	Staffing	
	Documentation	
	Reports	
	Performance	
	Manual	
3.4.	<u>Sundry observations and recommendations in relation to operational procedures.</u>	76
3.4.1.	Preparation of "SIDO projects".	76
3.4.1.1.	Regional offices.	78
3.4.1.2.	Industrial estates.	79
3.4.1.3.	Training centres.	80
3.4.1.4.	H/P scheme.	81
3.4.1.5.	R/M scheme.	84
3.4.2.	In-house training.	85
3.4.3.	Management meetings.	87
3.4.4.	Computerization.	87
4.	RECOMMENDATIONS RELATED TO SIDO VIS-A-VIS OTHER ORGANIZATIONS ACTIVE IN THE FIELD OF SSI DEVELOPMENT	87
4.1.	Organizations.	
4.2.	Fields for coordination / cooperation.	
4.2.1.	Project promotion.	
4.2.2.	Project follow-up. Consultancy.	
4.2.3.	Project appraisal.	
4.2.4.	Complementarity in financing of SSI projects.	
4.2.5.	Regional offices.	
4.2.6.	Industrial estates	
4.2.7.	Training.	
4.2.8.	SSI policies.	
4.2.9.	SSI research.	

<u>Section</u>		<u>Page</u>
4.3.	Modus operandi.	88
5.	ADDITIONAL COMMENTS RELATED TO EXTENSION SERVICES	89
5.1.	Assistance to the SSE: from management to shopfloor.	89
5.2.	Preventing or curing.	89
5.3.	Contracts.	90
6.	RECOMMENDATIONS RELATED TO SIDO FINANCES	90
6.1.	Recurrent budget - development funds.	90
6.2.	Project studies, project follow-up.	91
6.3.	Consultancy.	92
6.4.	"Commercial" services.	92
6.5.	Training courses and seminars.	93
7.	IMPLEMENTATION OF THE RECOMMENDATIONS	93

Abbreviations: In addition to the generally accepted abbreviations, the following have been used in this report:

- SSI : small scale industry. Depending on the context in which used it means either the SSI sector or an individual enterprise within that sector.
- SSE : small scale entrepreneur.
- H/P : hire/purchase scheme.
- R/M : raw materials scheme.
- R & DP : research and development planning.

1. INTRODUCTION

1.1. Project to which assignment is related.

The assignment constitutes part of the project DP/ZAM/82/018 the purpose of which is:

to assist the Small Industries Development Organization a semi-autonomous institution created by the Government of Zambia. SIDO's purpose is to provide broadbased assistance to small-scale industry development in the country. The project should assist SIDO to develop the capacity to perform the required functions, especially to deliver an efficient and effective industrial extension (consultancy) service to existing as well as new small-scale industry units.

1.2. Assignment and workplan.

The assignment was formulated and the problem areas indicated as follows:

The consultant will advise the SIDO Management and work closely together with the economist in improving the performance of the organisation. Specifically, he will be expected to:

- a. Study the existing structures in SIDO as well as the instruments available at the DBZ (Development Bank of Zambia), commercial banks and other organizations (SEP) in regard to assistance to small-scale industries.
- b. Recommend to the SIDO management measures to perform the required functions in three different levels.

- SIDO internally to build up a functional management and organization structure with Job Descriptions, performance evaluation criteria and operational procedures for SIDO's various functions and departments, as required.
- SIDO vis-a-vis banks as for instance, DBZ, commercial banks and other organizations, (SEP).
- small scale industrial entrepreneurs for industrial extension services and other assistance measures.

The indication was found acceptable for a workplan for the assignment. The table of contents reflects this workplan.

1.3. Fact finding. Interviews.

Information, facts and data have been obtained from i.a.

- UNIP's The national policies for the decade 1985-1995,
- Guidelines for the formulation of the fourth national development plan,
- Sundry statistics from Central Statistical Office,
- Sundry Provincial Development Plans,
- The Industrial Development Act of 1977 as amended,
- Small Industries Development Act,
- Development Bank of Zambia Act,
- Annual reports and accounts from Development Bank of Zambia, Zambia National Commercial Bank, Small Scale Enterprises Promotion Ltd, Small Scale Industries Organization,

- Documentation from Zambia Employers Federation,
- Documentation from Small Industries Association of Zambia,
- Documentation from Village Industry Service,
- Status report on externally assisted projects in industry,
December 1986,
- Minutes from board meetings and management meetings in
SIDO,
- Sundry Project feasibility/viability reports, surveys,
plans prepared by SIDO.

Interviews and discussions have been held with following organizations and officials:

- Small Scale Enterprises Promotion Limited
 - General Manager Mr. G. Ngulube
 - Financial Controller Mr. G. Mwambazi
 - Supervision Manager Mr. M.L. Sampa
 - Adviser Mr. G. SchirraFinancing of SSI projects, cooperation with SIDO.

- Development Bank of Zambia
 - Managing Director Mr. L.M. Nyambe
 - Director Project Appraisal Mr. A. Muchanga
 - Adviser Mr. A. IsaksenFinancing of SSI projects, cooperation with SIDO.

- Village Industry Service
Chairman Mrs. J. Mapoma
Coordination of training and other activities with SIDO.
- Zambia Federation of Employers
Executive Director Mr. F.C. Sumbwe
Coordination of training activities.
- Bank of Zambia
Deputy General Manager Mr. J.L. Muchinga
Credit Guarantee Scheme
- National Commission for Development Planning
Mr. D. Mirovic
Provincial development planning for SSI and projects with external assistance.
- Zambia National Commercial Bank
Advance Manager Mr. A. Musona
Financing of SSI projects, cooperation with SIDO central and regional.
- Small Scale Industries Association of Zambia
Chairman Mr. N.S. Mwashu
Coordination of training activities. Selection of potential SSE in the provinces.
- Ministry of Commerce and Industry
Hon. M. Muzungu, M.P. Minister of State
Deputy Permanent Secretary, Mr. M.X. Mufwaya
Coordination of SSI development effort.
- And, of course, on a daily basis with Chairman, Executive Director and staff of SIDO.

1.4. The Small Industries Development Act and other basic documents.

UNIP's "The National Policies for the Decade 1985 - 1995" puts an emphasis on i.a. development of rural areas, interdependence and integration of economic sectors and their respective production units, specifically the integration of agricultural, manufacturing and mining sectors and the establishment of small scale engineering units for the supply of implements and services to farmers.

The "Guidelines for the Formulation of the Fourth National Development Plan" stresses i.a. such matters and aspects as agrobased industry, the use of local raw materials, establishment of industrial estates, utilization of mineral raw materials, ancillary engineering units, diversification of the manufacturing sector and the establishment of SIDO (and VIS) as a Government policy instrument for reorganization of the domestic manufacturing sector.

The Industrial Development Act, Part IV, Section 18.(2) lists six criteria by which an enterprise may qualify as a priority enterprise. The criteria are related to: domestic raw materials, intermediate goods, diversification, permanent employment, domestic industrial skills and technology and development of rural areas. A number of fiscal and other incentives apply to priority enterprises.

The Small Industries Development Act establishes that, if an enterprise is approved in writing by SIDO as a small scale enterprise, this enterprise may apply for any incentives under the Industrial Development Act.

And finally, the functions of SIDO as to the Small Industries Development Act are:

(1) to do all such acts and things as are necessary to foster and encourage the development of small industries or as are conducive to the attainment of that purpose.

(2) Without derogating from the generality of subsection (1), SIDO may:

- (a) formulate, co-ordinate and implement national policies and programmes relating to the development and promotion of small industries;
- (b) carry out research projects, surveys and market research on any aspect connected with small industries;
- (c) provide or assist in providing, training facilities for persons engaged or employed or to be employed in small industries and co-ordinate the activities of other institutions engaged in such training;
- (d) provide extension, management and consultancy services for small industries;
- (e) promote local and foreign investment in small industries;
- (f) assist in procuring, obtaining or providing supplies, equipment or raw materials for small industries;
- (g) assist in locating and developing industrial estates, common facility centres and ancillary services.

The fairly explicit reference to policies and legislation governing the development of small scale industry served two purposes:

- as indicator of the direction of the consultancy assignment,
- as a guide for the better understanding of the recommendations.

2. SUMMARY OF RECOMMENDATIONS

Time during the assignment did not allow to write this section in Lusaka. This is however of minor importance as all details are contained in the report.

3. RECOMMENDATIONS RELATED TO FUNCTIONAL MANAGEMENT
AND ORGANIZATIONAL STRUCTURE

This part of the recommendations begins with an overview of the proposed organization and continues with an organizational description of each function/department. As SIDO's past and present situation is well known from mission reports and one evaluation report, little space will be used for historical analysis, the much more for the SIDO for tomorrow.

3.1. Functional and departmental organization.

The proposed organization is designed:

- for SIDO to be able to undertake the activities necessary to meet its objectives as laid down in the SID Act (1.4.),
- for SIDO to be able to play the important role intended for it through the SID Act in cooperation and inter-action with the other organizations involved in small industries development,
- for proper distribution of work (activities) as a prerequisite for linking accountability to authority and performance control to planning and budget,
- for organizational flexibility as a prerequisite for optimizing achievement of objectives with limited resources (skilled manpower and funds).

3.1.1. Main functions. Corporate policies.

The documentation referred to in section (1.4.) gives a clear direction for SIDO's main functions:

- SIDO was established to become a coordinating organization for the Government's development policies for SSI:
"formulate, co-ordinate and implement national policies and programmes",
- to undertake research projects related to SSI (which also would include studies/surveys for SIDO's own development of SSI assistance (provincial officers, industrial estates etc.),
- direct assistance to SSE:
 - training,
 - technical/professional assistance,
 - investment promotion,
 - assistance to acquire production facilities.

These basic functions, derived from the objectives for SIDO, would rather belong to two different organizations, difficult to bring under one hat:

- The first two basic functions cover the sector SSI development in general: formulation, coordination, implementation of national policies and programmes, and SSI sector research. These functions are very much part of Government's overall policy for the long-term structural changes of the economy.

- The other objectives form a function which is at the individual enterprise level (although nationwide): in the technical/commercial/managerial fields to assist the individual entrepreneur/enterprise from identification of an opportunity to the smooth operations of an established enterprise which also includes assistance to acquire necessary facilities.

This quite real problem will most likely be solved in the proposed new organization in which:

- the Board will assume an active role,
- the SSI R & DP function removed from Operations and relocated as a separate department directly under the Chief Executive with its own objectives.

The departmental organization (further developed in section 3.3.) would be:

- board and executive director would be directly responsible for formulation, co-ordination and implementation of national policies and programmes,
- a new department would be established directly under the executive director to undertake SSI related research projects,
- the present Project Appraisal department and Project Supervision department would be brought together in an Operations Department.

To this would come the existing Finance Department (with partly new and widened objectives) and then, also existing, General Administration Department (with partly new activities). Details about these departments will be discussed in sections 3.3.3. and 3.3.4.

Recommendations:

Recommendation

- The Board in cooperation with the Executive Director to work out guidelines (corporate policies) for the main functions: SIDO as the apex organisation for Government's SSI development policies, SSI research, Operations department, for the departments Finance and General Administration.
- To establish a SSI R & DP department headed by a Research Manager directly under the Executive Director.
- To establish an Operations Department headed by a Director of Operations directly under the Executive Director and incorporate the present Project Appraisal and Project Supervision Departments into the new Operations Department.
- For the identification of members of the management team it may be advisable to change the title Finance Manager to Director of Finance and the Board Secretary to Director Administration/Board Secretary.

3.1.2. Proposed organization chart.

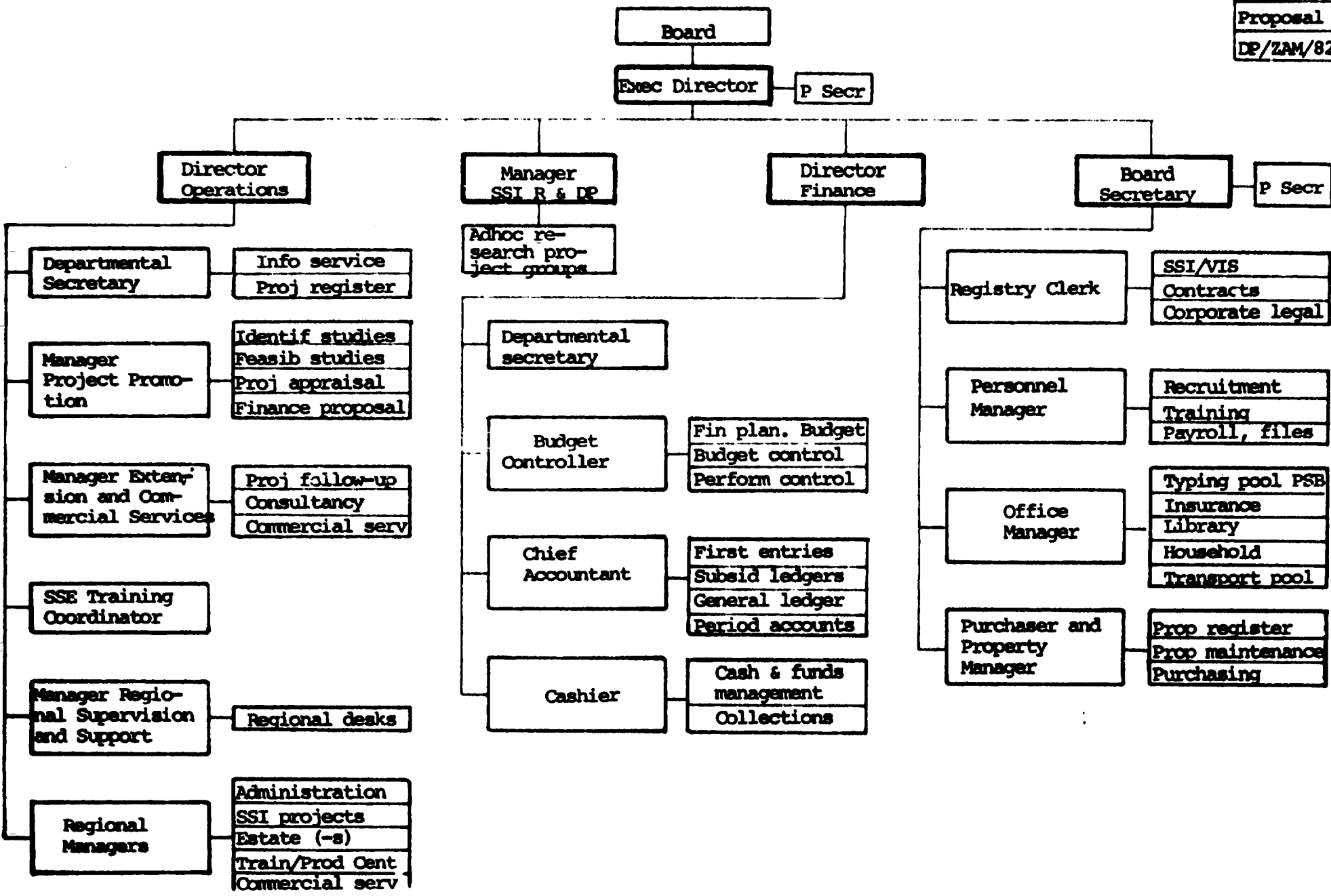
The departmental organization chart on the next page is the result of an analysis of functions and activities, present and future to the extent they correspond to the objectives laid down in the SID Act. The fundamentals for the design have already been indicated (section 3.1).

In the following subsections (3.3.1. - 3.3.4.5.) each department subgroup will be presented from all organizational viewpoints. Although some changes already are underway (e.g. departmentalization of accounts) and some activities well established, the whole subsection (3.3.) should be regarded as one recommendation. To leave out already established procedures would have resulted in a piecemeal presentation of the proposed organization.

Recommendation

The lines from box to box in the organization chart are the traditional ones of authority/accountability (or responsible for - responsible to). The positions in heavy-lined boxes are the members of the management team (one could consider to leave the research manager out from the team). Each member of the management team is head of a department. The activities of a department are functionally brought together in groups, each headed by a manager (or equivalent) who is accountable to the head of the department.

SIDO organization
 Departmental
 Proposal Jan 1987
 DP/ZAM/82/018. R



The chart does of course not show the numerous lines of communication, of cooperation, informal meetings etc. without which an organization cannot work.

3.1.3. Documents related to the organization chart.

The organization chart will be part of SIDO's Organization Manual. It is recommended to prepare such a manual based on guidelines in this report. The contributions to the Organization Manual would come from:

Recommendation

- Board and Executive Director:
corporate policies and general guidelines in accordance with which SIDO is (will be) organized for the purpose of working toward the achievement of its objectives.
- each Head of Department, for the department and each sub departmental group:
 - organization chart,
 - organizational description (along the same lines as used in this report, e.g. contents of subsection 3.3.1.2.),
 - position guide/job description for each position in the department (layout and guidelines for a position guide attached to this report).

This organizational documentation, the Organization Manual, will be kept alive through regular reviews, changes and amendments. Relevant parts of it will be given to each SIDO employee so that he/she will understand his/her position and the nearest organizational surroundings.

S I D U

Position guide. job description.

Department:

Unit:

Position(job):

1. Objectives:

These are the long-term goals for the position related to the objectives of the department/subdepartmental group to which the position belongs. The objectives should qualitatively indicate what is expected by way of achievement over an unlimited period of time. (A short term job will have objectives that will have to be achieved at the end of a specific period.)

2. Activities:

This is a list of specific concrete tasks to be performed (in a coordinated effort with others) toward achievement of the objectives and in accordance with operational policies. It is the how of the job description. The tasks must be clearly defined, but sufficiently wide to leave room for individual initiative and indicate the vertical and horizontal linkages to other positions/units.

3. Organizational relationships:

Vertical:

- responsible for:
- accountable to:

Horizontal:

- liaison/regular cooperation with:
- member of permanent team/committee:

External:

- main external contacts:

4. Qualifications required for entry into position:

- General formative education:
- Vocational training:
- Academic studies:
 - Major:
- Post-graduate studies:
- Experience:
 - Field:
 - Managerial position:
 - Minimum number of years:
- Special qualifications required:
- Special personal attributes required:

(Note: whilst a copy of items 1. - 3. will be given to the incumbent item 4. remains with the personnel manager.)

3.2. The policymaking and executive functions. The SID Act.

The SID Act Part II section 4 gives the number of members of the Board and the composition of the Board.

The abbreviation "SIDO" is in the Preliminaries given as meaning Small Industries Development Organization. "SIDO" is in the text of the Act also used with the same meaning as usually is given to the word "Board" or "Board of Directors" (compare the Development Bank of Zambia Act Part II section 4.(1)). In this report from here on the word "Board" will be used where the SID Act uses either "Members of SIDO" or "SIDO".

The composition of the Board reflects clearly the legislator's intention of giving the Board an active role in the formulation and implementation of national SSI policies and an active role in the coordination of programmes in the field of SSI development.

The SID Act, with specific exceptions, vests all powers in the Board, but does not mention the right of the Board to delegate powers to the Director (chief executive). Furthermore, the Act does not mention whether the Chairman of the Board shall have a full-time position.

The Board shall as to the Act, appoint a Secretary who shall be responsible for the administration of the day-to-day affairs of SIDO under the supervision of the Director. No further powers or functions of the Director are mentioned with the exception that the Director shall attend Board meetings without a vote.

As to the minutes of Board meetings for 1986 no corporate policy matters or SSI policy issues have been discussed.

The unclear situation as to the Act, between the Board and the executive function of SIDO affects the work and development of SIDO. It is therefore recommended that the Board uses its power in accordance with Part II section 7.(1) and/or prepares proposal for what it considers to be necessary amendments to the SID Act in this field. (Comp. DBZ Act Part II 7.1. and 8.3.).

Recommendation

Part II section 14 of the SID Act regulates the management of SIDO funds. The wording of subsection (3) (c) is: "any other expenses incurred by SIDO in the discharge of its functions." The term "expenses" means by definition such expenditures which will be charged to the profit/loss account (against the recurrent budget). A strict application of SID Act Part II section 14.(3) prohibits SIDO from incurring capital expenditure (compare DBZ Act Part IV section 15.f which gives DBZ the right to apply funds towards capital expenditure). The SID Act as it stands would consequently not permit SIDO to embark on activities which it already has decided upon as the activities require capital expenditure (= capital investments). As these activities, hire purchase scheme for machines and construction of industrial estates and training centre, are important complements to other inputs for SSI development, it is recommended that a proposal be prepared for the necessary amendment of the SID Act. This should also bring capital expenditure already incurred by SIDO under the Act.

Recommendation

Furthermore it is recommended that a proposal for amendment of the SID Act be prepared for the Preliminaries. The definition of "small-scale enterprise" should be expanded to also meaning that the enterprise should be owner - managed or that the (majority) owner should have a full time occupation in this enterprise.

Recommendation

Finally it would be useful to include the word "processing" under the definition of "Manufacture" (manufacturing, assembling and processing industry). Another question is a possibly clearer definition of "services" (compare e.g "services" as listed in the Sales Tax Act, Cap. 663 of the laws of Zambia, schedule of taxable services).

Recommendation

3.3. Departments, groups and subgroups.

The following is a description of a functional organization of SIDO. The main objectives for this proposal are:

- to make a clear distinction between the main functions: operations, research, finance, administration (general services),
- to have a clear definition of departmental objectives and tasks,
- a sufficiently narrow management span of supervision/control and a minimum need for coordination for the chief executive to leave him maximum time for corporate policy formulation and planning and for policy formulation and coordination in the field of SSI development,

- to establish a basis for co-ordination of organization -
planning - budget - accounting - performance control with
a feedback to planning,
- to accommodate in the SIDO organization also such functions/
activities which at the present moment are not carried out,
but for which a principle decision has been taken or can be
expected,
- not to cause more or deeper changes than necessary in order
to minimize disturbances in the day-to-day work of an
important organization.

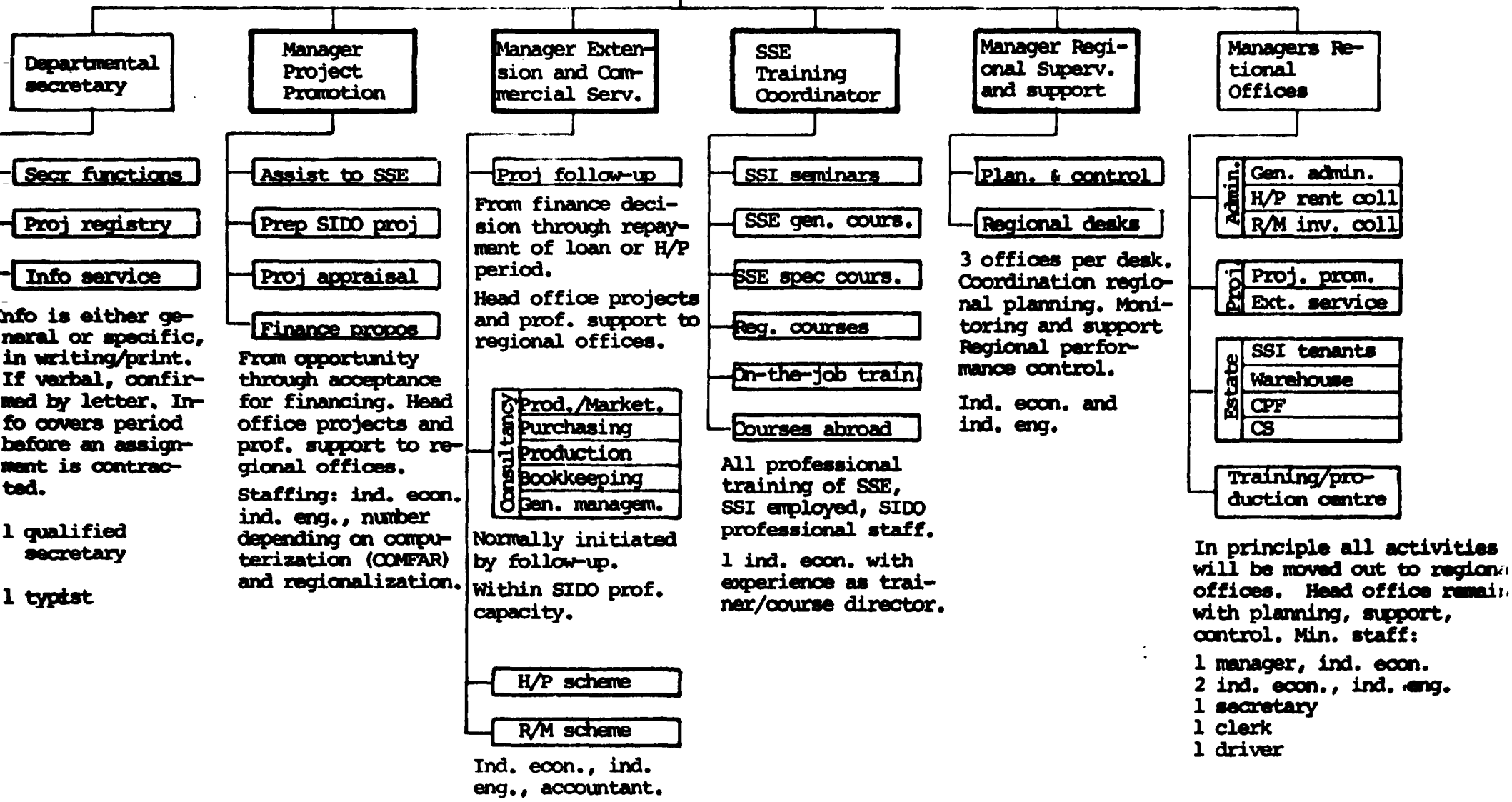
3.3.1. Operations department.

The proposed organization of the Operations Department is shown
on the next page.

The objectives of the Operations department are:

- help SSE from studying the feasibility/viability of his identi-
fied project opportunity through all stages of the project to
a point where production runs smoothly, the product(-s) is/are
well established in the market, the return on investment is
satisfactory and stabilized and a sound liquidity maintained,
- identify project opportunities, study their feasibility/
viability and, if found satisfying SIDO criteria, promote such
projects (preference should be given to industrial sectors/
geographical areas which are neglected/overlooked by SSE,

**Director
 Operations**



- identify potential SSE,
- provide training opportunities in professional, managerial and vocational skills for SSE, their employees and for SIDO professional staff and organize SSI seminars and conferences,
- continuously to adapt the activities to the needs of the SSI sector and national SSI policies, i.a. to establish SIDO in the provinces,
- identify, prepare, plan and implement new activities within the framework given by SIDO objectives and the policies established by the Board.

It must be emphasized that all functions and activities toward achievement of these departmental objectives shall be planned (physically and financially) and carried out in accordance with policies, priorities and long-term plans approved by the Board and by applying operating principles established by SIDO management.

A most important aspect of the Operations Department's functions and activities is the cooperation with other organizations/institutions operating in the field of SSI development.

Although some coordinating effort in the fields of training and seminars over the years has been quite successful and a cooperation in the field of project promotion/financing has been going on for some time (unfortunately this cooperation seems to have come to a stop) much remains to be done both at

SIDO head office level and at provincial level (even before SIDO has established provincial or regional offices):

- to coordinate on a regular basis the activities of SIDO and other relevant organizations/institutions/authorities especially in the fields of identification of project opportunities and potential entrepreneurs, promotion, appraisal, financing, follow-up and consultancy, establishment of industrial estates and related activities, training, (ref. Section 4.),
- to initiate cooperation between organizations/institutions concerned for the preparation of joint presentations of SSI development policy proposals to Government,
- to coordinate and to initiate cooperation in the field of joint information about SSI actual development, opportunities, procedures, training, assistance and facilities that can be offered, incentives, etc.,
- to coordinate layouts of project reports and presentation of projects, manuals for preparation and appraisal of projects, qualifications and criteria for assistance and finance, etc.

Head of the department will be the Director of Operations, one of the few new positions in the proposed organization. A successful candidate for this position would possibly be an industrial economist with postgraduate studies in (at least) one of the fields small industries development, financing, industrial organization/administration, business administration. He would have some years practical experience at managerial level in an organization in the field of SSI development, or in a project development department of a medium scale manufacturing industry, or in the projects department of a financial institution. He should furthermore have a good general understanding of technical and organizational matters.

The functions of the Operations Department are distributed to sub-departmental groups presented in the following subsections 3.3.1.1. - 3.3.1.6.

3.3.1.1. Departmental secretary.

(There will be only two positions with personal secretaries, the Chief Executive and the Board Secretary/Director Administration.)

The departmental secretary is a combined position of qualified secretary and "assistant to" with the following activities (without first listing the objectives):

- Secretarial services to the head of the department and the group managers in the department. For typing work the secretary will be assisted by a typist (this would be typing work which will not be performed by the typing pool).

- Under guidance from Administration Department organize the General Files system and the Projects Files system for the Operations Department as well as the system for registering incoming/outgoing communication, reports including time statistics for assignments, minutes of meetings, copies of contracts (originals always with the Registry Clerk), other documentation. Thereafter to run the systems, keeping them in perfect order and updated.

- The general information function of Operations Department. This requires some elaboration. The present Front Office function would disappear. The departmental secretary will receive requests for general and special information, application forms etc. from SSE's, potential SSE's and possibly quite a few just interested or curious people, visiting, by letter or telephone. The secretary has to function as a friendly but very selective filter. She will on own initiative and judgement hand out/mail requested forms, general information (brochures, folders etc) and also to quite some extent have the knowledge to answer specific questions up to a certain level or refer the inquirer to another relevant organization/institution. The principles should be:

- The information period of a SSE/potential SSE contact is dealt with by the departmental secretary. No files will be opened, only monthly lists of name, address and form/information handed out/mailed.
- A project officer will take over when a SSE/potential SSE is ready to discuss his project idea (or problem) and possible SIDO assistance. This has not necessarily to be indicated by a letter or an application. No file to be opened before a contract/agreement has been signed for a specific assignment (fee or no fee is a different question, ref. Section 6.).

In addition to one outstanding and experienced secretary this unit would require one efficient typist.

3.3.1.2. Project Promotion group.

This group will deal with the preparation and promotion of SSI projects.

Objective:

- To develop SSI project ideas/opportunities in line with SIDO policies, criteria and priorities to a project prospectus and follow the project up to a point where necessary finance has been secured.

Functions:

- Assistance to SSE's.
- Development of "own" projects in line with the objective, combined with promotion of such projects and identification of potential SSE's.

Activities:

- Opportunity and project identification studies, project formulation.
- Complete or partial feasibility/viability studies, when necessary including alternative product design, alternative technology.
- Studies of financial requirements and capital structure, liquidity.
- Appraisal of projects.
- Preparation of project prospectus and negotiations with financial institutions and other sources of finance.
- Publicity, contacts, interviews for identification of potential SSE:s.
- Professional supervision and support of corresponding activities at provincial offices.

Organization:

The group will be headed by a manager and have project teams of one industrial economist and one industrial engineer.

Linkages:

- Internal:
 - With Extension and Commercial Services Group for exchange of project officers to maintain an efficient use of especially industrial engineers, as the project input of engineer man-days rarely is the same as the input of economist man-days, and for "handing over" a project once

finance has been secured.

- With SSE Training Coordinator for establishing general or specific training needs at an early stage.
- With Regional Supervision and Support Group and Regional offices to provide professional supervision and support, to receive and review project reports prepared at the Regional offices and for cooperation in the fields of identification of project opportunities and identification of potential SSE's.
- With SSI R & DP for studies related to the activities of Project Promotion, especially sector, resource and applied technology studies.
- External:
 - With NCDP and Provincial Planning Units to be continuously aware of the future, of changing priorities, manpower situation etc.
 - With VIS for cooperation and regular exchange of information, for joint, or at least coordinated, information about project promotion, specially to cooperate in that narrow strip where the two fields of interest meet or overlap, and for keeping each other informed about methods/procedures, manuals, priorities, criteria and standards used and applied in the activities of Project Promotion.

- With development banks, other development finance institutions, commercial banks, credit institutions etc for regular exchange of information related to SSI financing, establishing permanent "project channels" between SIDO and the for SSI finance most suitable sources, adapt, if not standardize, fact sheets, project reports, manuals, appraisal methods and procedures, appraisal criteria and standards and finally to offer SIDO services to those financial institutions which do not have the capacity to assist their customers with feasibility/viability studies and related.

- With Small Scale Industries Association of Zambia, provincial and district authorities in the effort of identifying Project opportunities and potential SSE's.

Staffing:

The Manager would preferably be a postgraduate industrial economist with some years practical experience from project preparation and appraisal, familiar with SSI problematic and supervisory experience.

The staff would consist of industrial economists and industrial engineers or mechanical engineers with a bachelor's degree with some practical experience, preferably related to small industry.

Number of staff will depend on workload, level of regionalization and computerization. As a guideline for staffing one may calculate roughly with 3 experienced man-weeks or 4 inexperienced man-weeks with good supervision for the preparation of a feasibility/viability report for an average SSI project.

For the work in the Project Promotion Group it is strongly recommended to acquire the COMFAR Programme and a suitable computer with the necessary peripherals. The computer would save time presently used for very uncreative calculation job with a high potential for calculation errors. The computer will furthermore enable the project officer to do what normally not is done manually (due to high time consumption) namely the important "what if..." calculations or, as they so scientifically are called "sensitivity tests".

Documentation:

- For every assignment a project file will be opened and given a code number which will be used as reference for project reports, correspondence, working papers, in monthly progress reports. The code system has to be coordinated with the total registration system of SIDO (by Administration Department).

- The first document/paper in each project file will be
 - for external assignments:
 - a copy of a contract/agreement (recommendations section 5.4, and 6.3. are applicable also to Project Promotion) between SIDO and client,
 - for internal assignments:
 - a copy of the minutes of management (or Operations Department) meeting in which the assignment has been decided, completed with necessary project information such as: estimated starting and completion date, estimated number of man days, format of output (report), i.e. basically information which in an external assignment are included in the contract/agreement.
- Before a file is opened there will in most cases have been communication by way of correspondence and discussion (telephone or meetings). From discussions there will always be a written memo (in case of significant agreements a confirmation letter). Memos and copies of correspondence will be kept in the Operations Department by name and in chronological order. When a file is opened the copies kept by name will be moved to the corresponding project file.

- In principle the last document in a project is the confirmation (from a financial institution or otherwise) that the necessary financing has been secured. The project file will be removed from Project Promotion's live register to a reference register. From there on, in relevant cases, Extension and Commercial Services will take over, opening a (new) project file for monitoring, follow-up or what the assignment might be, with the same file procedure as Project Promotion.

Important enough to repeat is that memos to the file should be prepared on all discussions, from meetings as well as telephone conversations.

Reports (primarily for time planning and control):

These are the internal reports related to progress and performance and, in case of services for which a fee will be charged, as a base for invoicing.

- Time sheets for each project officer on which he daily notes the hours used for each project, external or internal, and hours for general purposes (non-project hours, administration). The hours will be added up monthly per project. Time sheets from all project officers will then be added per project.
- Progress report per month showing for each project started, in progress, completed (=finance secured) during the month:

- project officer in charge,
- brief description of work done during month,
- total hours used for the month, accumulated, and remaining hours of estimate, new estimate of hours required for remaining work.

Similar reports will be prepared at Regional Offices.

Performance:

Performance indicators are: man-days per completed (= finance secured) project, ratio between completed projects and contracted assignments, ratio between information requested/given and contracted assignments, number of man-days charged to projects as percentage of number of man-days actually available as percentage of number of man-days budgeted and, when services will be debited and invoiced to client, man-days invoiced as percentage of man-days charged to projects.

This performance follow-up should be done for four-months periods, i.e. three times per budget year.

Manuals:

- Organization manual including objectives, functions, activities etc. to and including performance and position guide/job descriptions for each position.
- Manual for the preparation of project reports and project prospectus.

- Manual for project preparation i.e. opportunity/identification studies, feasibility/viability studies, project appraisal based on UNIDO literature.

Note to 3.3.1.2. "Activities": When necessary the group will assist the SSE to establish the legal entity for the project (required before financing can be discussed).

3.3.1.3. Extension and commercial services group.

This group takes over SIDO's responsibilities for SSI projects from the point when finance for a project has been secured and as long as assistance is requested or required. Through the skills required and the experience acquired in this field the group will also be able to embark on SSI consultancy for already established SSE's. - When SIDO organizationally and administratively is ready for it the group will also have the responsibility to manage a H/P scheme and a R/M scheme.

Objectives:

- To assist SSI projects for which finance has been secured through the different stages of planning and implementation, test runs and production and marketing till a sound cash flow has been achieved allowing for debt service, re-investments and a healthy return on investment.
- To assist, on request, established SSI enterprises to solve managerial, production, marketing, organizational, financial problems before they have reached dangerous proportions.

- To assist, on request, established SSI enterprises to plan and implement expansions or restructuring of the enterprise.

Functions:

- Follow-up of new SSI projects for which finance has been secured, guidance and advice on matters observed during follow-up, assistance in implementing such advice.
- Consultancy services to established SSI enterprises, follow-up on advice given and assistance to implement such advice.
- Operation of a H/P scheme and a R/M scheme as a complement for qualifying SSI projects in cases of insufficient or inadequate financing.

Activities:

- Assistance to SSI projects in preparation of implementation planning, time planning and payment plan.
- Assistance to SSI projects in the selection of building contractors and suppliers of machines, in ordering, shipping and import procedures.
- Monitoring of implementation and test run.
- Regular follow-up visits with lending institutions involved, reports of observations for further follow-up or direct assistance with copies to SSI project and SIDO project file.

- Assistance in the fields of product(-s)/markets/marketing, purchasing/stock control, production, bookkeeping and accounts, administration, general management.
- The regular follow-up visits will also be used for performance measurement of the SSI enterprise: production, commercial, financial for discussion with the SSE.
- On request from established SSI enterprises provide consultancy within SIDO's scope of professional competence.
- Together with SSI enterprises establish training needs.
- To manage a H/P scheme and a R/M scheme (ref. further 3.4.1.4. and 3.4.1.5.).
- Professional supervision and support of corresponding activities at provincial offices.

Organization:

The group will be headed by a manager and have a staff of industrial economists, industrial engineers.

Linkages:

- Internal:
 - With Project Promotion Group for the taking over of financed projects and for exchange of project officers.

- With the SSE Training Co-ordinator for establishing further training needs, especially on-the-job training.
- With Regional Supervision and Support Group and Regional offices to provide professional supervision and support in the activities monitoring and follow-up of SSI projects, consultancy services.
- With Regional Offices to manage and control the regional H/P and R/M schemes especially H/P contracts, R/M invoicing, installation of machines, regular maintenance control, reception and distribution of raw materials.
- With purchaser for selection of machines/spare parts, materials, suppliers for quotations/tenders, negotiation of price and conditions, control of goods and invoices.
- With cashier for availability of local currency or foreign currency funds for payment of machines, materials.
- With the Chief Accountant and Cashier for control of collection of H/P rent and payment of R/M invoices.

External:

- With VIS and SEP (and possible others) for cooperation and coordination of activities related to monitoring and follow-up of implementation and operation of SSI projects, consultancy and other services such as book-keeping services, performance analysis, H/P and R/M schemes.

- With all finance institutions directly involved in lending to SSI projects for coordination of activities related to monitoring of project implementation and to follow-up through the loan period.
- With development banks and other development finance institutions for development of standardized monitoring and follow-up forms and procedures for SSI projects/enterprises, standardized forms and procedures of performance control of/ for SSI enterprises, standardized SSI book-keeping.
- With Zambian consulting engineers for cooperation in cases where an assignment is beyond SIDO's professional capacity.

Staffing:

The manager would preferably be a postgraduate industrial engineer with shop floor experience from SSI enterprise or mechanical industry or with experience from a firm of consultants, or he would be a postgraduate industrial economist with some years experience in SSI development in the field or as a consultant in industry.

The staff would consist of industrial economists and industrial/mechanical engineers. At a point in the future, when the skill will be required, one of the economists should be familiar with industrial administration and bookkeeping.

Number of staff will depend on workload and level of regionalization. Workload consists of monitoring, follow-up, assistance, performance control, (bookkeeping), consultancy, H/P and R/M schemes. For the next future there will only be monitoring, follow-up, some limited assistance and possibly performance control. With moderate efficiency this would may be take one man-week per project and month at an average which gives an indication of the immediate staff requirement. At a later stage, when SIDO will be geared to embark on consultancy it will be easier to balance workload and number of staff by reducing or increasing consultancy acquisition activities.

Documentation:

- For every assignment (monitoring, follow-up, consultancy) a consultancy file will be opened and given a code number.
- The first document/paper in each file will be a copy of a contract/agreement (ref. 5.4. and 6.3.) between SIDO and client. Correspondence and memos preceding and related to the contract will be moved to the consultancy file.
- Each file will contain working papers, copies of correspondence, memos, minutes from meetings, copies of interim and final reports to client, performance control, follow-up of advice given. (For adequate registry administration it should be remembered that a follow-up assignment may stretch over several years.)

- There will be clients' register where each assignment will have its own card: name and address of client, date of contract/agreement, brief description of assignment. Thereafter lines and columns for date of visit, name of project officer, brief description of reason for and result of visit, planned next action and next visit.
- Invoices (in case of services chargeable to client) will be prepared in accordance with contract and based on time information from time sheets as described in section 3.3.1.2.
- Documentation related to H/P and R/M schemes, ref. sections 3.4.1.4. and 3.4.1.5.

Reports:

Will be similar to those described in section 3.3.1.2.

Performance:

The group has a mix of activities:

short-term/long-term assignments, chargeable/not chargeable to client, consultancy/H/P scheme/R/M scheme. And the group will, at least initially, be so small that each project officer has to move between all activities. It is therefore difficult to find meaningful performance indicators apart from assignments which are charged to the client: actual result to estimated result. For other assignments the comparison would only be between estimated and actual hours. That is necessary for future planning but of no

value for performance control. So, performance control has mainly to be based on supervision and budget/financial performance control.

Manuals:

- Organization manual including objectives, functions, activities etc. to and including performance and position guide/job description for each position.
- Manual for monitoring activities and reports.
- Manual for follow-up activities and reports.
- Manual for consultancy activities and preparation of consultancy reports.
- Manual for H/P procedures.
- Manual for R/M procedures.

3.3.1.4. SSE training coordinator.

The SSE training coordinator is a one-man job at Manager level.

Objectives:

- To provide training facilities and opportunities for SSE's and SSI employed to secure the necessary managerial and vocational skills to successfully establish, implement and run an SSI enterprise.

- To provide training facilities and opportunities for SIDO professional staff for a continuous upgrading of skills to meet new challenges and to be able to take up new positions in SIDO.

Functions:

Coordinating the efforts from several organizations/institutions active in SSI development to identify training needs, prepare and conduct training activities, evaluate results and cooperate with other SIDO units in the follow-up of the individual participants after completion of training.

Activities:

- As a coordinator:
 - Identify long-term and short-term training needs.
 - Put these needs in long-term and short-term plans and develop the short-term plans to annual training plan and - budget, central and provincial.
 - Develop and prepare programmes and curricula for standard courses, seminars, workshops.
 - Develop and prepare programmes and curricula for courses, seminars, workshops on special topics, novelties in technology, legislation, management techniques, or for special categories, or for specific geographical areas.

- Develop and prepare in close cooperation with individual SSI enterprises in-house courses and on-the-job training.
- Select course directors, workshop leaders, lecturers etc. for courses, seminars, workshops.
- Prepare evaluation reports after each course/seminar/workshop.
- Prepare together with SIDO Extension and Commercial services group follow-up of individual participants.
- Coordinate all these activities also for joint in-house courses and on-the-job training for professional staff of SIDO and with SIDO cooperating organizations/institutions in SSI development.
- As course director/seminar leader:
 - Plan and arrange all facilities for lectures, group work, board and meals, printed material, audio-visual aids etc., transport.
 - Select and invite participants and lecturers/trainers.
- As training manager for SIDO:
 - Responsible for all these activities at SIDO training centre(-s) (a possible future development) to the extent they are applicable.

Linkages:

- Internal:

- With Project Promotion Group, Extension and Commercial Services Group and Regional Offices to identify and establish training needs, to select participants for training activities, to select lecturers and trainers, to coordinate courses and other training activities geographically and as to time.
- With other SIDO departments to secure SIDO lecturers in special fields not represented in Operations Department, e.g budgeting, cost accounting, office administration etc.

- External:

- With VIS, development banks, other financial institutions for SSI financing, commercial banks, ZFE, SSI Association of Zambia, ZCF, Provincial Planning Units, SSI development projects receiving external assistance to co-ordinate, centrally and regionally, training plans, programmes, courses, seminars etc., to coordinate selection of participants, to select lecturers and other training assistance, to coordinate publicity for and around training activities, to coordinate course evaluation and training follow-up.
- With NCDP to keep abreast with SSI development, planning and manpower planning.

Staffing:

This will, at least in the beginning, be a one-man job. The coordinator should be an industrial economist or - engineer with practical experience as organizer/director of courses from a training unit of an industrial enterprise or a BA with a major in education and with substantial practical experience from a training unit of an industrial enterprise.

Documentation:

There will be for every year a programme for courses, seminars, workshops and other training activities indicating type of course etc., dates and venue. (A separate annual programme will be prepared for SIDO training centre(-s).

Each course etc. of which SIDO is the responsible organizer will have a separate file containing name and type of course, seminar etc., code number, organizing institutions, date and venue, curriculum, course etc. director and list of lecturers and assistants, copies of invitation and/or advertisement and other publicity, list of participants, list of course material, list of a/v material and equipment, a copy of course evaluation report, a copy of course follow-up programme (actual follow-up to be done by Extension and Commercial Services Group or Regional Offices with feedback to Training Co-ordinator, calculation of estimated cost and income and actual costs and contribution from participants.

One copy of all course material will be kept in a separate library for reference. Course material to be used in future courses will be kept as originals or master copies for future reproduction (could at a later stage be stored on computer discs). The library will also include copies of course material prepared by SIDO staff for courses not organized by SIDO but with participation from SIDO staff.

Reports:

Every six months: courses etc. planned and actually carried out, number of days planned and actual, number of participants, SIDO inputs, measurable results if any, follow-up planned and carried out, total cost, income if any.

Performance:

It is difficult to establish any true performance indicators as there is no direct relation between input and output. The number of participants has no relation to acceptance and quality of course etc. With the possible exception of courses at training centres there is no passed/failed examination at the end of a course. A qualitative judgement of course evaluation (by participants) and the course follow-up will give an indication as to performance.

Manuals:

Ref. "Documentation", third paragraph.

Special courses:

The following topics should be considered for future permanent SSE courses (in addition to established courses):

- Simple job-order costing
 - for price quotation,
 - for cost control.
- Costing/pricing under conditions of inflation or deflation.
- Raw materials and stock management with special emphasis on stock control, costing of raw material, re-ordering points and optimum re-ordering quantity.
- Preventive maintenance of buildings, machines and vehicles versus rehabilitation.
- Supervisory training for SSE, supervisors and foremen.

3.3.1.5. Regional supervision and support group.

This section is presently only an indication for the place in SIDO's organization of a future group. As long as SIDO has no regional organization (apart from the Kitwe office), there is of course no need for Regional Supervision and Support. A brief description of the functions proposed for this group will help the understanding of SIDO's central and regional organization.

SIDO is planning to establish provincial (or, when covering more than one province, regional) SSI development offices. These offices will carry the functions and activities of the Operations Department out to the Provinces and be guided by the same objectives as the Operations Department, although geographically limited to a province (or region). The workload and consequently the number of staff at the SIDO head office will simultaneously be reduced.

In addition to the functions at provincial level of project promotion, extension and commercial services, training activities, there will in due time be some industrial estates and/or training centres which will be implemented and run under the management of the manager for the provincial/regional office in question.

For the coordination of regional plans with head office planning, monitoring of regional activities, analysis of reports, for direct support to regional offices and as a link between regional offices and other groups of Operations Department as well as with Finance and with Administration departments there will be a Regional Supervision and Support Group.

The group would be small and remain small: one manager and one project officer for every three regional offices, i.e. when fully organized two project officers. A position as project officer in the group is a good training for moving to a regional office, eventually as regional manager.

Further details as to objectives, functions, etc and to position guide/job description can be prepared later, closer to the realization of the group.

3.3.1.6. Regional Offices.

A regional (or, when such office covers only one province, a provincial) office will carry the functions and activities of the Operations Department out to the regions/provinces guided by the objectives of the department and its different groups. In addition, and where such facilities exist, the manager of a regional/provincial office will have the responsibility for implementation and management of industrial estate(-s), training centre(-s) and other SIDO facilities in the region/province. Furthermore, the regional office will have its own mini administration and, on behalf of the cashier in the Finance Department collect rents, H/P rents and payments for invoices.

Objectives, functions and activities will be those of the Operations Department, Project Promotion Group, Extension and Commercial Services Group adapted to regional/provincial level, and cooperation with the SSE training coordinator for local training activities.

Additional objectives:

- To have suitable workshop space readily available for SSI enterprises which want to rent rather than invest in buildings and which are ready to move in, with preference to new SSI projects.
- To assist SSI enterprises, whether in SIDO or own premises, with installation of machines etc., start-up, test-run to normal production.
- To manage industrial estate(-s), training centre(-s), other SIDO facilities, property activities in the region/province in accordance with SIDO established policies and sound financial principles.

Additional functions:

- Property management of SIDO owned land and buildings, of SIDO owned machines and equipment.
- Control of raw materials bought through SIDO R/M scheme.

Additional activities:

- Regular maintenance and repair of buildings, roads, fencing etc., machines and equipment to the extent the responsibility rests with SIDO.

- Regular control of SIDO buildings, machines, equipment when the responsibility for regular maintenance and repair rests with the tenant/user of H/P machines and equipment.
- Receiving and controlling machines and equipment and corresponding specifications, orders, invoices and H/P contracts. Control of proper installation and test runs (without and with load).
- Receiving and controlling raw materials bought on behalf of SSI enterprises and corresponding request, order, specification, invoice (SIDO R/M Scheme). Invoice the SSI enterprise (ultimate customer) and copy to SIDO head office.
- Calculation and proposal to head office of rent of SIDO premises in industrial estate and H/P rent.
- Collect rent, H/P rent, payment for invoices. Transfer money to SIDO head office. Report arrears.
- Maintain a bank account, petty cash and a cash book. Cash report, bank statements and corresponding vouchers monthly to SIDO head office.

Organization:

The regional office would be headed by a regional/provincial manager, have a group for project work (project promotion, extension service and related), and staff for general administration, administration of industrial estate(-s) and training centre(-s) and administration of H/P and R/M schemes.

Linkages:

- Internal:
 - With Regional Supervision and Support Group for all matters concerning SSI projects (only when necessary this group would refer a regional office to any of the other groups of Operations department), all matters concerning "SIDO projects".
 - With SSE Training Coordinator for training activities at regional/provincial level.
 - With Chief Accountant for bookkeeping and accounts.
 - With Cashier for collection of rent, H/P rent, payment of invoices and cash/bank matters.
 - With Extension and Commercial Services Group for all matters related to H/P and R/M schemes (with exception of collections).
 - With Property Manager for maintenance and repair of SIDO property (expenses over certain amount would require Director of Operation approval).

- External:

- With same organizations/institutions as the Operation Department and its different groups at SIDO head office but at provincial level. Of special interest would be the Province Planning Units, National Commercial Bank branches, local representatives of VIS and SSI Association of Zambia, technical schools and vocational training institutions.

Staffing:

The Regional Manager would be an industrial economist/engineer, recruited from within SIDO (a very senior project officer).

The type and number of staff will depend upon the level of SIDO activities in the region/province.

The minimum fully established SIDO office in a province (without sharing facilities with e.g. VIS, a sharing which is recommended where possible) would possibly be: one manager (ind. econ.), one project officer (ind. eng.), one secretary/typist, one driver/messenger. This number would increase:

- project officers with the number of assignments (promotion and extension/commercial services) and time estimates for assignments,
- 1 - 2 office clerks to cover the administrative work when an industrial estate and a training centre and H/P and R/M schemes are established in the province,

- one supervisor, technician/mechanical engineer, when an industrial estate is equipped with CPF or CRF (= common production facilities or common repair facilities),
- one supervisor/trainer, technician, when the province/region has a training centre,

SIDO could actually begin with regular provincial activities before having an office established in a province by appointing a project officer in charge at head office for one or several provinces and establishing a SIDO SSI development committee in each such province (this is not an instant development, but, just as the establishment of regional offices, a planned development as availability of operational funds and manpower will allow). The committee would have members from the relevant provincial authorities, provincial branches of commercial banks and other financial institutions, provincial representatives of VIS, SSI Association of Zambia etc. and be chaired by the SIDO project officer in charge.

Such a committee should after the establishment of a SIDO office remain active as an advisory committee with same regularity of meetings.

Documentation:

A regional office would have its own documentation and filing system built up along the same line as at SIDO head office (ref. Departmental Secretary, Project Promotion Group, Extension and Commercial Services Group),

In addition there would be the rent contracts, H/P contracts, requests - orders - purchasing invoices - delivery notes - sales invoices, collection receipts, cash reports.

Reports:

Reports and reporting would be along the same lines as at head office (Project Promotion Group, Extension and Commercial Services Group). In addition there would be monthly cash reports, collection reports, H/P reports, R/M reports, status reports on SIDO buildings and machines/equipment.

Performance:

In principle the same as described for head office groups but with due regard to that the activities are very mixed at a regional office. One has possibly to rely much more on the monthly budget control reports from Finance Department with analysis and comments.

Manuals:

- Organization manual including objectives etc. to and including performance and position guide/job description for each position.
- Copies of same manuals as listed for Project Promotion and Extension and Commercial Services.

- The following administration manuals which also should have been listed in sections 3.3.1.1. - 3.3.1.5 (but by mistake were omitted):

- filing manual,
- reporting manual,
- budget manual.

3.3.1.7. Concluding remarks about Operations Department.

About the department.

The managers in the department at head office should have operations meetings once a week chaired by the Director of Operations.

Standing items on the agenda would be:

- review of past week,
- activities for week ahead,
- balance of workload between groups (and regional offices) for possible movement of professional staff from one group to another,
- acceptance of assignments (assignment = identification study, feasibility/viability study, appraisal, preparation of project prospectus, monitoring, follow-up, consultancy, on-the-job training at an SSI enterprise) including assignments referred to head office by regional offices,
- approval of reports of completed assignments before submitted to client,
- approval of project prospectus for finance negotiations.

The regional offices are at these meetings represented by the Manager of the Regional Supervision and Support Group.

Every fourth month the operations meeting should include all regional managers for four-monthly review and plans and performance review.

Before the department has established criteria and standards for acceptance and approval the regional offices will send all proposals for new assignments, reports of completed assignments, project prospectus to the operations meeting (Director Operations) for acceptance resp. approval.

About Professional staff.

SIDO should not employ industrial specialists unless it has a programme running over several years as is, and will be, the case with leather tanning and manufacturing of leather goods. For clearly defined specialist assignments of short duration it will be less expensive to contract an independent specialist.

3.3.2. Small Scale Industries Research and Development Planning

The work of this department has a long term effect. It is just not possible to relate output to input, i.e. measurable effects at the SSI level to cost of running the department. The recommendation to establish this department is based on the objectives for SIDO as laid down in the SID Act and the necessity to move these activities out from operations where they presently have too little attention.

The main fields of study would be

- industrial sector studies,
- regional studies,
- resource studies,
- applied technology studies,
- SSI policy studies.

A main approach to the work would be to analyze existing studies in the relevant fields, national, UN studies or studies from other countries, assess them as to their applicability and usefulness to SIDO, complement, complete and finalize.

Objectives:

- To undertake studies in accordance with SIDO objectives, board policies and management priorities the results of which directly will enable SIDO and especially Operations Department to prepare revolving 5-year plans and to plan ahead of need new facilities and activities.
- To undertake studies leading to proposals for amendments to the legislation affecting SSI development and studies leading to proposals for formulation of national SSI development programmes, all in line with Government's policies for structural transformation of the economy and for SSI development.
- To prepare with some regularity material for publicity about events and developments in the SSI sector.

Functions, activities, organization, staffing.

These aspects can be left to a future point of time.

Important now would be:

- to employ a research/planning manager with postgraduate studies in economics related to SSI development and with some years practical work in the field,
- to let this manager together with Director Operations prepare (for approval by management) a five years research programme of which the first year would be a detailed plan for specific studies which will have direct application to SIDO operations; a plan for the first year should also comprise an estimate of staff requirement and/or other input and a budget proposal.

Linkages:

- Internal:
 - With Operations Department to keep in touch with actual development in the field and to be able to formulate studies directly applicable to SIDO operations.
- External:
 - With NCDP to adapt research programmes to national development plans and Government policies for SSI development.
 - With UNZA and other research institutions to cooperate and coordinate research programmes and studies in the field of SSI development.

Documentation:

- Minutes from management meetings in which decisions have been taken to launch specific studies. The minutes should include a general formulation of the studies.
- Final study reports to management.

Reports:

Regular progress reports indicating for each ongoing study the level achieved, comparison with time schedule for the study and estimated time to completion compared with budgeted time left.

Performance:

This will be a qualitative evaluation of the applicability of the studies completed.

3.3.3. Finance department.

The Finance Department will in the proposed organization have a more active role, at the same time it will be restricted to its financial functions, i.e. long term financial planning, budgeting, budget control, accounting, financial/performance reporting. As the business of SIDO does not justify a separate treasury department, cash and funds management will form a group within the Finance Department.

Changes in the direction toward a "new" finance department has already started. Preparation of the budget for the coming fiscal year has been moved out to the departments and a first step toward departmentalization (organizing budget and accounts in result centres) is being taken.

The head of the Finance Department, the Director Finance, will together with Director Operations, Board Secretary (who also will be Director Administration) and possibly the Manager Research constitute the management team under the Executive Director.

3.3.3.1. Financial planning, Budgets. Accounts.

Financial planning, budgeting and accounting are functions on an endless time axis: planning - budgeting - accounting - reporting - analysis, - corrective action - planning - budgeting - etc. Consequently, the functions must have one common structure or, in concrete terms, operate with the same accounts and result centres. The only difference between them is the details and accurateness of input that goes into long-term plans, budgets and historical accounts.

Financial planning.

It is recommended for SIDO to establish and maintain a 5-years revolving financial plan. Revolving means that a new fifth year will be added when the first year is transformed to a budget. At the same time, based on feedback

from reports and up-to-date information, the other years of the 5-years plan will be reviewed and adjusted.

The very basis of the long-term financial plan is (in the following order):

- SIDO objectives,
- Government's present policies for SSI development,
- SIDO's development and operational policies,
- Operations Department's physical long term plans its functions and activities, existing as well as new which again will be based on studies prepared or to be prepared by SSI R and DP Department,
- The consequences for SIDO's other departments and functions of the Operations Department's long term plans,
- Investments required for the realization of planned activities.

This basis will be the (text) introduction to the financial 5-years plan. The physical plans for SIDO and its departments will be transformed to the financial plan by applying experience and realistic assumptions. Remains to calculate and to estimate (again, based on realistic assumptions) any income from SIDO's activities. The balance will show the additional (annual) financial requirements for the realization of SIDO's long term plan divided into recurrent expenses requirements, SIDO's investment expenditures requirements and requirements for SSI development funds.

In addition to the necessity for SIDO to have a comprehensive long term physical and financial plan (which will show management and staff the direction in which SIDO will be moving and consequently enables departments and individuals to prepare for the future well in time), the revolving 5-years financial plan will give SIDO the following advantages:

- it will indicate the magnitude of and point of time for financial requirement giving SIDO the possibility to prepare well documented presentations (when applicable supported by feasibility/viability studies of "SIDO projects") for discussions with Government and/or donor agencies with the purpose to secure necessary funds, well in advance for the implementation of its plans,
- it will enable SIDO to alter plans, postpone projects, reduce activities, re-dispose resources before commitments have been made for periods in which insufficient funds for the realization of the plan can be expected,
- it is a necessary document to accompany the annual budget proposal when requesting Government's budget appropriation for SIDO's recurrent expenses and capital expenditure.

Budgeting:

The budget is based on the 5 years financial plan, the in detail worked out action plan for the budget year, a detailed analysis of the latest feedback from financial and performance reports and a detailed analysis of external factors

that will affect SIDO operations during the budget year. The principles for preparation and structure are the same as for the five-years plan, but the budget is more detailed (i.e. more specific accounts and result centres have to be used where the long-term plan uses summary headings), the accurateness of data is much higher and the presentation (introduction) goes more into detail.

The preparation of the budget goes step by step:

- Finance Department will prepare a permanent budget programme (budget manual).

- Finance Department will prepare annually a budget memo containing the guidelines for the budget work for the year ahead:
 - time schedule,
 - financial goals,
 - budget constraints,
 - etc.

- The different groups, departments will prepare their budgets with introduction and comments.

- The Finance Department will put together the departmental budgets to a first SIDO budget draft.

- Management budget meeting for budget discussion. If financial ends do not meet, the detailed budgets will be referred back to the departments for a second draft (which most likely will affect the departmental action plans). - This procedure might have to be repeated till management is satisfied that the SIDO budget is realistic and can be implemented.
- Approval by the Board as a budget proposal to be presented to Government for budget appropriation.
- If the Government allocates to SIDO what SIDO has requested, the budget becomes the instrument for management to realize its plans for the year, control progress and undertake necessary action, if SIDO drifts off course.
- If the allocation of Government funds is insufficient (recurrent or capital), SIDO has to adapt its plans and the budget to the funds that Government has made available. At this point of time it is too late to prepare for and seek funds from alternative sources (donor agencies etc.) as such procedures normally take long time. To fill the gap with bank overdraft or loans is not advisable as the budget would not have provided for payment of interest and repayments.

- The final step of budget preparation is now to inform the Board of the adjustment of budget and plans necessitated by the allocation of Government funds.

Accounts.

A review of the accounts used and to be used (the chart of accounts, coding of accounts) is ongoing and requires no further comments. In this exercise a possible future transformation to computerized accounting has been taken into consideration.

In this context it is also recommended to look into the present plan of manual journals/ledgers for the purpose of organizing the flow of vouchers and other bookkeeping documentation in such a way that a transformation to computerization can go smoothly (during a transformation both the old and the new system will have to be operated for a period of time).

3.3.3.2.. Departmentalization, a technical prerequisite for planning and financial/performance control. Steps towards departmentalization are already being taken. Some further comments may be required.

The aims of the departmentalization are:

- to link the organization (authority/responsibility/accountability) to the budget and to the by a department etc. controllable accounts,
- to refer expenditure (costs, expenses, investments) and revenue to the departments etc. where they were planned and where they can be controlled,
- to enable management to take corrective action, not only in time, but also at the right place.

Departmentalization of accounts, i.e. establishment of result centres (alternative terms are budget centre, cost centre) should go as far down (and as high up) in the organization as is practically possible and desirable from viewpoint of budget control. The criteria for establishing a result centre are:

- from organizational viewpoint:
authority/responsibility,
- from accounting viewpoint:
accountability/controllability.

The departmentalization of accounts should also include "SIDO projects", e.g. preparation, planning and implementation of an industrial estate. As an operational entity an industrial estate then would be another result centre. A defined programme where control of input and output is desirable would be a result centre, e.g. the H/P scheme, a specific training course.

As long as SIDO has a manual bookkeeping the departmentalization of accounts can only be done to a limited extent although adequate for the present organization. When the organization grows into the provinces and new activities are established, a further departmentalization will only be possible with computerized accounting.

3.3.3.3. Cash and funds management.

This function does at the present moment not require recommendations as to organization, objectives, functions, procedures etc. Surplus liquidity is presently put on term and call deposits in an acceptable way. A close and continuous control of the liquidity position and a continuous liquidity short term planning (continuously and fix for three months ahead) is recommended. Furthermore, it should continuously be controlled that funds are used for purposes for which they were intended.

Operational policies, organization, objectives, procedures for cash and funds management can be developed later, if and when need arises. This does not have to take longer time than that it can be done during a UNIDO follow-up visit.

3.3.3.4. Controls and reports.

For financial controls and reports the Finance Department will develop a control and reporting programme (manual) containing for each type of control and report:

- name and type of control/report,
- purpose of control/report,
- period and due dates of reports,
- controls will have no date, but an indication of frequency,
- responsible for carrying out control resp. preparing report,
- receivers of copies of report (resp. control report),
- format, layout and contents of report (sample attached to manual),
- where decision about action initiated by the report would be taken,
- responsible for follow-up.

Controls means:

- control of bank accounts (against statements), and cash,
- control of payroll procedures,
- control of procedures for purchase and issuance of consumables, materials (SIDO and materials on R/M scheme, machines and equipment (SIDO own use and on H/P scheme). Physical control of these items would be done by the Property Manager assisted by the resp. Regional Manager.

Reports are:

- daily liquidity reports,
- monthly cash reports from regional offices,
- monthly budget control reports by result centre and SIDO project,

- every four months complete SIDO accounts with budget comparison, differences and analysis of differences,
- annual accounts.

3.3.3.5. Financial control of regional offices.

The control will comprise:

- the controls listed in section 3.3.3.4.,
- control of monthly collection list (rent, H/P rent, payment of invoices) against contracts, invoices and bank deposits (from bank statements).

3.3.3.6. Working groups. Staffing. Computerization.

The work with the financial revolving 5-years plan, annual budgets, budget control, reports will not any longer be a seasonal job but go on the year round. This would presently require one budget controller (qualified accountant with experience as budget controller), at a later stage (when SIDO expands to the provinces) assisted by 1-2 junior qualified accountants (or BA econ with major in accountancy).

The present bookkeeping group would remain as it is presently. However, with the increased workload ahead (departmentalization of accounts, frequency of reporting, preparation for planned regional offices, preparation for a possible computerization) it is recommended to recruit a qualified chief accountant with adequate experience. An additional accounts clerk might be required, but this should be analyzed very carefully, as an

introduction of computerized accounting would reduce manpower requirements and also change the skills required.

Although it would be desirable from organizational viewpoint to have the functions of a cashier separated from accounting, the present extent of organization and activities does not justify the establishment of a separate cash and funds management group. Ref. section 3.3.3.3.

3.3.3.7. Manuals.

The department will prepare the following manuals:

- Organization manual.
- Budget manual.
- Accounting manual.
- Controls and reporting manual.

3.3.4. Board Secretary/Administration department.

It is assumed that the new qualified board secretary beginning his work in March 1987, will be fully capable of reorganizing the Administration Department with only some guidelines given in this report. If further assistance would be required, this could be done during a UNIDO follow-up visit.

3.3.4.1. Overview of objectives and functions.

The Administration Department will be headed by the Board Secretary (Director Administration). In addition to his statutory function as Board Secretary the Director Administration would be responsible for all SIDO insurance matters (assisted by the Office Manager for the routine work). The department will have the objective to serve SIDO and its departments in administrative and personnel matters to enable SIDO to operate efficiently from an administrative viewpoint. This is also the criterion by which the performance of the department will be judged. To an extent its functions will be organizationally horizontal (as is the case with the Finance Department) as adviser to other departments in administrative matters.

The functions, at the same time work groups, of the department will be:

- board secretary (Director Administration),
- insurance matters,
- registration,
- personnel management,
- office management,
- purchasing, property management.

As in other departments there will be an organization manual and the necessary operational manuals, manual for registration and filing, manual for personnel management, insurance manual etc.

3.3.4.2. Registry.

The Registry will be headed by a registry clerk and will have the following activities:

- Receiving and processing applications for registration as SSI or VIS enterprise. Approval if applicant qualifies, registration. - For inspection of applicant's premises, books etc. the Registry Clerk will call upon Operations Department for assistance.
- Registration and filing of corporate and legal documents including minutes of board - and management meetings.
- Registration and filing of contracts (with the exception of employment contracts which will be in the personnel files):
 - rent contracts, rented premises,
 - rent contracts, let premises
 - building construction contracts,
 - H/P contracts,
 - insurance policies.
- Preparation of a SIDO filing system and advising other departments on registration and filing.

3.3.4.3. Personnel Management.

It is recommended that this group be supervised by the Director Administration as Personnel Manager. The activities will be those normal for personnel management including long term planning of staff requirements (all SIDO staff), regular review of staff rules, personnel files, coordination of regular staff assessments, analysis of training needs and organization of training (administrative and accounting staff only) etc.

3.3.4.4. Office Management.

Office management comprises general services to all departments of SIDO.

3.3.4.1 and 3.3.4.2 Overview of objectives and functions.

Subgroups.

The Office Management Group would be headed by an experienced office manager who, in addition to this function would assist the Director Administration with the routine work of SIDO insurance matters. Under the Office Manager would be:

- Typing pool and switchboard operator. The SIDO organization is proposed to have personal secretaries only for the Executive Director and the Director Administration. Operations and Finance Departments would have departmental secretaries. All other typing work would go to the typing pool supervised by a senior typist. In the typing pool would also be located the duplicating machine and a photocopier with one typist in charge of the operation and maintenance

Comments to SIDO staff assessment scheme.

1. The scheme is primarily applied to annual promotion/salary review.
2. Contents are adequate and analysis fair.
3. I would suggest that item 14.3.-g. be more specific. This can be achieved by preparing a small manual for reporting officers, spelling out in detail the meaning of "personal attribute". Important attributes (in addition to those listed) are e.g.:
 - attitude to SIDO clients,
 - attitude to with SIDO cooperating organizations,
 - attitude to colleagues within SIDO,
 - cooperativeness and teamwork,
 - ability to present ideas and cases:
 - verbally,
 - in writing,
 - participation in discussions at meetings,
 - ability to apply theory to practical problem solving,
 - resourcefulness,
 - ability to teach/lecture:
 - at courses and seminars,
 - in on-the-job training for newcomers at SIDO.
4. Then I would suggest a new item after 14.: "Development since previous assessment" and another new item after 15.: "Areas for further personal development effort".

5. Finally I would recommend that 15. "Development Potential include recommendations as to:

- vertical or horizontal promotion, demotion,
 - exposure to further training,
 - advice for specific personal development.
-

of the machines. This proposal is based on two considerations:

- rationalization and standardization of typing work,
- preparation for a later possible introduction of a word processor which would increase the efficiency and standard of typing of especially reports, financial and other tables, forms and (hopefully) news letters.

The switchboard operator (and necessary stand-ins from the typing pool) would have the same work as at present i.e at the switchboard and as receptionist. In addition she should have a list or a board indicating where everybody not in his/her office can be contacted and, if out of SIDO, when returning.

- Library with a librarian for:
 - acquisition of reference books and of publications from Government Printer,
 - requesting annual reports from organizations related to SSI development,
 - subscription of professional magazines and daily newspapers,
 - circulation lists for magazines and newspapers,

- clippings from newspapers and photocopies of magazine articles related to SIDO and SSI development,
- keeping a library register including also references to magazine articles.
- Household would comprise the store of stationery and other consumables and the following work groups with each a working foreman: cleaning and kitchen, messengers, watchmen.
- Transport pool for all drivers and vehicles with the exception of cars for personal use. Logbooks will be kept for all vehicles. One driver would be working foreman who would be responsible for distribution of work, keeping the vehicles running, daily control of logbooks and monthly reporting to the Office Manager. When time allows drivers should also be able to do messenger work.

3.3.4.5. Property Management. Purchasing.

These two functions are sufficiently related to bring together into one group as none of them for a foreseeable future would qualify for standing on its own. The group will be headed by a property manager/purchaser and, when the workload in a future so requires, one clerk for each of the two functions.

3.3.4.5.1. Overview of objectives and functions.

The group has two functions with the following objectives:

- Property management:
to maintain the value and the good economic running condition of all SIDO property, i.e SIDO owned land, buildings, machines, equipment, vehicles, furniture,

- Purchasing:
 - to do all purchasing work for all departments including machines, equipment etc., raw materials and consumables including stationery, purchase of repair and maintenance services and contracting of construction etc. work,

 - to control all documentation related to purchasing and contracting.

3.3.4.5.2. Activities, documentation by function.

Property Management:

- To keep a property register up-to-date in which each piece of land, building, machine (also office machines), vehicle, equipment (grouped), furniture (grouped) has one register card (cards grouped by location of property).

Register cards will contain:

- type, make, supplier, specification, identification number, tools and spare parts at delivery, date of delivery, total price at location including installation, insurance policy and value, responsible department/unit, (corresponding information for land and buildings),

- calculated economic depreciation, calculated lease/m² (land), rent/m² (building), H/P rent per month or semi annual,
- columns for name of tenant/user and date and period of contract, inspection dates and observations, dates and costs for maintenance and repair, periods of breakdowns.
- To undertake regular inspections of property, when necessary assisted by a regional office or Operations Department.
- To order regular maintenance service and minor repair work, major repairs after management's approval.
- Propose to management replacements when (regular) total cost alternative calculations point in favour of replacement.

Purchasing:

- To build up and maintain a reference "library" of catalogues for machines, equipment and materials including price lists and standard delivery/payment conditions.
- To maintain a list of suitable and reliable repairshops and contractors for regular maintenance and repair work.

- To do all routine work related to purchasing and all control of related documents for local purchases and for imports
e.g:
 - control of approved requests from departments/units,
 - discussion with department concerned of specification, possible manufacturers/suppliers, delivery, etc.,
 - invitation of quotations (normally 3-5), alt. preparation of tender documents and invitation to tender,
 - presentation of quotations, tenders to SIDO tender committee (e.g. SIDO management team + one board member + manager of the unit concerned + purchaser),
 - discussion with Finance Department concerning payment conditions,
 - purchase order alt. final contract negotiations (special care regarding specifications, guarantees, insurance, pre-shipping inspection, shipping conditions and documentation, included tools and spare parts, local transport, installation, running-in and possible training, guarantee for availability of spare parts, payment conditions, import documentation. penalty clause,

- customs clearance,
- inspection upon arrival together with receiving unit,
- complaints, if any.

3.4. Sundry observations and recommendations in relation to operational procedures. Recommendation

This section will explain in detail specific recommendations some of which have been indicated in previous sections.

3.4.1. Preparation of "SIDO projects".

"SIDO project" is in this context defined as an activity or a series of activities which, although part of the SIDO organization plan, functionally or geographically can be seen as a financial entity with its own recurrent budget and capital budget and which, in some cases, can generate income. To be concrete: these projects are presently the establishment of regional/provincial offices (one office = one project), the establishment of industrial estates (one estate = one project), the establishment of a training centre, the introduction of a H/P Scheme, the introduction of a R/M scheme.

As there are different opinions about whether SIDO should embark on these activities (well, there is one positive opinion about regional offices and training centre) guidance has to be sought from the SID Act and the present situation in the SSI sector:

- Industrial estates:

There are: one small SEP industrial estate in Lusaka, a ZOOM industrial estates project in the Copperbelt.

As there presently does not seem to be any other industrial estate project ideas for SIDO to "assist" (ref. SID Act 6.2.g.) it would be justifiable for SIDO itself to establish industrial estates where need exists but not in resource wasting competition with other existing or planned.

- H/P scheme, R/M scheme:

Presently only SEP has such schemes of which only the R/M scheme is in operation and in practical terms limited as to geographical area. The SID Act 6.2.f. stipulates for SIDO to "assist (SSE) in procuring, obtaining or providing ...". If the only way to assist is by way of H/P and R/M schemes, it would be justifiable for SIDO to establish such schemes.

In order for SIDO to be able to embark on these projects (and other which would require capital expenditure) it would be necessary to amend the SID Act Part II section 14 (ref. recommendation section 3.2. of this report) which strictly interpreted prohibits SIDO to make capital expenditure.

When the field has been cleared this far SIDO must approach each project in the same way as it requires from a SSE, i.e. identify the need (what, why and where) leading to project formulation and decision to prepare a feasibility/viability study including investment schedules and liquidity projections. When these studies, which will be done by Operations Department, lead to a positive decision, SIDO will face another problem. As SIDO has limited resources (budget allocation for recurrent expenses and funds for capital expenditure and, to a lesser extent, manpower), it will have to establish priorities and a time plan for the implementation of the projects and, within "regional offices", priorities and a time plan for the establishment of offices.

3.4.1.1. Regional offices.

Although regional/provincial offices will differ in details as to functions and activities and consequently in size of organization, staff requirements and investments, based on needs and location, it should be possible to prepare one standard feasibility/viability study as a basis for adapted studies for each individual office.

When, based on priorities and the positive result of a feasibility/viability study, it is decided to establish a regional/provincial office, a plan for the implementation will be prepared and a regional/provincial manager designate appointed. The plan will cover necessary investments,

and the funds available for the investments, manpower to be transferred resp. recruited in accordance with an organization plan including objectives, functions, activities, linkages internal and external for coordination and cooperation, procedures, documentation and reports, a time schedule for the implementation, and finally a recurrent budget to be included in the recurrent budget of SIDO. When this plan has been fully implemented the office is ready for operations.

3.4.1.2. Industrial estates.

The approach and steps towards implementation will be the same as in subsection 3.4.1.1. although a bit more complicated:

- the identification study:
 - area of land required and available,
 - type of and size of buildings,
 - facilities required as to needs (common services, common production facilities, common repair facilities etc.),
 - whether at all an estate or (in rural areas) an industry cluster,
 - which all will lead to a necessary formulation of the project,

- the feasibility/viability study:
 - availability of infrastructure and utilities, cost of utilities,
 - rent calculation for buildings to be rented out.

The decision-making process, implementation plan and implementation would be similar to what has been described in subsection 3.4.1.1. The project manager for the implementation would normally be the regional manager.

3.4.1.3. Training Centres.

The preparation of these projects, identification, formulation, feasibility study, implementation plan, implementation, is similar to the description in subsection 3.4.1.1. and 3.4.1.2.

After having studied some preliminary papers prepared by a (former) SIDO adviser and with reference to the Kabwe project some additional recommendations might be useful:

- identification and formulation:

As the project originally was intended to be located in Mazabuka it is recommended to let the Operations Department (or what is now the Project Promotion Department) prepare a new identification study and, as it is intended to be a tannery training centre, with special emphasis on the availability of raw materials and utilities (especially water and waste disposal). The outcome of this study will indicate whether a re-formulation of the project would be necessary (which includes formulation of training activities).

- Preparation and implementation:

Once the Project has been formulated and a decision made to go on with a feasibility/viability study in accordance with the principles and structure for SIDO feasibility/viability studies (including also a financing schedule) a decision can be taken as to the implementation of the project. Implementation planning and implementation would then follow the same lines as previously described.

3.4.1.4. H/P Scheme.

Before at all embarking on this scheme SIDO will have to request the Minister to exempt SIDO from the application of Part III of the Hire Purchase Act, as the conditions in Part III are not conducive to SSI development. A letter to that effect is in preparation.

Thereafter this project, like other SIDO projects, will develop through the stages of identification, formulation, feasibility/viability study, planning and implementation.

Before the H/P scheme can be launched the following has to be done (the implementation):

- H/P fund:

- A H/P revolving fund for the exclusive use of the H/P Scheme has to be established.

- Rules for the managing of the fund have to be drafted and approved including a model for distribution of collected H/P rent payments between the fund and SIDO's other activities.
- Any possible future funds in foreign currency established separated from Kwacha funds.
- Administration, Procedures, forms:
 - Fundamental for the H/P scheme would be that it is complementary to other financing (equity and loan). This means that the scheme is there to assist the SSI project which has insufficient funds to get started (or to implement an expansion) and inadequate collaterals to put up for further loans.
 - Criteria and standards for a SSI project to acquire necessary machines and/or equipment on H/P basis have to be established as well as types of machines and equipment for H/P and upper and lower limits for the purchase price of such machines.
 - H/P conditions have to be established, a model on "annuity due" base and inputs for H/P rent calculations and advance payment has to be prepared and a contract form designed by legal expertise.

- The purchasing procedure can be adapted from subsection 3.3.4.5.2. "Purchasing" and procedures for registering and control from same subsection "Property Management".

In charge of the H/P scheme will be a project officer in the Extension and Commercial Services Group.

3.4.1.5. R/M scheme.

The purpose of the scheme would be twofold: to assist the SSE enterprise with the purchasing procedure and selection of suppliers of raw materials and to give better payment conditions than a supplier would give.

The procedure would be:

- A request from the SSE enterprise.
- Control of the SSE enterprise's past performance and ability to pay, as well as its need to utilize the R/M scheme.
- A contract between SIDO and SSE enterprise giving details about quantity, quality, supplier, conditions for the R/M scheme, tentative payment schedule (when SIDO has invoiced the SSE enterprise) and a formulation that prevents the SSE enterprise to refuse to take delivery.
- SIDO will buy in its own name.

- To avoid the establishment of small SIDO warehouses (with the administration this would require) the goods would be delivered directly to the SSE enterprise where it would be received and controlled by a representative of the regional office.
- Regional office prepares an invoice based on the supplier's invoice with a SIDO mark-up for handling and interest and a final payment schedule. Copy to SIDO head office.
- In addition the relevant parts of the purchasing routine (subsection 3.3.4.5.2.) will apply .

Before the procedures have been established and the scheme can be launched the R/M scheme as a project has to pass the same preparatory stages as other projects and the same decision-making points. It would be advisable to separate the necessary funds in a R/M revolving fund for the exclusive use of the R/M scheme.

The project officer in charge of the H/P scheme would also be in charge of the R/M scheme.

3.4.2. In-house training.

On-the-job training for every newcomer in the Operations Department (and even for those who have been in SIDO for less than a year should be based on a structured and formalized written programme for a specific period (6-8 months) contain-

ing: assigned to different senior project officers, specific reading assignments followed up with a discussion with adviser or a group manager, specific tasks where the result can be measured, it be a (limited) problem in project preparation or appraisal or financial or commercial calculations, presenting a case in a full Operations Department meeting. Only when a newcomer has gone through this training period to the satisfaction of his manager and the adviser would he be allowed to work on his own on smaller projects and in team with a senior officer on more complicated projects.

One afternoon every two weeks (or every month) the whole department should get together presenting and discussing professional problems related to specific projects, general SSI development problems, economic and national SSI development policy matters, specific topics prepared and presented by a participant, etc.

It seems to be necessary and therefore recommended to prepare and run the "Special courses" recommended at the end of subsection 3.3.1.4. as in-house courses for all project staff.

There should, and that not only for training purposes, at least be some visual aid equipment and material in the head office, e.g. chalk boards, flip-over pads and easels and may be also an overhead projector and screen.

3.4.3. Management Meetings.

There is just one observation. To fully utilize the UNIDO Adviser attached to SIDO he should take part in management meetings in just an advisory capacity and as a sounding board.

3.4.4. Computerization.

The usefulness of a computer in project promotion work and in the Finance Department is already mentioned. It should be added that SIDO has some officers with some experience from the COMFAR Programme and that all programme (COMFAR) and hardware expertise is available in Zambia, for SIDO's purpose the best would be NCDP.

4. RECOMMENDATIONS RELATED TO SIDO VIS-A-VIS OTHER ORGANIZATIONS ACTIVE IN THE FIELD OF SSI DEVELOPMENT

As time does not allow to write this section reference is made to all sub-headings "Linkages External" in the different subsections of section 3.3.1.

Two of the intended subsections should however be mentioned.

Complementarity in financing of SSI projects: SIDO is by establishment and objectives not a financing institution. SIDO has in SSI projects frequently found a financial gap which it intends to fill by providing the services called H/P scheme and R/M scheme. As permanent finance (equity) and medium/long term loan finance normally is a better (less expensive, if sufficient capital can be mobilized by way of equity and loans) way of

financing a project, as SIDO funds are (and possibly will remain) limited and necessary also for other activities, as financial institutions have better access to sources of funds and as H/P and R/M schemes never can cover all requirements for a new SSI enterprise, it is necessary to operate the two schemes as a complement to loan financing. This requires a close cooperation with all financial institutions at executive level and at operational level and (desirable) at board level. To financial institutions can now be added the commercial banks as the interest rates have been reduced and the introduction of the credit guarantee scheme is imminent.

All financial institutions visited or otherwise contacted (including commercial banks) showed a great interest in the professional activities of SIDO (promotion, appraisal, extension services). This opens a wide field for cooperation and for coordination not only of activities but also of project criteria and standards, operating principles, standards for bankability etc.

Modus operandi: one recommendation. Committees achieve normally very little per man-hour input. For coordination and cooperation between SIDO and financial institutions only those directly involved should meet (also telephone meetings), have short meetings but frequent. From all meetings and discussions brief notes to the resp. file.

5. RECOMMENDATIONS RELATED TO EXTENSION SERVICES

5.1 Assistance to the SSE: from management to shopfloor.

The SSE needs and expects to receive all kind of assistance from SIDO, from long term planning and management control systems to materials flow and procedures for requisition of consumables. The dimensions of problems in an SSI enterprise does normally not require calling the specialist. An industrial economist and/or industrial engineer (alt. mechanical engineer) can in most cases solve the problem.

That requires however a broad-spectrum and in-depth experience of quite some years. This experience cannot be substituted by studies or crack courses and it cannot in a near future be acquired through practical work in SIDO.

It is important for SIDO to develop an efficient and capable extension service and it is therefore recommended that SIDO should consider to recruit an engineer and later possibly an economist, both with relevant, solid and documented experience.

Recommendation

5.2 Preventing or curing.

Costs for break-downs and consequential costs for emergency repairs or even rehabilitation compared with costs for regular preventive maintenance is one of the serious problems for SSI enterprises, also in Zambia. The problem does not only belong to the SSE course programme for SIDO but should also be kept under continuous surveillance during follow-up visits.

5.3 Contracts.

For all assignments there will be a contract regardless of whether the assignment is against a fee or free of charge.

The contract clauses in common for both types of contracts will be:

- name and address of both parties,
- name/identification of assignment,
- brief description of assignment,
- format of output,
- date for commencement of assignment,
- dates for interim reports,
- date for completion and delivery of output,
- data, information, documentation to be made available by client before commencement of assignment,
- ownership of output,
- relation to third party.

6. RECOMMENDATIONS RELATED TO SIDO FINANCES

6.1 Recurrent budget - development funds.

From viewpoint of uses there are for SIDO basically three types of funds:

- funds for recurrent expenses,
- funds for SIDO capital expenditure,
- funds for SSI development:
 - revolving funds,
 - other permanent funds, e.g. investment in fixed assets for SSI development,
 - other uses.

All funds are from the source by name or otherwise marked for a specific use with the exception of funds which SIDO might generate from own income (regulated in SID Act). Repayments of any kind to SIDO have to be credited to the fund from where the original disbursement was made. And so all funds have to be used strictly in accordance with their determination.

6.2 Project studies, Project follow-up.

All activities from feasibility/viability studies and through project follow-up undertaken by SIDO should be paid for when a project has secured the necessary finance. As the contract sum would be included in the projects cash flow projection, it will automatically be included in the application for loan finance and consequently the contract sum can be paid when the loan is ready for disbursement, alt. for assignments completed at a later date the amount could be deposited on a conditionally blocked account or secured by LoC and paid out when assignment has been completed.

Recommendation

It should be pointed out that in all cases it is the project that pays and carries the costs in accordance with a contract between the project and SIDO.

The implementation requires

- a board decision, as it affects SSI development policies,
- the preparation of a contract form (which will principally the same as for "consultancy" but including clauses for payment, payment schedule, penalty),

- the calculation of a fee per consultancy hour, differentiated between junior and senior project officer,
- time sheets etc as described in previous sections.

6.3 Consultancy.

Will follow the same procedure as described in subsection 6.2. The only difference is that consultancy clients might not have been in contact with SIDO before. This might require a first payment at signing of the contract and a tighter payment schedule.

6.4 "Commercial activities".

This means at head office H/P and R/M schemes and at regional offices renting out factory space. The activities have been discussed in several subsections.

The basis for H/P rent calculation will be:

- c.i.f. value and installed,
- annual costs for SIDO (regular inspection, other if any),
- economic lifetime, 70% of which is maximum H/P time,
- amount as advance payment,
- SIDO average interest cost for revolving H/P fund.

The basis for R/M invoice calculation will be:

- supplier's invoice + delivery costs,
- handling charges for SIDO,
- interest costs for SIDO based on 90 days,
- add for periods over 90 days,
- deduct for periods under 90 days.

The basis for rent calculation factory premises would be:

- long lease rate for land or equivalent, e.g. 5% on land value,
- land improvement by SIDO at e.g. 10%,
- value of building, interest e.g. 15%, depreciation e.g. 5%, outer repair and maintenance e.g. 3%,
- other costs for account landlord such as insurance, land tax or equiv., utilities for common use etc.

6.5 Training courses and seminars.

It should be considered to charge a fee for participation that would pay for the direct costs caused by the course/seminar.

7. IMPLEMENTATION OF THE RECOMMENDATIONS

- Organizational and administrative changes including changes in staff should be planned over one year. Advisory and follow up assistance would be required.
- New "SIDO projects" and other changes which require allocation of funds and qualified manpower should be planned in accordance with result of studies, policies and priorities. By the time when this part of the plan can start, SIDO will have a Director Operations and the first part of the plan implemented.

A complete implementation plan could be worked out jointly during a follow-up visit from UNIDO.