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RURAL INDUSTRY DEVELOPMENT  
ASSISTANCE TO VILLAGE INDUSTRY SERVICE

RP/ZAM/85/601

Final Report

Prepared for the Government of the Republic of Zambia  
by the United Nations Industrial Development Organization

Based on the work of:

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and incorporating the activities and recommendations of  
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Explanatory Notes

BOZ	- Bank of Zambia
CGS	- Credit Guarantee Scheme
CSBZ	- Cold Storage Board of Zambia
CSO	- Central Statistical Office
CTA	- Chief Technical Advisor (of this Project)
DBZ	- Development Bank of Zambia
DTKVT	- Directorate of Technical Education and Vocational Training
DVST	- Directorate of Veterinary Services and Tse-Tse Control
FEF	- Friederich Ebert Foundation, Federal Republic of Germany
INDECO	- INDECO Ltd (a parastatal company)
IRDP	- Integrated Rural Development Programme
MTU	- Mobile Training Unit
NCDP	- National Commission for Development Planning
NCSR	- National Council for Scientific Research
NGO	- Non-Governmental Organisation
NORAD	- Norwegian Agency for International Development
NWP	- North Western Province
RDSB	- Rural Development Studies Bureau, University of Zambia
ROP	- ROP (1975) Ltd., a parastatal company
SEP	- Small Enterprises Promotion Ltd.
SIDO	- Small Industries Development Organisation
TDAU	- Technology Development and Advisory Unit, University of Zambia
UNDP	- United Nations Development Programme
UNIDO	- United Nations Industrial Development Organisation
VIS	- Village Industry Service
ZAFFICO	- Zambia Forestry and Forest Industries Corporation
ZIMCO	- Zambia Industrial and Mining Corporation (the parastatal holding Company)

Currency

- US \$ 1 = Zambian kwacha (K) 2.30 (approx) in early August
- US \$ 1 = Zambian kwacha (K) 6.68 on 15 February, 1986
- US \$ 1 = Zambian kwacha (K) 6.90 on 8 March, 1986

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## INTRODUCTION

The pattern of industrial development that has taken place in Zambia over the last several years has resulted in an industrial sector which is largely capital intensive and based on imported equipment and raw materials. In the development process, small and village industries have not received sufficient attention and have witnessed little growth. With the economic difficulties following the slump in international copper prices, Government have started paying greater attention to small and village industries, and they have been assigned high priority in the Development Plans and official pronouncements.

2. Village Industry Service (VIS) was set up in 1976 to promote village industries. UNDP/UNIDO first gave assistance under project DP/ZAM/82/019 when a Mobile Training Unit (MTU) (with seven training and two audiovisual modules) and three short term experts (in wood-working, food processing and domestic electricals) were provided to VIS for training in rural areas. After the project, however, the MTU lay idle. Subsequently, UNIDO approved in 1985 the current project (RP/ZAM/85/601) with a view to institutionalise the utilisation of the MTU and establish the role of VIS by clearly orienting the organisational setting, policy framework and strategies.

3. The project lasted from early August, 1985 to the second half of March 1986 and it had a budget of US \$ 153,000. The project was located in the VIS.

4. UNIDO's contribution under the project consisted of an Advisor on Rural Industrial Development who was also the Chief Technical Advisor (CTA) and a short term expert/consultant in each of the fields: Woodworking, Food Processing, Marketing of Handicrafts and Industrial Financing. The names and other particulars of the international personnel are given in Annex I. The combined budget provision for training, local travel and miscellaneous expenses amounted to \$ 9,000 which was inadequate for the purpose; this necessitated curtailment of the planned activities especially travelling and training in the rural areas. However, the position improved after the devaluation of the Kwacha. Towards the end of the

project additional amount was made available, but it arrived too late to be fully used.

5. According to its commitment, VIS provided a counterpart to the CTA and each expert; see Annex I for particulars. The counterparts to the experts were available most of the time; however, the counterpart to the CTA viz Chairman of IVS was, due to the many calls on her time, not able to devote enough time to her counterpart responsibilities.

6. Due to the severe limitations in its financial and administrative resources VIS was unable to provide the required support for the project activities; this placed a heavy strain on the project activities. Problems of transport, telephone, typing and bookkeeping persisted throughout the project. This situation had also made it necessary to phase out the arrival of the UNIDO experts. UNIDO/UNDP made available a car to the team without which the situation would have been more difficult.

7. The objectives of the project were to assist VIS in strengthening its functional organisation and capabilities, and in establishing strategies and providing effective services for promoting industries. This was generally achieved. A practical and realistic approach was maintained throughout. During the project, but particularly towards the end, considerable time was devoted by the CTA to explaining the recommendations to VIS and other authorities, and in giving guidance for their implementation. With a view to help VIS, its existing shortcomings have been pinpointed, and it is hoped that this will be seen by local authorities in the right spirit.

8. It is necessary to explain briefly the structure of this Final Report. It follows broadly the list of activities given in the project document. Chapters II and III relate to the activities of the UNIDO experts in woodworking and food processing respectively, whose main task was technical training. Chapters IV and V relate to

the activities of the UNIDO consultants on handicrafts marketing and industrial financing. These four chapters summarise the individual reports of the above experts/consultants, which have been submitted separately and which may be referred to for details. These reports will be available separately, after editing where required.

9. Chapters VI to XI relate to the technical work of the Rural Industries Advisor (CTA) as provided in the project document. Chapter VI studies the village industry situation in a selected rural area as a backdrop to the recommendations for future strategies and plans; Chapter VII evaluates the past operations of VIS; Chapter VIII analyses the organisational setting of VIS and makes recommendations for the future; Chapter IX presents the recommendations for future strategies and plans; Chapter X makes a preliminary study of selected industrial sectors which VIS can consider further for promotion; and Chapter XI deals with the institutionalising of the MTU. A list of organisations/ persons met by the CTA for discussions is at Annex 2.

10. Chapters I and XII to XIV deal with the project as a whole. Chapter I summarises the recommendations and indicates the chapters in which the details of each recommendation are to be found; Chapter XII examines the achievement of the project objectives; Chapter XIII examines the utilisation of the project results; Chapter XIV presents the conclusions.

11. It will be noted that the Final Report includes in it the technical report of the Rural Industries Advisor (CTA).

12. The accomplishments of the project would not have been possible without the assistance of the Chairman, VIS and her staff, officials of the Ministry of Commerce and Industry, Ministry of Finance and Planning and other organisations, and the constant support and help from the Resident Representative, SIDFA, JPO and other officers of the local UNDP/UNIDO office. The project team would like to express its appreciation for this assistance.

## I. RECOMMENDATIONS

The organisational structure of VIS needs to be completely revamped. The new structure should be a professional, and compact set up, capable of providing the services needed by the country's village industries. Each department in the organisation must have professional staff qualified and experienced in various aspects of industrial promotion work. VIS must resort to recruitment of its own professional staff instead of working with seconded staff as at present. Since officials with 'ready made' qualifications will not be easily available in Zambia for many of the posts, it will have to pay serious attention to training and orientation of staff. VIS needs a senior executive with experience in small industry promotion to head the day to day administration. It also needs to have field offices, without which it cannot ever hope to reach out to the village entrepreneurs. Bringing in the new structure is a painstaking and time consuming task; it should be achieved very systematically and in a gradual phased manner. The organisational structure has been described in Chapter VIII and Annexes 7 and 8. (It is a matter of satisfaction that Government have accepted the need for VIS to have a bigger set up and more professional staff.)

2. In addition, VIS must follow sound management practices without which even the new structure will not function, e.g. work and responsibilities should be neatly divided, lines of control and reporting should be clear, systems for recording, monitoring and evaluating work should be there, and systems of rewards and penalties should be firmly followed. (Chapter VIII-C).

3. The National Council of VIS should be activated and completely reconstituted; ministries and organisations whose assistance VIS needs must be represented on the Council. (Chapter VIII-E).

4. The constitution of VIS needs amendment and rationalisation to reflect VIS' role clearly and facilitate smooth day to day functioning. (Chapter VIII-F).

5. VIS has to establish close, formalised co-operation with the Provincial and District Administrations to catalyse and guide them in village industry development. (Chapter VIII-G).

6. Fundamental changes are needed in VIS' approach to its promotional work. First, it should function as an industrial promotion institution and not like a social welfare organisation. For this it should inter alia provide all the services needed by entrepreneurs to establish village industries, that is, supply of scarce raw materials, supply (on sale or hire-purchase basis) of scarce equipment and tools, skills training and entrepreneurship development training, extension and consultancy advice, marketing assistance especially for handicrafts, and financial assistance. These services are absolutely essential if village industries are at all to develop in Zambia. They should be provided to entrepreneurs in an integrated and 'package' form. VIS officers should "reach out" to the entrepreneurs instead of waiting for them to approach VIS. Intensive 'Village Industries Assistance Camps' should be organised in distant areas in which joint teams of officers from all related institutions should go together and offer on-the-spot assistance in a package form to the entrepreneurs. (Chapter IX).

7. Secondly, VIS should have a planned approach to its work instead of the present ad hoc one. It should have a system of annual and perspective planning; the annual plan should consist of clear targets and goals. VIS should on a continuous basis undertake industrial potential studies and surveys of selected areas to identify the industries which have potential in those areas, and then promote them. It should also undertake studies to identify industrial sectors which have good potential in the country and select some of these for comprehensive promotion, taking up only a few sectors at a time, which it can conveniently handle. It can obtain technical and financial aid from donor agencies for such studies e.g. UNDP, UNIDO, and FEF. During the course of the CTA's study of the North Western Province, certain industries have been identified which have potential there. Similarly, based on preliminary examination, certain industrial sectors have been identified which seem to have potential for future growth; these are rural leather industry, wood-working, hammer mills, cooking oil, handmade paper, soap making, rural metal working and food processing.

Further study should be done now by VIS to have a more detailed action plan for each sector. But in the case of leather, cooking oil and handmade paper further indepth analysis by a sectoral expert (possibly international expert) must first be undertaken. In this promotional work VIS should secure co-operation of concerned ministries and agencies and not operate in isolation. (Chapter X and Chapter V).

8. Government's thinking that VIS should work independently of Government grant and generate its own funds through profitable business ventures or donor agencies must change. Increased Government funding is needed even to improve VIS' absorptive capacity for donor aided projects. (Happily this change in Government's thinking is taking place.) As a promotional organisation, VIS should be extremely cautious in taking up production ventures in the hope of making profits. It can end up making losses. (Chapter VII).

9. VIS should more actively influence policy measures in Government and other organisations like BOZ to create a favourable institutional setting in which village industries can get priority treatment. Some examples of the measures it should seek for village industries are: exemption from obtaining manufacturing licence, reserving certain products for manufacture by village industries, clearer definition of village industries, preference/reservation in Government purchases, favourable provisions in the Credit Guarantee Scheme, fiscal incentives and so on. (Chapter IX-H).

10. Clearly, VIS cannot initiate all the work described in the foregoing paragraphs by itself or with local expertise, which is very limited in the field of industrial promotion. Therefore, it needs continued technical assistance for a few years; for building up the 'new' VIS and professionally guiding the senior management through the initial period especially in institution building, planning, instituting new services, etc. the services of an industrial promotion expert are required. For certain specific areas, sectoral experts are required. UNIDO/UNDP may consider providing the institution building assistance plus some sectoral expertise. For other areas VIS should scout around for assistance from other donor agencies. (Chapter IX-I).

11. Government should clearly demarcate the roles of VIS and SIDO. The very small labour intensive enterprises based on simple technology should be the responsibility of VIS. SIDO should concentrate on the larger more modern sector. In this regard a formal monetary criterion for defining village industries should be prescribed. These steps will avoid the duplication of efforts, which is taking place at present. (Chapter VII-D).

12. In regard to financial assistance for village industries, VIS needs to greatly strengthen its capability as a credit intermediary by preparing more professionally the feasibility studies, project reports, etc. and recommending them to banks and financial institutions. It should also seek to make the entire financial institutional infrastructure itself more responsive to the needs of village industries. It should also consider setting up a small Revolving Fund for direct financing of village industries. (Chapters V and IX).

13. The marketing activity of VIS should include apart from marketing of handicrafts, the marketing of other village industry products, procurement and distribution of scarce commodities, raw materials and equipment and tools. It should function on a commercially viable basis. The buying and selling should be done mainly through commission agents. The warehouse and truck donated by FEF should be used for procuring, storing and distributing the goods. Efforts should be made to introduce the scheme for reservation of certain goods purchased by Government in favour of village industries. VIS should not enter immediately into exports. (Chapter IV and IX-E).

14. VIS should have a qualified food technologist. For the instructors trained by the UNIDO food processing expert, additional one month's practical training and also further theoretical training should be arranged. A techno-economic survey of the food processing industry should be carried out. Additional equipment required for the MTU module should be obtained. Follow up training programmes should be conducted in other centres by VIS. VIS may consider the need to have a permanent training cum-production centre at Kapini village, near Lusaka. (Chapter III).

15. VIS should conduct follow up training programmes in rural areas with the help of the instructors trained by the UNIDO woodworking expert. The locations and products for training should be carefully selected on the basis of a study of the woodworking industry. Forest Department and ZAFFICO should be involved in the study as well as in the training programmes. (Chapters II and X-B).

16. The institutionalised arrangement for the use of the MTU should be effectively implemented; the locations of the training courses and the products to be taught should be based on the study of the concerned sector and not carried on in isolation. The additional equipment needed for each module and the services of qualified instructors must be secured. (Chapter XI).

## II - TRAINING IN WOODWORKING

The project had visualised that the UNIDO woodworking expert would train instructors and individuals with the help of the MTU; it also visualised that he would conduct demonstrations in the rural areas. After intensive discussions between VIS, the local UNDP office (SIDFA) and the CTA, the consensus was that the training activity may consist of the following:-

(i) training of selected Zambian instructors to equip them to carry out effective and improved training in rural areas in the future by using the MTU; in selecting the instructors, it must be ensured that they will be available to VIS for future rural training programmes;

(ii) training of group of youths, to equip them to set up production units.

2. The advantages of the above approach as compared with a program involving extensive travel by the expert all over the country to directly train rural people in short spells were perceived to be as follows:-

(i) in the extensive travel plan, only very short spells of training of rural people were possible; these would have been insufficient for training purposes;

(ii) if selected instructors were trained adequately, they could ensure continuity of the training later on and through the multiplier effect reach much larger numbers of trainees; such local instructors would also have the advantage of having easier communication with the rural people during training.

(iii) it was clear that the financial resources under the project and the financial and administrative resources of VIS were so limited that much travel was in any case not possible.

3. The above approach was agreed to by the woodworking expert who found the training programme to be useful (please see pages 4-5 of the expert's report).

4. Accordingly, the above two training programmes (one each for instructors and trainees) were held at Lusaka. The instructors were selected from the Directorate of Technical Education and Vocational Training (DTEVT) with the clear understanding that each instructor would be available to VIS for conducting at least one training programme in a year. The instructors were acquainted with the use of the MTU and with business management methods so that they could train and guide entrepreneurs to establish production units.

5. The training of entrepreneurs included not only technical aspects, but also business management aspects so that they can plan, establish and manage production unit(s) in an improved manner. It is visualised that VIS would help these trainees to establish production unit(s) as part of its normal extension responsibility, though this should be done in a much more professional manner than hitherto.

6. The objective of the activity was fulfilled as it enabled VIS to have a set of trained instructors available to it for carrying out a much wider training programme in rural areas; also selected entrepreneurs have been trained directly by the expert, though this training could not be conducted actually in the rural areas. Guidelines have been left for future use with both the instructors and the entrepreneur trainees.

7. The following recommendations have been made by the expert:-

- (i) Some equipment in the MTU woodworking module are not suitable, some are not available; hence it needs additional equipment listed in the expert's report.
- (ii) A series of follow-up training programmes should be held in provincial centres with the assistance of the trained instructors;
- (iii) The UNIDO expert's counterpart should keep in close touch with the instructors, keep them informed of developments in the woodworking industry and communicate new techniques to them; an annual wood-working workshop should be organised in which these instructors should also participate; close co-operation with the DTEVT should continue.

8. The utilisation of the results of the training programme by VIS has commenced. The instructors have been asked to identify rural wood-working entrepreneurs for training and assistance which they have started doing; the outlines of a programme of further training courses in the rural areas utilising the above instructors has been drawn up. One training programme has actually been commenced at Mansa (Luapula Province). Most of the equipment required for the MTU has been purchased. After CTA's discussions with Chairman, VIS and the woodworking expert's counterpart, a plan of follow up action has been drawn up and left with VIS. VIS should ensure constant action on this plan.

### III - TRAINING IN FOOD PROCESSING

The project visualised that the UNIDO food processing expert will train instructors and individuals with the help of the MTU; it also visualised that he would conduct training and demonstrations in the rural areas. As in the case of woodworking, for the reasons and advantages stated in Chapter II, after discussion between VIS, the local UNDP office (SIDFA) and the CTA, the concensus was that the training activity may consist of the following:

- (1) Training of selected Zambian instructors to equip them to carry out effective and improved training in rural areas in future; in selecting the instructors, it must be ensured that they would be available to VIS for future rural training programmes.
- (2) Training of groups of women to enable them to set up small food processing units.

The food processing expert on his arrival agreed with the above approach and also found that it served the project objectives (see page 4 of his report). An intensive rural visit to the North Western Province was planned for the expert but he could not make that visit. However, he made two study visits to selected areas namely, Chikuni - Magoye in the Southern Province and Kapini near Lusaka.

2. The training of both instructors and other trainees were conducted concurrently at the same place. The topics for training were selected on the basis of the following criteria: the possibility to process the product at village level without special or expensive equipment; product innovation; and requests from the participants. Keeping in mind the training needs of the difference participants the course included three parts:

- (i) Training of instructors: This was done by the expert based on previously distributed technical notes taking care that the instructors developed a deep understanding of the subject.

(ii) Training of other trainees: this was done primarily by the instructors in the presence of the expert. This enabled the expert to evaluate the abilities of the instructors.

(iii) Practical training: each participant (instructor as well as trainee) was given the opportunity to prepare three different products in the presence of the expert.

3. As a result of the above training, VIS now has available to it some instructors who have the potential to be used for future training of entrepreneurs. The expert has made the following recommendations regarding future action:

(i) VIS should recruit a qualified food technologist with practical experience. Further, the trained instructors should be given additional one month of practical experience in a local food processing industrial unit. For theoretical background, fellowship of six months should be arranged in a suitable institution; the expert has suggested Central Food Technology Research Institute, Mysore, India.

(ii) The existing equipment in the MTU is not sufficient to conduct demonstration and training at village level. Additional equipment should be obtained as listed in the expert's report.

(iii) A techno-economic survey of the food processing industry should be conducted. Since this involves an enormous effort, the beginning may be made by covering the Lusaka Province.

The above three recommendations are absolutely essential to enable VIS to develop the food industry.

- (iv) After being equipped as above VIS should conduct training programmes with the MTU in rural areas. Three training programmes in 1986 and three in 1987 have been suggested for which the locations, products, etc have been proposed in the expert's report. In these training programmes effort should be made to give on-the-spot assistance to the trainees to set up their units. For this, the MTU should go equipped with chemicals bottles, etc.
  
- (v) VIS should set up a training-cum-production centre at Kapini village near Lusaka. The centre should have the capacity to train five instructors or entrepreneurs at a time. In addition it should provide the services of evaluating new products and their costing, marketability, etc. and familiarising entrepreneurs with production methods and planning. Apart from the training work, the centre should work on a commercial basis and generate funds.

4. The expert's report was discussed with the Chairman, VIS and decisions were taken on the follow-up action required. Accordingly, VIS is taking action to recruit a qualified food technologist; discussions were arranged by CTA with the Indian High Commission for arranging fellowships in Mysore, India. Substantial additional equipment required for the MTU is being procured by UNIDO Headquarters out of project funds. Regarding the survey, it was decided to set up a small team to do an initial survey of Lusaka and surrounding areas to assess market demand, availability of raw materials, etc. It was also decided that IVS should draw up a detailed project proposal for the proposed Kapini training cum-production centre with a view to examine the proposal in detail and obtain donor assistance.

#### IV - STUDY OF HANDICRAFTS MARKETING

The UNIDO Handicrafts consultant was required to study the marketing needs of the handicrafts producers and suggest strategies, organisational structure, etc for VIS to assist the craftsmen in the marketing of their goods. While details of the study are given in the separate report of the consultant, briefly his recommendations are as follows:

2. The suggested marketing strategy centres around the use of the warehouse and the truck donated to VIS by Fredrick Ebert Foundation (FEF), West Germany. The truck is to be used to buy the crafts from different areas and transport and store them in the warehouse at Lusaka. From there the crafts can be distributed and sold in other areas. Examples of the crafts which can be procured in this manner are wood carvings in Livingstone, baskets in Mongu, Luapula and Northern Province, pottery in Luapula, copper crafts in the Copperbelt and Lusaka, etc.

3. It has been suggested that along with handicrafts, VIS should undertake the marketing of other suitable village industry products, scarce raw materials required for village industries and the procurement and sale of commodities which are in short supply in the rural areas. Examples of the village industry products which can be procured and sold as above are soap, candles and dried fish. Examples of raw materials required are mutton tallow and soda for soap manufacturing and salt for dried fish. In addition, it has been suggested that the truck be also used for pure haulage purposes on the routes where it will go for the marketing activities. This is with a view to earn some income, which is feasible considering the great shortage of trucks for transportation purposes in Zambia. It is expected that the operating costs of the truck will be recovered from the procurement and sale of various products and the haulage charges as above and that, as a result, there will be nil transportation cost on the handicrafts.

It is also visualised that as new industrial units will be promoted by VIS in different areas like leather, metal working and carpentry, they will be included in the above transportation and marketing network of VIS.

4. The marketing consultant has stated, on the basis of his study, that the above approach would be economically viable, and justifiable from the purely commercial point of view.

5. The Marketing Division of VIS would function on a commercial basis as a distinct profit centre. It would maintain its own accounts which would then be merged with the overall VIS accounts. It will carry out its activities through three main departments i.e. Sales and Bulk-Buying Department, Sales Promotion Department and the Transport and Warehouse Department. (In addition, it is visualised that the Marketing Division will have an Equipment Sales and Hire Purchase Department which will supply scarce equipment and tools on outright sales or hire purchase basis as visualised in Chapter IX Section B). The work of these departments and sections are available in the Job Description Statement. (See Chapter VIII).

6. The work of buying and selling will be done through agents appointed in the different areas who would work on a commission basis. It is visualised that 90 percent of the work of the Marketing Division would be done on such commission basis. When the volume of transactions in a particular area grows to a very substantial extent a Sales and Bulk-Buying (S.B) centre may be opened in that area to look after exclusively the marketing operations. The job of these centres will be to appoint agents, procure goods, store them and send them to the warehouse, sell to the agents, maintain quality control, participate in local fairs, etc. In other places the above work will be done by the VIS Regional Offices.

7. It is suggested that VIS should not open up its own retail shops apart from the one already existing in Lusaka and one more which may be considered in Livingstone. Apart from these, VIS should sell to existing retailers, who may be encouraged to set up separate handicrafts and cottage industries corners in their shops. In addition, VIS should enter into an arrangement with the Department of Tourism for selling to the Tourist Lodges and Safari Camps.

8. For trading in the raw materials, tools and equipment, VIS should enter into bulk purchases either through imports or from local suppliers. It should encourage domestic production of the tools and equipment required for village industries like oil expellers and carpentry tools.

9. It is suggested that VIS should not enter the export business immediately as it does not have a sufficient production base at present. Export business should be undertaken only with very careful preparation at a somewhat later stage. For export purposes, a catalogue would need to be prepared for which assistance can be obtained from ITC, Geneva.

10. It is also suggested that a design centre should be opened in due course to improve the designs and quality of the handicrafts.

## V- STUDY OF INDUSTRIAL FINANCING

The industrial financing consultant was expected to:

- (i) survey and analyse the magnitude of the financial needs of rural enterprises;
- (ii) prepare a report containing recommendations on how VIS can assist the rural entrepreneurs.

2. Based on his study, the consultant has made the following findings:

- (i) The existing institutions financing industrial projects are the commercial banks, DBZ and SEP. However, none of them is financing village industries. The banks insist on collateral security, which village entrepreneurs cannot furnish, and view the costs and the risks as being too high. DBZ has been assisting only much bigger projects; there is a statutory lower limit of K5,000 on its loans. SEP has been concentrating on equity participation and management of the promoted enterprises and its activity has been very limited so far. It has been reorganised from the 1st January 1986, but it is not certain whether and to what extent it will be able to assist the village industries. Recently the credit guarantee scheme has been enacted by Parliament. However, the scheme is not yet operational and information about its details is not available or has not been worked out; thus it is not known what prospects it holds out for the village industries.
- (ii) So far the achievement of VIS in securing financial assistance for village industries has been very small. Only 34 projects have been assisted by VIS. Of these, 8 were given financial assistance out of VIS resources, for 20 assistance was secured from the banks and for 7 from donor agencies. (The list of these 34 projects includes VIS' own training centres).

(iii) In its present form VIS is not capable of assisting village industries to secure assistance from other agencies as it has no professional capability to appraise projects and prepare feasibility studies. It also does not have financial resources for giving credit to individual projects.

3. The consultant has made the following recommendations:-

- (a) VIS should set up a revolving fund for giving credit to eligible village industry projects. Funds for the revolving fund can be secured from donor or aid agencies at a nominal rate of interest (say 4%). These funds would be on-lent by VIS at a reasonable rate of interest (say 16%); the interest spread would be used to meet the operational expenses. However, since this interest spread would not meet fully the operational costs, it has been suggested that VIS should secure equity capital (i.e. grant) of K800,000 which should be placed in a bank to earn interest, which too would go towards meeting the operating costs. An additional amount of K68,000 would be required for office equipment and vehicle. It has been projected that over the next five years, VIS should be able to finance an average of 72 projects per year.
- (b) For operating the revolving fund, a separate Finance Department should be set up in VIS with professionally qualified staff who would be able to appraise independently and objectively the project proposals.
- (c) In operating the revolving fund, thoroughly professional procedures must be followed. Even if the fund is not set up and VIS's role is limited to that of a credit intermediary for securing assistance for village industries from existing institutions, more professional procedures and staff are required than at present. Guidelines for some procedures like project appraisal and project monitoring have been given

in the consultant's report. Suitable formats have also been suggested for application forms from entrepreneurs, registration of applications, monthly summary of applications and their progress, etc. However, it is doubtful whether VIS can follow these guidelines and procedures with the existing staff.

- (d) Under the proposed credit guarantee scheme, before paying out the guaranteed amount to the commercial bank in case of a default, BOZ may first examine whether the bank had correctly appraised the project. Therefore as a precaution, commercial banks may like to obtain appraisal reports from an independent organisation like VIS at the time of approving the loans. To be able to provide this assistance to the banks and thereby to the entrepreneurs, VIS would have to gear up its capabilities for appraising the projects and preparing feasibility studies.
- (e) When a project is initially financed, its subsequent financial needs for expansion must be kept in mind and provision of funds made for that.
- (f) Even when VIS starts a project of its own it should be professionally appraised as for a private project to be sure that it would be viable.
- (g) VIS needs restructuring of its organisation and financial position.

## VI - SURVEY OF VILLAGE INDUSTRIES

In order to have a proper appreciation of the condition of village industries, as stipulated in the project, an intensive study was made of the village industries in a selected rural area. The study aimed at analysing features like the nature of the village industries, problems and constraints, infrastructure, availability of raw materials, and potential for future growth. For this study, the North Western Province was selected, and the results are presented below in Section A. It was, however, felt that in addition it was important to have an overview of the situation of village industries in the country as a whole since recommendations for future action have to relate to the whole country. This overview is also briefly presented below in Section B.

### A - Study of the North Western Province

2. The study of village industries in the North Western Province (NWP) is based on the visit to the Province and some of its selected industrial units, discussions with a wide selection of Provincial officials and study of some existing survey reports, statistical data, draft Fourth Development Plan, etc.

#### General Data

2. NWP has an area of 125,000 square kilometres with a population of 301,677 in 1980. The population density is therefore extremely low at 2.4 per sq. km. compared with the national average of 7.5 per sq. km. 87% of the people live in rural areas and only 13% live in the eight small townships of which Solwezi, the Provincial Headquarters is the largest with a population of only 15,000. The population growth rate during 1969 - 1980 was 2.4% which was below the national average of 3.1%. This shows that people have been migrating out of the Province, mainly to the Copperbelt for jobs. As a result the proportion of women is higher than that of men: 60% in the age group of 15 - 45 years.

3. In the whole Province only 8830 people are in regular employment i.e. 6.3% of the labour force. Of these, 95% are employed with Government and parastatal organisations; only 600 people are self-employed in trade or industry. Employment levels have been stagnating, though 8000 school leavers are entering the employment market every year.

4. Economically, NWP is one of the most underdeveloped Provinces in Zambia. Agriculture is the dominant activity but it is almost entirely subsistence farming; food and other essential commodities have to be imported mainly from the nearby Copperbelt. Cassava and sorghum are the original indigenous crops. Subsequently, maize was introduced and is now the dominant crop. The Province is very poor in cattle wealth, with the exception of Zambezi District which too has only about 26,000 heads. Work oxen are only now being introduced in a small way.

#### Infrastructure

5. There are only 327 kilometres of tarmac road and merely 19% of the population is in their catchment area. There are, in addition 869 kilometres of gravel road with 22% of the population in their catchment area; these gravel roads are however in poor condition especially during and after the rainy season which stretches over five months. There is no air connection and no river transport.

6. Solwezi, the Provincial Headquarters, is connected to the national electricity grid. Of the other five district headquarters (called Bomas), four are supplied from diesel-based generators; Chizela Boma has no power supply. There is also no power supply below the Boma level. All Bomas are connected by telephone.

7. VIS and SIDO are not represented in the Province and the visits of their extension officers are rare. However, DBZ has an office at Solwezi which was opened to undertake financing of agriculture based industries under the IFAD financed project in the three districts of Mwinilunga, Kasempa and Solwezi. There is a German aided Intergrated Rural Development Programme (IRDP) in the other three districts of

Kabompo, Zambezi and Chizela, The whole Province has only three Bank branches, of which two are in Solwezi and one in Zambezi.

8. The Province has hardly any training facilities. There is no trade training institute or other training school. However, the IRDP has set up the Manyenga Rural Workshop for training in carpentry.

#### Existing Industrial Activity

9. Existing industrial activity in the Province is at a very low level. No comprehensive census of the existing village industries has been done. Only one survey\* has been undertaken so far but this was limited to the comparatively larger units since it defined a small scale industry as one which satisfied the following criteria:

- "(i) the production process is driven by machinery,
- (ii) the owner's main employment is in the processing activity,
- (iii) the raw materials are used in such an amount that the entrepreneurs cannot collect them on his own, and
- (iv) a permanent shed and equipment is used with a value of at least K500."

With this definition, the bulk of the village level industries are automatically excluded. Nevertheless the results of the survey are worth noting.

10. The survey found that there were 129 units which belonged to 14 industrial branches (See Annex 3). The main branches are maize milling, tailoring, carpentry and shoe repairs. The concentration is mainly in the districts of Solwezi, Zambezi and Kabompo. There are three parastatals (two roller mills and one pineapple cannery). Only 11 of the units have more than ten employees each, the remaining 118 have less than five employees. The total employment in the above units is 499 of which nearly 40% is in the maize milling branch. The average monthly wage of the employees is around K100 in Solwezi and K70 - K80 in other areas. Most of

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\*Small Scale Industry Survey - North Western Province by Koegst, Vollmer and Wick; November 1984.

the above units produce goods of basic need like mealie meal, clothes and elementary furniture; none of them produce luxury goods. The entrepreneurs are mostly individuals. Co-operatives are rare; the notable ones being the Maheba woodworking co-operative, and the Chizela women's co-operative running a hammer mill. Regarding the above mentioned four biggest industrial branches, briefly, their position is as follows.

11. There are 74 working hammer mills apart from the two parastatal roller mills. These are located mostly in the Bomas and along the main roads. Most of them are diesel operated service mills and are working profitably. The local DBZ branch has financed a few under the IFAD project. There are 17 tailoring units working entirely with hand operated machines. They are stitching clothes for private customers on an order basis. Only, the one co-operative unit in Zambezi is producing uniforms for schools. The carpentry units are 9 in number, and are all privately owned, except for the Maheba co-operative workshop in the refugee settlement area and the Manyenga workshop set up by IRDP, both outside the Bomas. All the units are using hand operated equipment most of which is quite old. Generally, the units produce furniture for private customers and only the Manyenga rural workshop is making furniture for schools and offices. The shoe repair units are 9 in number. They are doing almost entirely repair work using tyre rubber soles; their equipment is simple and poor.

12. As stated before, the above data has left out the vast majority of village level units, of which there are quite a few. Some examples are as follows. Due to the vast forest resource of the Province, wood-working units are plenty. There are stated\* to be about 1,000 pit sawyers and about 450 rural carpenters. There are also stated\* to be 200 - 300 rural blacksmiths who are doing very elementary production and repair work with the most simple tools. The Province has about 3000 bee-keepers<sup>+</sup> which reflects its tremendous honey potential. Beer making from honey is also very common and there are several hundred household level units doing this work. In fact nearly 90% of the honey is used for this purpose. There are some craftsmen producing baskets and other similar products from roots and straw - e.g. in the Maheba refugee settlement area.

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\* North Western Province Statistical Handbook - Provincial Planning Unit, Solwezi - May 1985.

+ Intergrated Rural Development - North Western Province : Study on Promotion of Beekeeping as part of IRDP, Zambia - C.H. Riecherd.

### Technology Level

13. The technology level of the village industries is generally very low especially in the case of pit sawyers, blacksmiths, shoe repairers and beer making. The level is somewhat higher in the case of carpentry workshops, bakeries, honey pressing and tailoring where some hand operated machines are being put to use. Motorised machines are being used in the case of maize mills, welding shops, commercial sawing and the parastatal roller mills and cannery.

14. Naturally, there is plenty of scope for improving and up grading the level of technology. However, in doing so emphasis should be on appropriate technology and not on blindly going in for mechanisation. The technology improvements should keep in mind the skill levels of the people, the limited availability of raw materials, the small markets, the difficulties in repairs and maintenance, and the need to use labour intensive rather than capital intensive methods. Caution should be exercised in introducing large units which may at one stroke displace several existing small entrepreneurs e.g. one commercial sawmill can rob a large number of pit sawyers of their employment. Keeping this precaution in mind, there is scope for technological improvements, e.g. in the case of carpentry by using improved tools and methods, and in the case of beekeeping by going in for frame hives.

### Problems and Constraints

15. Due to the special characteristics of NWP, most of the industries suffer from a number of problems and there are many constraints in their further development. These are briefly described below:

- (i) Transportation difficulties: Transport is the major bottleneck in the development of village and small scale industries. The population density is low and the distances between population centres are vast; the roads are poor and the means of transport are undeveloped. There are few regular bus and truck services and even the elementary forms of transport like scotch carts, bicycles and boats are very few. This problem leads to small markets, irregular supply of raw materials, poor maintenance, etc.

- (ii) **Problem of inputs:** Scarcity and transport difficulties combine to make availability of tools, spares and implements (e.g. nuts and bolts, nails, wire, pipes, welding electrodes), raw materials and diesel for machinery a major problem.
- (iii) **Infrastructure:** Infrastructure for industrial growth is almost non-existent. Electricity is not available below the Boma level and even there, except for Solwezi, it is irregular and unreliable. The roads are poor and water supply is not organised. There are no developed industrial estates.

There is also practically no institutional infrastructure for promoting and helping the village industries. VIS and SIDO are not represented in the Province. The Provincial Administration and the District Councils play a negligible role in assisting the village industries.

- (iv) **Lack of Managerial Skills:** Most of the entrepreneurs run their units in a very amateurish manner and have no training in managing bigger units. Technical skills are also low. Training facilities both in technical and managerial skills are practically non-existent.
- (v) **Financial Problems:** Most village industries are unable to get financial assistance for establishing or expanding their units. There are only three bank branches and these are beyond the approach of the normal village unit. The banks are also not geared to assist these small units and they insist upon collateral security which the units cannot provide. Most village entrepreneurs do not even know how to approach a financial institution. DBZ has a branch in Solwezi and it is taking interest in financing agriculture based projects. However, its minimum loan level is K5,000, which excludes the majority of village industries.

#### Raw Materials

16. The most outstanding resource of the Province is timber as forests and woodlands cover practically three-quarters of the Province. Another raw material which is steadily growing is maize. The Province is also the

country's principal producer of honey and bees wax - to the extent of 90 percent of the national output. The Province also produces a substantial quantity of pineapple in Mwinilunga District. In all 22 different raw materials have been listed by the above mentioned survey. They are timber, maize, honey, beeswax, pineapples, cassava, rice, sunflower, groundnuts, soyabean, citrus fruits, coffee, sugarcane, grasses, sisal, cattle, dairy cattle, fish, natural rubber, lime, clay and salt. Of these, it states that only 11 are being used for industrial processing. It may be noted that production of some of the material is so low that they cannot be commercially processed.

#### Future Potential of Village Industries:

17. In assessing the future potential of the village industries one must consider the special characteristics of the Province in terms of raw materials, demand, limited market size, transport, input and infrastructural difficulties and so on. Keeping these in mind the assessment of the future potential is given below.

- (i) Hammer Mills: While the number of hammer mills has expanded rapidly in the last few years, there is still scope for more. The areas which have been identified are Kaminzenbezenke in Kasempa District, Mmyambale in Chizela District, Kayombo - Chikokwelo area and Liloya - Chifiwe area in Kabompo District and Chiana in Mwinilunga District.
- (ii) Honey-Production: There is a large number of bee-keepers but there is need to improve their methods of bee-keeping and honey pressing. It is believed that improved bee-hive management can increase the yield by almost 100 percent. Frame bee-keeping can be introduced gradually. It is estimated that about 28 percent of the honey is leaving the Province unprocessed especially in Mwinilunga District, where 90% of the honey is being sent out unprocessed. There is therefore scope for introducing more village level honey presses. This will improve the earnings of the bee-keepers and will induce them to bring more honey for selling and use less of it for beer. One village press could be introduced for a group of 10 - 12 beekeepers. There is scope for introducing processing plants for

refining the honey; one such plant can be set up in each District headquarters. There is also scope for setting up a bottling plant at Solwezi. With the above measures honey output in the Province can be increased several fold and increased earnings can accrue to the bee-keepers and honey processors in the Province itself.

- (iii) **Woodworking:** There is vast scope to develop the woodworking industry in view of the extremely rich timber resource of the Province. First, the pit sawyers and rural carpenters should be better organised (say into co-operatives) so as to ensure a more steady availability of timber for production of furniture and other products. The productivity of the pit sawyers and co-operatives should be improved by better training and availability of improved tools and equipment. The carpentry workshops at the Boma level can be expanded and new workshops can be set up. In fact the Province can supply furniture and other wood based products to the Copperbelt instead of importing the same from that Province as is the case at present.
- (iv) **Metal-working:** The productivity of the rural blacksmiths can be improved by training and supply of improved tools and equipment. There is need to have a welding workshop in each Boma. These welding workshops can not only produce and repair agricultural implements and household furniture and equipment but also manufacture scotch carts. For this, supply of metal scrap and axles and wheels of discarded vehicles should be organised.
- (v) **Cooking Oil:** The Province does not produce much oil seed. However, in Solwezi and Chizela Districts the production of oil seed is expanding and in the last season about 160 metric tons in all were produced. The Co-operative Union has set up an oil expeller in Solwezi. One more can be considered in Chizela District. As is the common experience, with the setting up of oil expellers the production of oil seeds will expand. At that stage, more oil expellers can be considered.

(vi) Rice Hullers: The production of rice in the Province is increasing gradually, therefore the Co-operative Union has set up one rice huller at Solwezi. As the rice production further grows, more rice hullers will be required, particularly in Zambezi District which is the main paddy area.

(vii) Leather Tanning: Zambezi District is the main cattle area in the Province. At present, most of the hides in this District as well as in others are thrown away and there is no collection and drying of these for being sold to Bata tannery. There is scope for setting up one vegetable leather tannery in Solwezi. The tanned hides can be sent to Bata or in the future provide the base for a local leather goods unit, for which the most appropriate location will be Solwezi.

Other small units which have scope in the Province are cassava processing, roof tiles and production of agricultural lime.

#### Potential Entrepreneurs

18. It will be noticed that in some sectors like carpetry, pit sawyers, bee keeping and metal working the emphasis has to be on improving the skills and productivity of the existing entrepreneurs rather than on training new ones. In other sectors, efforts would have to be made to identify and assist new entrepreneurs. In this matter sufficient attention should be paid to women and youth. In regard to women, the Province has 68 active women's clubs with a total membership of 899; most of these are in Kabompo (26 clubs - 320 members), Mwinilunga (17 clubs - 186 members) and Solwezi (11 clubs - 71 members). The better clubs can be used for establishing some of the village industries mentioned above. According to the District Governor of Solwezi he has a long list of youths looking for employment, many of whom have applied for recruitment to the armed forces. As all of them cannot hope to be recruited in the armed forces, this list can be used as a basis for training the youths in potential industrial activities.

#### B - Overview of the Village Industries in the whole country

19. In order to get an overview of the village industries in the whole country, field visits were made to a number of places (in six of the nine provinces) discussions were held with industrial units and several officials, and study was made of available reports, plans, statistics, etc.

Unfortunately, it was found that practically no statistical data are available on village industries. No comprehensive survey has been made so far and no sectoral plan has been drawn up. A number of studies by international agencies were also seen; most confined themselves to the modern small industry sector or the urban informal sector. Only one study appeared of interest from the point of view of statistical data on village industries. This is a survey report\* prepared by the Rural Development Studies (RDSB) of the University of Zambia. Even this is a sample survey whose results have been extrapolated on the national scale. Nevertheless, the results based on available and collected information are given below, preceded by some general information about Zambia as a country.

#### General Information

20. Zambia is a large, thinly populated country; the population in 1980 was 5.6 million with a density of 7.5 per sq. km. The urban population in 1980 was 43% of the total against 29.4% in 1969, indicating a strong migration to urban areas. Well over half of the population is concentrated along the line of rail. The country is divided into 9 Provinces each of which has several districts (total 56).

21. Since the mid-seventies, following the slump in copper prices, the country has witnessed economic difficulties; these are reflected in decline in GDP per capita in constant (1970) prices by about 25% between 1974 and 1983, strong inflationary tendencies, severe foreign exchange problems (culminating in the system of auctioning of foreign currency in October 1985) and so on.

22. The country has a large manufacturing sector compared to other sub-Saharan countries, its share in the GDP being 18%. The sector grew strongly until 1975 but has declined or stagnated in subsequent years. Zambia historically lacks entrepreneurial skills and experience among its local people, an aspect which was aggravated by colonial apathy to the small and very small businesses. Only recently has the importance of village industries begun to be recognised and has been emphasised in official policy and plan documents. For example, the Third National Development Plan\*\* states that it will "attach highest priority to development of small scale and rural industries". It also states that: "Village industries such as that run by

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\*Rural small enterprises in Zambia - Results of a country-wide survey by Rural Development Studies Bureau, University of Zambia. September 1985.

\*\* NCDP - "Third National Development Plan 1979 - 83" Page 29

a self-employed person with the help of his family, working with simple tools and requiring minimum investment, constitute another type of activity which will be encouraged as an integral part of rural development. Village industries best suited to exploit Zambia's agro-mineral resources include all oil crushing stockfeed, leather tanning, shoe and leather work and repair, matches, paper, soap making, rope making, basket making, blacksmithing, pottery and such traditional crafts as wood and ivory carving. In order to stimulate, assist and promote the development of village industries throughout the country, a Village Industry Services has been set up,....."

#### Statistical Data

23. The RDSB sample survey covered "small scale rural enterprises" employing less than 50 people and located in rural areas, rural townships (below 12,000) and small towns (12,000 to 50,000). It excluded the more urbanised Lusaka and Copperbelt provinces. It is to be noted that it included not only manufacturing but also service and vending enterprises. It has been estimated that there are 224,000 such enterprises in the surveyed area and roughly 350,000 in the whole country. About 86% of these are in the rural areas.

24. About 80% of the enterprises are in the manufacturing sector alone. The main groups of manufacturing enterprises are beverages i.e. traditional beer brewing (40%) and forest based industries (24%), followed distantly by garments (5%), metals (4%) and foods (3%). Please see Annex 4 for details. The least prevalent are leather, repairs and ceramics in that order.

#### Characteristics

25. Most enterprises operate for over 11 months a year, thereby keeping the people working in them engaged practically all the year round. Only about one third of the enterprises are the main source of household income for their owners. Only about 10% of the proprietors (the bigger ones) have a secondary enterprise, usually complementing in nature the primary ones. About half of the enterprises operate from home; in the rural townships and small towns this proportion falls to one fourth and one fifth respectively. Only about one fourth of the enterprises have a permanent workshop; in the rural townships and small towns this proportion falls to one fourth and one fifth respectively. Only about one fourth of the enterprises have a permanent workshop; in the rural townships and small towns this rises to about one third.

26. Most of the enterprises are based on manual labour and only 0.6% have powered machines. The typical enterprise is about 9 years old. The large majority of the enterprises are very small. Two thirds of them are one person operations and 98% employ less than 6 persons. The average employment of a manufacturing enterprise is 1.6 people. Annex 5 displays in table form the above characteristics of the village enterprises.

#### Employment

27. The greatest contribution of the rural enterprises is in the field of employment. The estimated 224,000 enterprises employ about 373,000 people. If the estimates are extrapolated for the whole country, the employment may be close to 575,000. About 85% of the employment is found in rural areas. About 64% of the labour force is accounted for by the proprietors and 28% by their family members. Hired workers and apprentices respectively account for 3% and 5% of the employment - this incidentally reflects a very weak apprenticeship system in Zambia.

#### Role of Women

28. The role of women in the above enterprises is prominent. They account for 65% of the ownership and 55% of the employment. They own the majority of enterprises in beverages (99%), ceramics (96%), garment (78%) and foods (70%). Their ownership is very low in repairs (1%) and metals (4%) and quite low in forest based industries (14%). In employment too, the proportion of women follows the above pattern. However, if beverages are excluded, women account for 30% both in ownership and employment, which is in line with the pattern in other countries.

29. A separate survey\* of the urban informal sector estimates that there are about 200,000 - 300,000 persons engaged in the sector of whom 50,000 - 60,000 may be in manufacturing, repair and construction activities in urban areas.

#### General Observations

30. The general situation of the village industries in most parts of the country (except along the traditional line of rail) is not very different from what has been described in regard to the North Western Province in relation to matters like infrastructure (physical and institutional), technology and skills levels, and problems and constraints; therefore these are not being repeated here. However along the traditional line of rail, the situation is significantly better; the infrastructure is more developed, availability of raw materials, equipment and tools is easier, market size is much bigger and so on.

\*The Urban Informal Sector in Zambia - A Programme for Action - ILO(SATEP),

## VII - EVALUATION OF PAST OPERATIONS OF VIS

### A - Constitution and Objectives

VIS was set up in 1976 as a society registered under the Societies Act, with its own 'constitution' (Annex 6). His Excellency, the President of Zambia, Dr. K. D. Kaunda is the Patron of VIS. It has a National Council whose members are appointed by the Patron. The National Council is required to elect one of its members as Chairman.

VIS is an autonomous, non-governmental organisation (NGO). However, it works in close association with Government and the Party, and is the recognised institution in Zambia for development of village industries. For this purpose, it receives annual grant from government and also staff at government expense.

2. According to Article 2 of the VIS constitution, "The object of the Service (VIS) is to promote industries and crafts on the basis of small scale, labour intensive units in villages in order:

- (a) to maximise employment in villages;
- (b) to generate additional income-earning capacity in villages, and
- (c) to promote educational, training, research and any other activity aimed at improvement in village life."

### B - Past Operations

3. Although VIS was set up in 1976, its activities in fact commenced from 1980; the earlier period went in preparatory work. According to information supplied by VIS and discussions held with the officials, the main activities of VIS have been as follows.

4. Training: The principal activity has been training of people, including women and youth. This training has been mostly in soap, candle making and food processing. In association with NORAD, it has also been training a group of women in handloom weaving. Through its Sichili Homecrafts Centre it has been training women in activities like food processing and tailoring. Information about the number of training courses held, the number of persons trained, the proportion of women and youth amongst the trainees, the number of trainees who have established production units, etc. is not available.

5. In the case of soap, in 1985, VIS undertook a major training activity involving about 312 women in the Northern Province; it obtained project assistance from UNDP to train these women, and supply equipment and raw materials to them. For conducting training in rural areas, in 1983, VIS

obtained from UNDP a Mobile Training Unit (MTU) with seven training modules. In 1984, under UNIDO assistance, three short term experts (in woodworking, food processing and domestic electricals) were deputed who conducted training programmes with the MTU. In 1985 - 86, under the current project, two short term experts have conducted training of instructors and entrepreneurs in woodworking and food processing with the help of the MTU.

6. Through the Zambia Federation of Employers, ILO is conducting a series of 'Improve Your Business' training seminars; VIS is associated in this work and has been nominating trainees for the seminars.

7. Fellowships: Apart from training within the country as described above, VIS has also been arranging through bilateral aid to send people overseas on fellowships. These included fellowships in fields such as leather, sericulture, oil extraction, handlooms, small industry management and consultancy, and cattle and poultry feed. The total number of trainees so far has been 21, excluding two VIS staff members. Information about the present activities of these trainees is not available with VIS.

8. Counselling and Financial Assistance: VIS officials give guidance and advice to entrepreneurs like technical advice, help in setting up the unit, etc. VIS also assists them in securing financial assistance; in some cases, VIS has itself advanced loans or grants; in most cases, VIS has recommended the projects to banks; in few cases it has even approached donor agencies (like NORAD and Share-as-Brothers) for giving grants. Till the end of 1984, a total of 34 projects had been supported by VIS according to information given in the combined Annual Reports for 1983 and 1984, after correction of certain errors contained therein; however, these projects include some activities like VIS' own crafts shop and Sichili Homecrafts Training Centre Of these 34 projects which received a total assistance of K398,836, eight projects received finance from VIS itself, eight from donor agencies and the rest from banks. The break-up of these projects between rural and other areas was 19 rural (56%) and 15 urban (44%); 10 projects are from or around Lusaka. Till the end of 1984, 388 applications had been received by VIS: 240 (62%) from rural areas and 148 (38%) from other areas. Of these, it is said that 62 (25 rural and 37 others) were processed.

9. Marketing: VIS has been helping craftsmen to market their products. It has established a crafts shop in a prime location in Lusaka from where it sells various crafts like baskets, mats, woodcarvings and drums which it procures from craftsmen. Consistent figures of annual sales were not available; however, the turnover is small and is in the region of K22,000 per annum (in 1984 it was K21,867.81)\*; its profitability is uncertain.

\*VIS Annual Reports 1983 and 1984.

VIS has also tried to promote exports of crafts; it organised a show in Paris in 1984 and participated in an international fair in Belgrade in 1985. It does not appear that anything substantial has come out of these export efforts.

10. Government Policies: VIS has also played a role in influencing policy decisions of government in favour of village industries; an important case cited in this regard is the Credit Guarantee Scheme which has recently been approved by Parliament.

### C - Evaluation of VIS' Operations

11. VIS is an important organisation and it has been doing some useful work. It has been turning up some good programmes capable of bringing substantial benefits to the rural people. It has sound grass-roots knowledge of the village industries and has a practical approach to its work. It also maintains a flexible attitude and is prepared to consider any kind of assistance that would be useful to the entrepreneurs. As a result, the work being done by VIS is appreciated and valued in Government, who wish to encourage and expand its activities. It has also successfully attracted the attention of donor agencies and has in fact relied largely on them for promotional work. The main moving force in VIS has been its present Chairman, who has been in this position for a number of years.

12. It would be seen, however, that the scale of operations of VIS is very small; this is reflected in the number of entrepreneurs (34) supported by VIS in the five years 1980 to 1984 and the number of applications received during this period. Thus its reach so far has been somewhat limited when compared with the number of village industries in Zambia and the need for having more such industries. Other important observations regarding VIS are given below.

13. There is an absence of planning and study in VIS' activities. Neither formally nor informally is any perspective or annual planning done; so survey and analysis of the village industries has been attempted. Promotional and training programmes are undertaken in an ad hoc manner in response to a request from a certain area or group or on the basis of casual information. This has sometimes led to siting of programmes in wrong geographical locations. Similarly, fellowships have been selected without considering how they will benefit VIS or the trainees .e.g. people have been sent on long fellowships in sericulture which is non-existent in Zambia, or leather which does not exist yet on the cottage scale. VIS had no plans how the trainees

will be used or the respective industries promoted.

14. Enough preparation is not done by VIS for promotional programmes being undertaken with help from donor agencies e.g. it is not calculated how much of financial or administrative burden will a programme mean on VIS itself and whether VIS will be able to muster the resources. An example of this was the current UNIDO project itself in which VIS had no idea what it will be required to contribute in terms of funds, vehicles, physical arrangements, etc. to effectively implement the project activities; later it was quite surprised to be informed of the extent of contribution expected from it without which the project activities must be greatly curtailed.

15.

For example, one of the most important services required from VIS is to prepare simple feasibility studies and project reports for entrepreneurs' projects, appraise their requirements in terms of finance, training, physical facilities, etc. and recommend to banks and other institutions for loans or other facilities. The staff has no idea how to do this work and therefore, their recommendations receive little attention from other agencies especially banks. Attention is not given to provide a complete package of assistance to entrepreneurs especially those trained by VIS itself; follow up work is neglected.

16. Arrangements for recording of work and monitoring its progress are non-existent. For example, a proper record is not maintained of applications received from entrepreneurs, the assistance sought by them, the progress of work being done for them by VIS and so on. As a result, no one in VIS has even a faint idea of how many applications are pending and at what stage. Even individual field (extension) officers were unable to give an estimate of the number of applications pending with each of them. An awareness does not exist that such information is essential. If an application is lost or unattended to, it would not be noticed by anybody. Consequently, VIS is unable to scientifically estimate, monitor and evaluate its own work.

17. The managerial culture in VIS is weak; the work style is not sufficiently achievement oriented. Adequate systems do not exist for feedback and control. (For instance, even an elementary exercise like regularly filling up the log book of vehicles is not carried out; no check is maintained of the monthly use and performance of vehicles to review mileage, consumption of fuel, regular maintenance, etc; this was not taken up promptly even after it was brought to the notice of administration. This is especially surprising when expenditure on vehicles and travel is one of the bigger items of expense in VIS.) In this respect, most departments are weak. However, the accounts department is particularly ineffective. Accounts are not ready in time; even in the case of aided programmes, accounts of donor's funds cannot be sent to them regularly. This has contributed to strained relations with some donors (e.g. NORAD). As far as internal audit of expenses is concerned, it does not exist. However, VIS itself is now aware of the weakness in its accounts department and has taken remedial measures by obtaining consultancy assistance with help of FEF funds; an accounting manual has been prepared and a qualified accountant has been deputed to VIS for one year.

18. One of VIS' main problems is financial resources. The annual Government grant (the main source of revenue) which was always meagre, has been dwindling over the last few years and has been insufficient even to meet basic administrative and maintenance expenses not to speak of promotional work. Uncertainty of resources leads to uncertainty in planning and unimaginable inefficiency in day to day work. Quite often, there is no stationery, no money to buy fuel or send officials on tour and so on; the telephone is often disconnected due to inability to settle the bills.

19. Financial stringency has prevented VIS from meeting its obligations to give counterpart support to donor-aided projects or to use facilities provided by donor agencies. This situation is particularly serious for VIS as it has begun to adversely affect its reputation among donor agencies, who have been providing to it valuable assistance all along. Continuation of this situation is not in the long term interest of VIS.

20. One reason behind VIS' financial constraints has been Government's apparent thinking that being a NGO, VIS should become financially independent of Government and should be able to raise resources from elsewhere (like charity, donations, international agencies, etc) for its work. This view needs to change. An organisation with responsibilities similar to VIS

cannot exist independently of national development funds. Besides, government must recognise that adequate assistance to VIS will only strengthen its ability to raise further resources from donor agencies and increase its absorptive capacity to utilise and benefit from international assistance.

21. During the project, the above situation was brought to the notice of government authorities and discussions were held at senior levels. VIS also took up the matter at high levels. It is encouraging to see that Government's thinking is changing and that VIS would be provided with substantially higher funds and the facility to recruit its own staff. This will open a completely new chapter in the infant life of VIS. The latest indication is that for the year 1986, the annual grant from Government has been increased to 2.7 times of the 1985 level. This will bring great relief to VIS, though it will still remain short of its genuine requirements. This means that VIS' reliance on donor assistance will continue, but its absorptive capacity for such assistance will greatly improve.

#### D- VIS' Role in relation to SIDO

22. At the moment there is confusion about the respective roles of VIS and SIDO, which was voiced repeatedly even by officials in the Provincial and District administration. The confusion is confounded by the fact that both VIS and SIDO have been handling similar and in fact the same industries, e.g. foodprocessing, hammer mills and leather. This confusion is not helped either by the Small Industries Development Act which includes reference to "Village Enterprises" and gives the work of registering them to SIDO. All this is also leading to duplication of efforts, which the country can ill afford. It is therefore necessary to clearly and formally define and demarcate the areas of responsibility of each institution, which will also enable each of them to develop specialisation in its area.

23. The obvious approach for the above demarcation is that SIDO should devote its attention to the more sophisticated small scale industries which are relatively larger in size, more capital intensive and are based on mechanised means of production, industries which will provide a thrust to the development of a modern small industry sector in Zambia. The work of organising and developing village industries based on simpler technologies and as far as practicable labour intensive methods and local raw materials should be left to VIS.

24. In the case of a small scale industry, the Small Industry Development Act defines it as one with capital assets of less than K250,000 but there is no such monetary criterion anywhere in the case of village industry. It seems that at some stage VIS itself placed informally a ceiling of K15,000, but such a ceiling does not exist anywhere in writing, and no one could with certainty point out where and when such a ceiling was agreed to. In any case, a ceiling of K15,000 is too low in the present context considering the inflation and the fall in the value of the Kwacha that have taken place; the ceiling for small scale industry itself is reportedly being revised to K500,000. Therefore, a formal and higher monetary ceiling may be considered for village industries. This could be in the region of K50,000 for capital assets; the exact level should be decided after consultation between the agencies involved.

25. According to its constitution (Article 2), VIS is expected to work in the villages. In reality, however, it has also been assisting very small entrepreneurs in towns; this is therefore strictly speaking not in consonance with its objective. It was stated that this was due to the fact that heavy migration has taken place in recent years from the rural to the urban areas, leading to concentration of large numbers of unemployed people in towns who can be helped only by establishing very small enterprises. From a practical point of view, this logic is understandable. However, if VIS is to continue extension work in urban areas, then its constitution should be amended to remove any legal anomaly. In any case, it is felt that VIS should not lose its focus, which must primarily be outside urban areas. This point (regarding the responsibility to assist the urban informal sector) should also be considered when the formal demarcation of roles between SIDO and VIS is evolved.

## VIII - ORGANISATIONAL STRUCTURE OF VIS

VIS is a young organisation whose activities so far have been on a limited scale. However its responsibilities as well as the expectations from it of Government and other agencies are big. If these are to be achieved, VIS would have to work on a much bigger scale and at a more professional level. For this, VIS would need a suitable organisational structure quite different from the present structure; very little can be achieved with the present set-up.

### A - Observations on the Existing Organisational Structure

2. Before a new organisational structure is suggested, certain observations about the present set-up have to be noted. The important ones are briefly given below.

- (1) VIS lacks an adequately formalised structure. For all practical purposes there is no organisation chart; a very old one exists but it has no relation with the prevailing situation. Many posts or sections mentioned therein do not exist. A job description statement had been drawn up recently, but this too contains many anomalies and some posts that do not exist. In practice, the distribution of work and the responsibilities are not well defined. Often work is assigned to officials without reference to their stated responsibilities. For example in the case of the current UNIDO project, the work of collecting payment checks from the UNDP Office, opening of bank account, etc. was simply dumped by Administration upon a field (extension) official leading to considerable confusion and delays. Clearly this work should have been handled by the Accounts Department, or by the Administration Department.
- (11) The lines of reporting and control are not clear and firm. One official may be reporting to several superiors. A clear superior - subordinate relationship does not exist in many cases. Direct lines of command and reporting by-passing intermediate levels are operating all over the organisation.

- (iii) As stated in Chapter VII, adequate arrangements do not exist for recording work and periodically reviewing its progress.
- (IV) Formal decision making procedures are not laid down for important cases. There is no formal delegation of powers to different levels. Thus there are frequent situations of confusion and indecisiveness.
- (V) As stated in Chapter VII, most officials are drawn from different ministries with no previous experience in the kind of work they are now expected to handle.
- (VI) There is generally inadequate co-ordination between different sections. Administrative arrangements for promotional work are insufficient; there is the tendency that an officer assigned to a particular work is often expected to personally organise all the administrative arrangements for that work e.g., transport, stationery and funds.
- (VII) The accounts (book-keeping) function is particularly weak. This is due mainly to the inability of the accounts officer; but it is further aggravated by a general lack of accounting discipline. For instance, for the current UNIDO project, the responsibility for the book keeping was not assigned to the Accounts Officer nor to any other official, notwithstanding the fact that the local UNDP office had stipulated that the accounts of expenditure be submitted to them every month. Later, the UNIDO mission stepped in and rectified the situation.

#### B - New Organisational Structure

3. The new organisational structure has to keep in mind the responsibilities of VIS, the work expected of it, and the above observations. Considering all these, the new organisational structure that has been evolved is described broadly in the following two documents.

- (i) Organisation Chart at Annex 7; this shows the structure of the organisation, the different units it contains and the designation of the officers heading each unit.

- (ii) Job Description Statement at Annex - 8; this describes broadly the work and responsibility of the main officers proposed in the organisation chart.

The following notes will help explain the proposed organisational structure.

4. The whole organisation is divided into seven units; the larger units are designated as Departments and the others as Sections. A general view of the organisational structure is available from the first page of Annex - 7; further details of individual units are given in the next four pages of that Annex. The Development Department, Marketing Department, Planning and Research Section and the Finance Department are the 'line' units and the Personnel and Administration Department, Accounts Department and the Public Relations Section are the supporting 'staff' units. Briefly the role of each unit is described below.

- (i) Development Department - this is the main promotional unit in the organisation; its role is to:
  - (a) provide extension services to entrepreneurs e.g. identification, motivation, counselling, preparation of feasibility studies, business management advice, technical advice;
  - (b) assist entrepreneurs in getting inputs from other departments of VIS e.g. raw materials, equipment and finance, or from other agencies e.g. finance from banks and land from the District Councils.
  - (c) conduct training programmes, technical as well as entrepreneurship development.
  - (d) pay special attention to needs of women entrepreneurs;
  - (e) it will have Regional Offices for directly "reaching out" to the rural entrepreneurs.

- (ii) Planning and Research Section-its role is to:

- (a) prepare annual and perspective plans;
- (b) prepare special programmes\*;
- (c) conduct techno-economic surveys and studies.

(iii) Marketing Department - its role is:

- (a) procurement and marketing of handicrafts and other village industry products;
- (b) procurement and marketing of scarce raw materials;
- (c) procurement and sale/hire - purchase of equipment and tools. The Department is expected to function as a self sustaining, viable operation.

(iv) Finance Department - its role is mainly to manage the Revolving Fund and in this regard to:

- (a) appraise projects requesting financial assistance from VIS; approve financial assistance;
- (b) monitor progress/performance of projects which have been given financial assistance from VIS;

(v) Personnel and Administration Department - its functions is to provide all personnel and administrative support to line units and includes:

- (a) all personnel work like recruitment, placement and human resources development;
- (b) efficient provision of administrative services;
- (c) O and M work in VIS.

(vi) Accounts Department - its functions include:

- (a) efficient management of funds; budgeting, costing;

\*In this report "special programmes" refers to special promotional programmes or projects undertaken with aid from donor agencies.

(b) book keeping, periodical financial statements; etc.

(vii) Public Relations Section - its functions include:

(a) maintaining good public relations;

(b) giving effective publicity to VIS work;

5. The Job Description Statement describes briefly the main responsibilities of the principal officers shown in the Organisation Chart. It does not include the job description of some of the lower level officials whose work is quite obvious e.g. registry, stores clerk, etc.

6. For obvious reasons it is neither possible nor desirable to specify in detail the number of the lowest level posts (clerks, orderlies, typists, secretaries, drivers, etc), as these will depend on the workload and should be left to be worked out at the appropriate time. Similarly, in some cases the number of officials in a Department have not been indicated as this will also depend on the growth of workload, e.g., the number of Appraisal Officers and Monitoring Officers (in Finance Department) will depend on the number of cases financed or to be financed by VIS; the number of Personnel Assistants (in Personnel Section) will depend on the expansion of the total staff; the number of the Senior Extension Officers may also vary with the work load. So also the Organisation Chart does not purport to reflect accurately the relative level/grade of every official; this is something that VIS may adjust at the appropriate time.

7. The designations of the principal officers have been finalised in consultation with Chairman, VIS keeping all aspects in mind; minor adjustments though can be considered/<sup>as</sup>and when necessary.

8. In drawing up the proposed structure, the suggestions from concerned experts have been taken into consideration e.g. in regard to the Finance Department and the Marketing Department the proposals of the concerned UNIDO consultants have been incorporated; in regard to the Accounts Department, the report of SEP and the suggestion of the new Accountant have been taken into consideration.

C - Guidelines regarding New Organisational Structure

9. There are some important points which VIS must keep in mind while implementing the new organisational structure. These are described below.
10. Certain Departments/Sections included in the new structure need extremely careful planning when they are started so that they are established in a professional manner with proper procedures, criteria, etc. Examples of these are the Equipment Hire Purchase Section and Finance Department, which are not only highly technical but also have substantial financial involvement; preferably, international experts must be obtained to plan, establish and in the initial years advise in managing these departments. Similarly in the case of some village industry sectors like leather and handmade paper, sectoral experts would first be required for making further study, carrying-out training, laying down detailed action plans, selecting the actual locations, and establishing the demonstration units where required.
11. VIS needs a senior executive to look after the day to day administration and take this load away from the present Chairman, thereby allowing her to concentrate on other issues. This is especially so now when major changes would have to be undertaken in the organisation and activities of VIS. For obvious reasons, the executive should have long years of practical experience in small industries promotion.
12. VIS must have professionally qualified staff for each activity like industrial extension, financing, accounts, training, hire-purchase, personnel management and so on. For some activities "ready made" people will not easily be available. Thus training and staff development will have to receive very serious attention in VIS. For each official, the training requirements will have to be identified and met. Training facilities which are not available in Zambia will have to be arranged outside. Some examples of the nature of training required are given below:
- (i) The officials of the Extension Section including the Regional Offices will need training in industrial extension work; this could be secured in a developing country in Africa or Asia, where an institute for such training is available. An example is the Small Industry Extension Training Institute, Hyderabad, India.

(ii) Officials of the Finance Department would need training in an institute of development banking, as distinct from commercial banking.

(iii) The Training Officer would need to undergo courses in entrepreneurship development e.g. in the Entrepreneurship Development Institute, Ahmedabad, India.

13. Annually, a roster of training should be prepared and officials deputed accordingly for training courses. Information should be obtained (UNIDO can help in this regard) on the training facilities available in the region or in other developing countries, as well as in Zambia and these facilities should be used with due regard to economy also. Many training programmes can be financed from bilateral ; initial discussions in this regard were held with the Embassy of Netherlands and the High Commission of India. The reaction from both places was positive and the matter should be pursued with them; similarly discussions can be held with other agencies and the Directorate of Manpower Training in Government.

14. Along with setting up the new organisational structure VIS must take care to have suitable management practices and systems. Generally speaking, such systems are needed for better recording, monitoring and evaluation of work, thorough planning or execution of programmes, adequate supervision of subordinates and assessment of their performance, incentives for good work, sanctions for poor performance, identification of weaknesses in systems and introducing systemic improvement and so on. Some practices that need to be especially emphasised in the case of VIS are:

(i) Any work should be assigned to only the appropriate Section/ Department and to none else. The responsibility for this rests mainly with senior management, and subordinate officials should be allowed to point out to senior management when work is assigned to the inappropriate Section/Department. The accepted Organisation Chart and Job Description Statment should be circulated and every official should be fully conversant with it. Instructions should be handed down through the next-below officer and not directly; similarly upward reporting should always be through the next-above officer. In rare cases, where this may not be possible, as for instance due to prolonged absence of the intermediate officer, he should

immediately be inducted into the picture at the first available opportunity. Instructions should always be clear and not ambiguous.

- (ii) Where more than one Section/Department is involved in a particular activity or program, the responsibility of each should be clearly spelt out. For smooth co-ordination, either the Senior Management Committee or a special meeting should be used. A regular platform for discussion of important matters and for inviting suggestions should be provided. All important programmes being planned or undertaken in VIS should be known to the whole organisation and not just to a handful of people, with others having only a vague idea of what is going on. All important decisions with wide significance should be made known to all officials through issue of circulars, etc.
- (iii) Formal delegation of powers should be introduced, clearly laying down the levels at or the officers by whom certain decisions can be taken, e.g. purchases, approval of leave or tours, and sanctioning of loans or other assistance to entrepreneurs. The delegation of powers should be known to all officials so that decisions are taken at appropriate level and not needlessly sent to higher levels.
- (iv) For certain important kinds of cases, a set procedure should be prescribed; this relates especially to cases in which processing or decision making involves a number of persons, e.g. preparation and approval of annual plan, special programmes and annual budget, and processing of applications from entrepreneurs for financial assistance. Flow Charts should be drawn up and circulated to depict the prescribed procedure.
- (v) Some standing committees should be set-up to discuss and decide on important matters especially those where the decision needs consensus or input from a number of officials. Some examples of Committees which could be useful are:-
  - (a) Plan and Programs Committee - to discuss and finalise the annual plan and special programmes for donor agency funding

before being put up for final approval; to review implementation of annual plan and special programmes.

(b) Senior Management Committee - to review progress of work in various units; to ensure co-ordination between different units; to implement the new organisational structure; etc.

(c) Loans Committee - to consider and approve proposals for loan assistance to promoters.

15. There are clear indications that Government have realised the necessity for VIS to expand its staff and have more professional personnel. This presents a great opportunity for VIS to start implementing the organisational structure very soon. This task must be undertaken in a thoughtful and planned manner. The proposed organisational structure is designed as a goal towards which VIS should move gradually, but steadily and professionally, over a period of a few years and not all at once.

#### D - Chairman and National Director

16. According to the constitution (Annex - 6) of VIS, the Chairman is to be elected by the National Council and the role of the Chairman appears to be limited to the National Council meetings. The executive head of the VIS is the National Director who is also a member of the National Council; all officers are responsible to him and under his control and supervision (Art. 6B); he is the responsible officer for maintenance and supervision of the accounts (Art. 8 Section 1); it is his responsibility to place the accounts, etc before the National Council (Art. 5 section 2).

17. VIS has had no National Director for years and the Chairman (who is working in an honorary capacity) is functioning as the executive head. She has been appointed by the Patron, though according to the constitution the Chairman is to be elected by the Council. It is understood that Government are considering placing the appointment of the present Chairman on a more formal basis with regular emoluments. It is further understood that there is a proposal to appoint a National Director on a full time basis. The implications of having both a full time Chairman and a separate full time National Director need to be understood. The present Chairman has headed VIS almost from its inception and it is expected that she will continue to take

active interest in VIS affairs especially when it is on the threshold of a bigger role. At the same time the new National Director will expect to function as a full fledged executive head, drawing his strength from the VIS constitution itself. Such a situation is fraught with potential conflicts.

18. In the above circumstances it might be more appropriate to have the following arrangement:-

(i) the posts of Chairman and National Director may be combined in one person viz the present Chairman (this combination is in no way contrary to the provisions of Art 4 Section 1), and

(ii) the second person to be appointed may be given another suitable designation, say Director. (or even General Manager).

The Chairman and National Director may devote her attention to policy and similar high level affairs and the Director may be responsible for day to day management of VIS. It would be clearly understood that the Director would be subordinate to the Chairman and National Director as visualised in Art. 6b of the constitution. This arrangement is less likely to cause conflicts.

19. It is with the above realities in mind that in the proposed Organisation Chart, for the present a full time Director has been provided apart from the Chairman and National Director. The job descriptions of two officials have also been proposed accordingly. However, it must be pointed out that in the long run the arrangement visualised in the constitution, that is, to have only one full time Chief Executive viz the National Director should be seen as the most appropriate one, which should ultimately prevail.

#### E - National Council of VIS

20. Serious thought has to be given to the National Council of VIS. It is observed that the National Council has been a rather dormant body. It has met only infrequently and seems to have made little contribution to VIS activity. Under the VIS constitution, the National Council (next to the Patron) is the highest seat of authority in VIS and is expected to provide guidance in policy and other important matters - this role is hardly being

performed by it. As a first step, action should be taken to reconstitute the National Council by having as members, persons who have professional knowledge or are connected with village industry work and in addition are capable of attending the Council meetings and contributing to its deliberations. There is no point in having merely absentee or 'sleeping' members as is the case at present; In particular, organisations whose support VIS requires or with whom VIS must co-ordinate should be represented on the National Council; these include the Ministry of Commerce and Industry, Ministry of Finance, Development Bank of Zambia (or SEP), Bank of Zambia, SIDO and TDAU. It is surprising that none of these organisations are represented in VIS. For that reason, they are inadequately acquainted with VIS' activities and its immense problems and are unable to support it sufficiently.

21. Regular meetings of the National Council should be held. (Presently, it seems the Council has not met for ages). The Council should deliberate on important matters like policy issues, annual budget, annual accounts, annual plan, new organisational structure, senior appointments, management systems, staff development, etc. In the VIS constitution itself, it has been provided that some of these matters are required to be considered by the Council; and also that it should meet at least twice in a calendar year; in this respect, therefore, some of the constitutional provisions are not being complied with by VIS.

#### F - The Constitution of VIS

22. Certain provisions of the constitution of VIS (Annex - 6) call for attention. The main ones are briefly described below:

- (1) As stated in Chapter VII, Article 2 prescribes that VIS will function only in villages. In reality it has also been promoting very small enterprises in urban areas and if it is expected to continue to do so, a suitable enabling provision is needed in the constitution. It must however be so provided that the main responsibility of VIS which is in the villages should not be lost sight of.
- (11) Article 6 stipulates that all staff shall be appointed by the National Council which does not provide for delegation<sup>of</sup> this authority to the National Director or other officials of VIS.

It is neither practical nor desirable that appointments of all staff should go to the National Council. Hence a provision for enabling delegation of authority by the Council should be made.

(111) Article 9 Section 3 states that the liabilities of VIS shall not exceed K5000 without the prior written authority of the Council; obviously this limit of K5000 needs substantial upward revision.

Similarly, keeping in mind the proposed role and activities of VIS, it may be considered if any other amendments are required in the constitution.

#### G - Co-operation with Provincial and District Administrations

23. It is observed that at present the co-operation between VIS and the Provincial Administrations is minimal and rather sporadic. If VIS is to have a wider and deeper impact on village industries, close and formalised co-operation with the Provincial Administrations is required. In this respect VIS should have a dual role. On the one hand it should directly assist the entrepreneurs through its extension services. On the other hand, as the central professional institution, it should catalyse and guide the Provincial Administrations in village industry promotion; it should ensure that the Provincial Administrations play a more active role by having sectoral plans for village industry development and, if possible, allocating funds out of their development plan resources. They should also be encouraged to undertake surveys of village industries and industrial potential surveys, provide infrastructural facilities, and so on. A suitable institutional infrastructure should also be developed at the Provincial level, e.g. a Village Industry Promotion Committee should be set up which should consider measures to promote village industries in the Province and co-ordinate the resources and efforts of the different Government departments in this regard. The VIS Extension Officer in its Regional Office should be the Secretary of this Committee; it could be headed by the Provincial Permanent Secretary and it should have as members the Provincial Officers in charge of Forests, Agriculture, Cooperatives, Youth Welfare, Planning etc. as well as some bankers and representatives of village

industries.

24. In a similar manner, co-operation must be established with the District Councils. In addition, periodic meetings and workshops must be organised to train and activate the District Council officials (the most relevant official being the District Commerce and Industry Secretary) in village industry promotion and acquaint them with VIS work. At present many District Councils are, if anything, playing a negative role\* in village industry promotion; their whole approach should be changed by VIS in the above manner.

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\*This has also been stated in the Western Province Provincial Medium Term Development Plan 1985-90 (Draft) Pg. 69.

## IX - FUTURE STRATEGIES

In thinking of future strategies and plans, VIS will have to make fundamental changes in its approach to its work. In a nutshell, these changes can be described as follows:-

- (i) having a very clear industrial promotion approach rather than a 'social welfare' approach;
- (ii) having a planned and studied approach with clear objectives and targets rather than an ad hoc approach without a clear sense of direction.

The first aspect is dealt with in this Chapter; the second is reflected in the contents of this and the next Chapters.

2. Instead of devoting much of its efforts at merely imparting certain skills to assorted groups of rural people, VIS should direct its assistance at people who are potential entrepreneurs, people who can be enabled to set up viable and lasting production units. It should endeavour to provide to these entrepreneurs a whole package of services needed to set up the "industrial units", no matter however small. The main services required are described below.

### A - Raw Materials Supply

3. One of the biggest problems being faced by the village industries in Zambia is the difficulty in getting raw materials. In some cases, this is due to inherent shortage of materials; in other cases this is due to transportation and operational difficulties; some raw materials have to be imported. Examples of some of the raw materials required are mutton tallow and caustic soda needed by soap manufacturers, paraffin wax needed by candle makers, chemicals needed for leather tanning and food preservation, and salt needed by industries like soap, hides preservation and fish drying. It was observed that groups of women trained by VIS in soap making in Mongu had stopped production because of non-availability of soda; similarly, soap making activities in Kasama have been seriously disrupted due to difficulties in supply of mutton tallow. It is therefore essential that VIS should organise the supply of raw materials to village industries and set up what is called a Raw Materials Bsnk. This activity should be done through its Marketing Division and it should be organised on a commercial basis by charging a reasonable profit. It is

that even after such profit, the price of raw materials supplied by VIS can be substantially lower than the prevailing high market prices.

#### B - Supply of Equipment and Tools

4. It is observed that even simple equipment and tools for small enterprises are not available in rural areas or the smaller towns, e.g., moulds for candles and soap, bottles and caps for food preservation, and improved tools for craftsmen and woodworkers. The problem becomes more serious when the more mechanised equipments are considered, e.g. oil expellers, hammer mills and welding machines; some of these equipments have to be imported, and it cannot be expected that small entrepreneurs can organise the import themselves after going through the lengthy procedures involved. Where such equipments are available through private dealers, the prices charged are unreasonably high. If VIS can organise the supply of equipments and tools, it would provide an invaluable service to the entrepreneurs. VIS can do this in two ways which are described below.

5. It can procure and sell equipments and tools as a normal trading activity. Those which are not indigenously available can be imported and stocked. In some cases VIS can encourage local production of identified equipment, e.g. manual oil expellers. The normal profit margins in Zambia for such scarce goods are so high that VIS can make a reasonable profit and yet provide a valuable service to the village entrepreneurs. This activity should be organised by its Marketing Division. (It may be mentioned here that it was unfortunate that VIS did not utilise the foreign exchange allocation given to it some months back for import of goods required by village industries.)

6. Another approach is to have a Hire Purchase Scheme for equipments and tools. Under this Scheme, the equipment is supplied to the entrepreneur and part payment is taken immediately and the rest is taken in instalments spread out over a few years. The ownership remains with VIS until the completion of the payment. Interest is charged on the outstanding payments. This scheme is a way of combining financial assistance with the actual procurement and supply of the equipment, thus taking care both of the financial difficulties of the entrepreneur and his problems in knowing and reaching the equipment sources. However, this Scheme has substantial financial implications for VIS and it has to be established in a very professional manner. VIS would not be able to set up this Scheme by itself and it would need the services of an outside expert who can establish the scheme and lay down correct procedures, criteria etc.

The Scheme is a service provided to village entrepreneurs but it has to be run on a self sustaining basis without becoming a drain on VIS resources.

### C - Training

7. There are two kinds of training required by the village entrepreneurs:

- (1) Skills training, and
- (2) Entrepreneurship development training.

These are briefly described below:

**Skills Training:** VIS should carefully identify the training needs of the village entrepreneurs and make arrangements to provide such training. In doing so, duplication of the training facilities already available from other sources should be avoided e.g. the Trades Training Institutes, Forest Department, Ministry of Agriculture and Water Development. Facilities from other sources should be utilised to the fullest extent as was done for the woodworking and food processing programmes conducted under the current project.

9. VIS must have fully qualified personnel for this work and skills training programmes should be conducted in a professional manner. For this purpose, technical experts have been proposed in the Organisation Chart. It was observed that some of the existing staff do not have qualifications for giving the training expected from them; besides the training programmes are conducted in a rather casual manner without thorough preparation.

10. The skills training should be co-ordinated with the industrial sectors which VIS would take up for promotion, e.g. woodworking, rural metal working, leather, and handmade paper. It should not be conducted in sectors for which there are no plans at the moment, like sericulture and textiles printing.

11. VIS should also encourage the apprenticeship system by arranging training for apprentices in existing industrial enterprises. As has been pointed out in the RDSB survey\*, the apprenticeship system in Zambia is rather undeveloped.

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\*Rural small enterprises in Zambia - Results of a Country-Wide Survey: RDSB

12. **Entrepreneurship Development:** In order to assist the trainees to become tiny industrialists and to widen the entrepreneurship growth process in the country it is necessary for VIS to take up entrepreneurship development programmes. It should ensure that all the skills trainees are also instructed in how to start and manage their business activities, e.g. project planning, book-keeping, inventory control, marketing, management of funds, profit - loss calculation, etc. These techniques should be taught to them in a simple manner suitable for village and small enterprises. It has been suggested to VIS that no training programme should be merely a skills training programme; it should always have entrepreneurship development (business management) input.

13. In addition special entrepreneurship development programmes should be organised in which existing village entrepreneurs can be trained. ILO is conducting a series of "Improve your Business" training programmes in which VIS is associated. This association should be continued by VIS.

14. It is expected that VIS will need an outside expert who could plan and lay the basis for the entrepreneurship development programme of VIS. The work can then be continued by the VIS Training Officer.

#### D - Extension and Consultancy Services

15. Even if an entrepreneur has an idea about what to manufacture, he does not know how to go about setting up the industrial unit and how to obtain the various inputs required like land, buildings, loan, machinery and raw materials. The first step is to have a project report and a feasibility study which should indicate the requirement for land, building, machinery, loan, the process know-how, profitability, cashflow, etc. Only after the feasibility is established should the entrepreneur pursue the project. The work of preparing the project report and feasibility study can not be done by the entrepreneur; this service will have to be provided by VIS. It is visualised that this work should be done by the proposed Extension Department which must have staff experienced and trained in industrial extension work. In addition to preparing the above studies, for projects found to be feasible, VIS should assist in securing the required inputs from different sources like the District Councils and the financial institutions.

### E - Marketing

16. At present Zambia is an economy of shortages. Therefore for many small industries visualised in the VIS programme, demand for their products is not such an acute problem; for example, it is reported that due to the acute shortage of soap, the Kasama Women's soapmaking project faces no problem in immediately selling off its production; in the case of hammer mills, there are always long ques of people waiting to have their maize milled. Nevertheless, the marketing activity has to be properly organised; and assistance will be required from VIS particularly in the case of handicrafts. This should be organised through the VIS Marketing Division. VIS should also seek a policy measure from Government reserving certain items bought by Government departments and parastatals for exclusive purchase from village industries through VIS. This scheme will open up a big captive market for village industry units, especially craftsmen.

### F - Financing

17. One of the critical problems village industries are facing arises from the fact that there is no satisfactory institutional arrangement for meeting their credit needs. The commercial banks are simply not oriented towards financing them and insist on collateral security which they cannot furnish. DBZ has been financing only larger units; even its statutory lower limit is K5000. SEP's operations by their very nature have been limited in scale; it has now been reorganised and it has to be seen whether its reach will extend to the very small units. As the promoter of village industries, VIS must endeavour to improve the situation.

18. First, VIS must strengthen its service as an effective credit intermediary by securing increased flow of credit from existing institutions. For this it should expand and professionalise its capacity to prepare feasibility studies of entrepreneurs' projects, appraise their financial needs and after being satisfied with the projects' prospects, recommend them to the banks and financial institutions.

19. Apart from recommending individual cases, VIS should bring pressure to improve the institutional arrangement itself. For example, the operational details of the Credit Guarantee Scheme are being worked out now by BOZ. VIS must ensure that suitable provisions are included which will in real terms facilitate increased financing of village industries. The Credit

Guarantee Scheme by itself will not solve the problems, and banks must be persuaded to take additional measures e.g. setting up special cells for village industry financing, simplifying procedural formalities for the very small cases, delegating adequate powers to branch managers to approve such cases, setting time limits for processing these cases, furnishing special periodic returns to show progress of village industry financing, etc. A high powered committee can be set up to review progress of credit assistance to village industries by banks and other institutions. As regards DBZ and SEP, special programmes should be worked out with them by VIS for village industries.

20. In addition to its above mentioned role as a credit intermediary, VIS would also have to consider setting up a small Village Industries Assistance Fund as a Revolving Fund for direct financing of village industries. This fund should not (and cannot) be very large as it is not intended to convert VIS into a development bank but primarily to fill in the "gap" in existing institutional arrangements for giving credit to village industries. However, it should be operated very professionally and it should principally serve the following purposes:

- (i) giving types of financial assistance which other institutions may not provide e.g. seed capital;
- (ii) financing "pioneer" projects e.g. new vegetable tanneries, handmade paper units and manual oil expellers; (some donor agencies are willing to include a revolving fund in special programmes assisted by them);
- (iii) doing other "normal" financing will not be excluded, but will not be the main objective of the fund; the extent of such "normal financing" will depend upon the extent to which satisfactory institutional arrangements have been evolved for availability of credit from other existing institutions and banks for village industries. If such arrangements have been made then the need for "normal financing" from VIS will be much lesser may not be there at all.

21. In taking up the services mentioned in Sections A to F above the following points need to be emphasised even at the risk of repetition:

- (i) Each activity must be professionally planned and executed, e.g., revolving fund, hire purchase scheme and entrepreneurship development programme; in many cases assistance of an outside expert must be obtained.

(ii) The activities should be started in stages. The beginning should be made in a small way and expansion should be undertaken only after consolidation of the existing work.

(iii) All the activities should be properly integrated so that assistance is made available to the entrepreneur in a package form.

22. VIS must make it a point to "reach out" to the entrepreneurs, instead of waiting for them to approach it for assistance, as is the case at present. The VIS Officers must undertake systematic touring of their areas. These tours should be well advertised sufficiently in advance so that entrepreneurs can approach them for help. A system of joint touring by a group of officers - from VIS as well as other institutions - should be introduced so that assistance required from the different institutions can, to the extent possible, be provided on the spot. In this way, "Village Industrial Assistance Camps" (VIA Camps) can be organised in distant locations to make up for the lack of institutional offices in those areas,

#### G - Selection of Industrial Sectors for Promotion

23. VIS should identify on the basis of accepted socio-economic criteria the sectors of industry which are really promising in terms of the benefits they will give to the country. For each sector, a systematic survey and study should be done. Based on this, certain sectors should be selected by VIS for comprehensive promotion. (More about this will be said in the next Chapter). Concentrating on the promotion of selected sectors does not however mean that if an entrepreneur comes up with a viable project in a different sector, his project would not be assisted. Every economically viable project will be considered for assistance by VIS; however "sector promotion" should be limited to only a few selected sectors at a time.

#### H - Policy Decisions at Government Level

24. Although the Plan documents and official pronouncements have assigned high priority to village industries, in practical terms, very few policy and other support measures have been taken to assist village industries. Such measures are needed at the level of Government, Bank of Zambia and other such organisations so as to enable village industries to get priority assistance from all agencies. VIS should continuously do thinking on what policy decisions are needed and take them up with Government, Bank of Zambia, etc. It should act as the initiator of suitable ideas in this direction. Some suggestions in this regard are given below.

- (i) **Manufacturing Licence:** The Industrial Development Act (CAP.674) requires that all manufacturing enterprises must obtain a manufacturing licence from the Minister of Industries. The only exemption given is to a person who carries on an enterprise solely by himself without employing any other person (Statutory Instrument 44 of 1978 - Sec. 6). This means that all other enterprises, however small, must obtain a manufacturing licence. This is a rather strange situation. It should not at all be necessary for village industries to obtain a licence as the whole idea is to encourage them freely. Hence a suitable legal provision should be made in this regard. It is understood that a new law is being considered to replace the Industrial Development Act. This should be the appropriate occasion to make not only the above provision but also a wider package of provisions in favour of village industries, including some mentioned below. VIS should act promptly in this matter.
- (ii) **Protection to Village Industries:** There are certain products which can be produced easily in small village enterprises. When produced at this level in contrast with bigger enterprises they will give much more employment, use much less capital, and will create far less pressures on Zambia's weak transportation system. Government should think of the possibility of selecting some such products and reserving their production for only the village industry sector. Such protection may be required otherwise if even one large unit comes up it may throw hundreds of these village enterprises out of job; this will aggravate unemployment and bring to nought all the efforts VIS has put in to promote those village enterprises. Such a situation can easily occur for example in soap, cooking oil, grinding mills, leather, etc. Hence a protective provision should be thought of.
- (iii) **Monetary Ceiling for village industries:** As stated in Chapter VII, thought should be given to having a monetary ceiling in the definition of village industries. This will also help in demarcating the roles of VIS and SIDO. This is preferably done by executive order or regulation rather than by statute so as to have flexibility to revise the ceiling from time to time with changing circumstances, like inflation.

- (iv) Preference in Government purchases: As stated earlier in this paper, certain items purchased by Government departments, parastatals etc. should be reserved exclusively for purchase from village industries through VIS. In the case of other items purchased from both village and other industries a price preference can be given to village industries. Such provisions exist in a number of developing countries.
- (v) Credit Guarantee Scheme: As stated earlier, it must be ensured that special provisions are made in the Scheme for the village industries so that the benefits actually flow to them and do not remain only on paper.
- (vi) Fiscal Incentives: Provision should be made for special fiscal incentives for village industries in order to improve their competitiveness against larger units.
- (vii) Other Laws: It has been pointed out by some studies that certain legal enactments act as obstacles or irritants in the establishment of small enterprises. The enactments mentioned are the Markets Act, the Trades Licensing Act, The Public Health Act and the Town and Country Planning Act. This matter may be further examined to see if some corrective measures are needed. (In the case of the Trades Licensing Act, however, if a village enterprise is registered with SIDO (!) it is exempted from the provisions of that Act - See Section 22 of Small Industries Development Act).

#### I - Future Assistance to VIS

25. From the observations in this Chapter, the previous Chapter VIII and the following Chapter X, it would be clear that VIS would continue to need international assistance for a few years - primarily technical assistance, but also substantial financial assistance.

25. In regard to technical assistance, the basic need is to provide institution building assistance for a few years to guide VIS to function as an industrial promotion institution i.e. to conceive and plan the services required by village industries and to implement them in a professional manner, to study new industrial sectors and take up their promotion, to evolve short term and perspective plans for growth of village industries, to prepare well conceived projects for donor agency assistance, to set up the new organisational structure and ensure that each Section/Department is manned by qualified personnel and functions as a professional unit, and so on. It is felt that this job requires the guidance of an industrial promotion expert with long experience of village industry planning and development; without such guidance it is apprehended that the new form of VIS will not be achieved.

26. Technical assistance will also be required to assist VIS in setting up some new services/departments (e.g. operation of the revolving fund, hire purchase of equipment and entrepreneurship development) and in promoting some new industrial sectors (e.g. cottage level leather industry and hand made paper).

27. UNIDO may consider giving VIS further institution building assistance and some sectoral assistance. In addition VIS must continue to approach other donor agencies for assistance, technical and financial; in this regard much greater care than hitherto will have to be exercised by VIS to prepare well conceived projects and to ensure that the assistance from different agencies blends into each other and there is no duplication. Some potential aid agencies for VIS in 1986, apart from UNIDO, are Africare, FEF, Africa Development Foundation, Indian Government, Government of Netherlands, DANIDA, SIDA and UN Volunteers. VIS can draw much larger volumes of assistance than has been the case so far provided it strengthens its structure and has good strategies and plans for the future.

## X - PROMOTION OF SELECTED VILLAGE INDUSTRY SECTORS

It has been stated earlier that VIS should have a planned and studied approach to its work. It should have a system of annual and perspective planning; the annual plan should consist of clear targets and goals for each activity. VIS should undertake industrial potential studies of selected rural areas to identify the industries which have potential there and then take up these industries for promotion. (Here attention is drawn to chapter V where during the course of the study of the North Western Province some industries have been identified which have potential there).

2. Similarly, VIS should identify on the basis of accepted socio-economic criteria the sectors of industry which are really promising in terms of the benefits they will give to the country, especially the rural areas. These criteria include employment generation, increased production of scarce products especially essential commodities, utilisation of local raw materials and skills, and saving/earning of foreign exchange. The sectors should be capable of production on a small scale in terms of simplicity of technology, low capital investment, availability of raw materials, and so on. of the identified sectors, some should be selected by VIS for promotion in a very comprehensive and thorough manner. The promotion should include identifying suitable locations, preparing and distributing model project profiles, training, organising supply of raw materials, tools and equipment, assisting in the marketing, and securing financial assistance for the entrepreneurs. At a time, only a few sectors should be selected so that these can be handled effectively and comprehensively. Half-way or ad hoc measures will never have the desired effect.

3. The Planning and Research section of VIS should undertake the above kind of studies on a continuous basis. For this purpose, VIS can secure technical and financial assistance from donor agencies e.g UNDP, UNIDO and FEF. For promoting some of the sectors VIS would have to secure the services of outside experts.

4. In the above mentioned studies as well as the promotional work for selected sectors, VIS should try to seek the cooperation of other connected agencies whose assistance will be beneficial e.g. Ministries, TDAU, DBZ, SEP, commercial banks and Provincial Administrations. Wherever required VIS should request government to constitute a special task force or a committee with representatives from different agencies to ensure all round cooperation. In such matters with wide significance VIS should not attempt to operate in isolation or else its efforts will not have sufficient impact.

5. During the course of the current project, the potential of a few village industry sectors was examined to see if they are suitable for VIS to take up further study or take up their promotion. Given the time and resources constraints, this examination was only of a preliminary nature. The sectors examined were leather, woodworking, hammer mills, cooking oil, handmade paper, soap making and rural metal working. Brief notes on these sectors are given below. It is felt that these sectors have potential for future growth and VIS should study them further to evolve detailed action plans. Similar action should be taken for the food processing industry. But in the case of leather, cooking oil and handmade paper further indepth analysis by a sectoral expert (possibly international expert) must first be undertaken.

6. There are other sectors also which can be studied by VIS over a period of time. An illustrative list is given below:

- (1) Rice hullers
- (2) Clay bricks and tiles
- (3) Tailoring
- (4) Cutting, polishing etc of precious/semi-precious stones
- (5) Handlooms
- (6) Sericulture
- (7) Matches
- (8) Agricultural lime
- (9) Textile printing
- (10) Pottery
- (11) Basket making
- (12) Wood carving

- (13) Charcoal burners
- (14) Stockfeed
- (15) Molasses and bagasse processing
- (16) Biogas plants
- (17) Cashew nut processing

A- Leather and Related Industries

7. Zambia has a very substantial population of cattle and other domestic animals which can provide the basis for a local, small scale leather industry. At present, this resource is not being fully exploited. According to available figures\*, the animal population is as follows:

Cattle	- 2.4 million
Sheep and goats	- 0.23 million
Pigs	- 0.19 million

On the basis of an offtake of 9-10 percent plus about 0.5 percent of fallen animals this gives a yield about of about 252,000 hides per annum. Allowing for about 10 percent of the hides being beyond reach due to long distances, the actual hide availability is said to be about 227,000. Against this the collection figure is stated to be as follows:-

<u>1976</u>	<u>1978</u>	<u>1980</u>	<u>1982</u>	<u>1984</u>
62,000	70,000	118,000	120,000	170,000

This indicates that approximately over 57,000 hides are going to waste which have been valued at over K1 million. It is said that in 1980 more than 50 percent of the hides (cattle) and 80 percent of the skins (from sheep and goats) were going to waste. On the other hand imports of shoes and leather goods due to domestic short supply were estimated at K3 million. Yet there is a general shortage of leather goods and, except for the dominant Bata Company, other goods are not of standard quality.

8. Of the 170,000 collected hides, 30 percent availability was from the abattoirs of CSBZ, 60 percent from slaughter houses of the local authorities and 10 percent from uncontrolled slaughtering.

\*Figures in this section are based mostly on information obtained from DVST.

Bata Shoe Company consumed approximately 120,000 hides and the rest were exported, mainly by two leading exporters. (Mercifully this export has been banned in December 1985). Bata process all the hides into leather in their tannery at Kafue (which is the only tannery in the Country) and then into shes at their Factory in Lusaka. There are said to be 5 small shoe manufacturers and a handful of proceducers of leather goods like bags, wallets, and suitacases. These get some leather from the Bata Tannery. hey state that only rejects of poor quality are sold off by Bata; Bata however claim that about 20 percent of their leather production is give to these factories with a view to support them Whatever the position, these factories face a perpetual shortage of leather. In the Zambian market there is a vast unsatisfied demand for shoes and other leather goods and the prices are very high.

9. Considering the availability of raw materials along with the demand for leather goods it is clear that an effort is required to organise the leather industry with the following objects:-

- (a) To see that no hides are wasted and to arrange for proper slaughtering, and curing and preservation of hides;
- (b) To undertake tanning and processing of the hides into leather on a small scale level;
- (c) To encourage the setting up of leather goods industries.

Action (a) above should be the responsibility of the Directorate of Veterinary Services and Tsetse Control (DVST) - they are already doing this work with the help of a FAO project. Action at (b) and (c) above should be the role of an organisation like VIS.

### Village Tanneries and Leather Crafts Industries

10. An analysis of the figures of availability of hides and the capacity of the Bata Tannery would indicate that there is not much scope for setting up more large scale or medium scale tanneries. This is due to the difficulty in the collection of the hides over long distances. It is understood that one tannery each is being planned at Mongu, Lusaka and Kaoma with a capacity of approximately 40 hides a day. It is doubtful if more units of this size can be set up given the present availability of hides. In addition there is the difficulty in getting chrome chemicals which are imported. On the other hand, it is feasible to set up very small tanneries based on vegetable tanning process. These tanneries could process about 4-5 hides a day using locally extracted tanning materials instead of chemicals. The process is simple: after cleaning the hide and soaking it in water, it is limed with lime and sodium sulphide in order to dehair it, next it is delimed with water and some ammonium sulphide; thereafter it is pickled with salt and a little sulphuric acid to make it responsive to the final process of tanning; next it is tanned with the vegetable tanning material for a period of three to four weeks; lastly, oil is applied to it in a semi-dry condition, and it is dried and rolled. The whole process can be carried out in a number of pits and no machinery is required. Only for the rolling process a roller is required; it can be examined if this can be shared between a number of units or can be provided in a common workshop. A simple shed and storing space is sufficient. It is estimated that excluding the roller, such a unit can be established with an investment of about K20-25,000.

11. Fortunately, some work has been done recently regarding the availability of vegetable tanning chemicals from the bark of some local trees. It is understood that a unit is being set up in Kabwe, Central Province, for extracting and crushing this bark. The other chemicals required for the tanning process are available in Zambia and hence no imports are involved. It is therefore feasible to promote a number of such village level tanneries.

12. Along with the tanneries, small leather crafts producing units should also be encouraged to manufacture items like suitcases, briefcases, bags, wallets, key chains, belts, etc. The leather supplied by the above-mentioned tanneries can directly be used for the above products; the leather can be carved or used without carving. There is a very good demand for such articles in Zambia. If the tanneries produce surplus leather it can be sold to Bata (or other tanneries which may come up) for finishing and processing.

13. It appears that the best way to promote this industry would be by taking the following steps:

- (a) To train selected persons in vegetable tanning and leather crafts production, perhaps a training centre can be set up consisting of a vegetable tannery and a leather crafts training unit. This unit can also serve as a common facility centre where some of the equipment which is expensive (like slicing and clipping machines) can be installed for being used by the various leather crafts producing industries.
- (b) The persons trained as above should be assisted to establish small tanneries and other leather crafts production units.
- (c) Assistance should be given to organise the collection of hides and the marketing of the goods.

14. The above tanneries and leather crafts units would have to be set up at carefully selected locations after considering the availability of hides and vegetable tanning material, the location of market centres, and the convenience in training and supervising them. Some of the locations which could be considered are Kabwe, Monze, Choma and the Western Province. A more detailed analysis in this regard would be necessary. Some of the persons whom VIS had got trained earlier in Italy and Botswana can now be assisted in the above manner. Presently, these people have drifted into other vocations because no comprehensive effort was undertaken by VIS to promote the leather industry as above.

15. In the above-mentioned work close cooperation should be established with DVST. The Directorate is running an FAO assisted project at present and is considering setting up a permanent hides and leather unit.

#### Extraction of Vegetable Tanning Material

16. As stated above, leather tanning can also be done by using the barks, pods, etc of certain trees. On the basis of the work done in Zambia, some trees have been identified for this purpose. The main species identified are: Acacia Albida, Acacia Siebrana, Acacia Polyacantha, Piliostigma Thongi. These trees are said to be available in sufficient numbers mainly in the Central and Western Provinces. In fact, in Kabwe (Central Province) a private party with official encouragement is planning a production unit for the collection and crushing of the barks for use in the tanning industry. It is said that this powder has been tested and has been found to contain 18-28 percent of tannins. It is also said that Bata have experimented with this material and found it to be quite suitable; therefore they have placed a substantial order with the Kabwe Unit. Similar units can be encouraged at other locations mainly in the Central and Western Provinces. The consumers would be Bata and other proposed tanneries.

17. The process employed by such units would be fairly simple. It would consist of collecting the barks, chopping and drying them and thereafter grinding them into powder and packaging them. The main equipment is the grinder. The other operations could be manual. It is visualised that a unit can be set up with an investment of approximately K20,000.

18. VIS can render valuable help not only in promoting the units but in organising the collection of barks and transport of the finished products. Its truck can be used for this purpose.

#### By-Products from Carcasses

19. There are a number of products which can be manufactured from different parts of the carcasses. These are briefly described below.

(1) Blood meal which is used as stock feed can be produced from the blood of slaughtered animals.

The process consists of boiling the blood in open drums with a 0.2 percent solution of calcium hydroxide and thereafter mixing it with bran of wheat or maize. This process can be carried out in very small scale units. Appropriate locations would be in the proximity of abattoirs or slaughter houses, and the demand would be mainly from commercial farmers.

(ii) Bone Ash can be extracted from the collected bones by incinerating them at very high temperatures and then grinding them. Bone ash when mixed with bran can be used as stock feed. Alternatively, it can be used for making high quality china and for this purpose it would have a good export market. It is understood that the NCSR has an incinerator which it allows to be used on reasonable charges.

(iii) Manufacturing units for glue can also be set up based on the fleshings and trimmings and the rejected hides which are not suitable for being processed into leather. It is believed that one such unit is being set up in Lusaka. More such units could be considered in Kafue, Lusaka, etc.

(iv) The hair from the carcasses is suitable raw material for brushes of different kinds.

20. Discussions were held with Bata who indicated their willingness to assist in the establishment of the above leather and allied industries. They agreed to indicate on the basis of their information the locations which might be suitable for establishing village tanneries and leather crafts units. They would also consider cooperating in the establishment of manufacturing units of by-products like glue and brushes which are based on materials available from the Bata tannery. There are also other small items purchased by Bata which can be supplied by village industries; one example given by Bata was the wooden shank used in shoe manufacturing. It would be useful to pursue this dialogue with that Company.

21. From the above description it would be seen that prima facie there is scope to promote leather and other related industries. However, it would be necessary for VIS first to obtain the service of an expert who could investigate the above-mentioned possibilities in greater detail with a view to consider satisfactory locations, suitable sizes of the units, examine the economic viability and give technical guidance and training.

## 8 - Woodworking Industry

22. Nearly 50% of the area in Zambia is under forests of various categories, including 9% under reserved forests. These contain some excellent timber suitable for woodworking industry. The best known wood is mukwa (*Pteracarpus Angolnsis*); but, there are other fine varieties too like mupapa (*Afzelia quanzensis*), mubanga (*Pericopsis Angolnses*) and mupa (*Milragyana Stipulosa*). The other common names for good timber are mutondo, mutopo and muputu. Good timber forests are spread over most parts of the country. However, the areas that are particularly well endowed\* are Sesheke and Senanga in the Western Province, Kawambwa, Nchelenge and Samfya in the Luapula Province, the western area of North Western Province, Petauke, Katete and Minga in the Eastern Province, Mumbwa in Central Province, Luangwa and Lufunsa in Lusaka Province, and Namwala and Kalomo in the Southern Province.

23. In addition to the above indigenous varieties, plantations of pine and eucalyptus have been set up in some parts of the country particularly in the Copperbelt, where the industrial plantations extend over 62,000 hectares and are now being managed by ZAFFICO. These plantations are not being adequately exploited at present as no large industry has come up to use them e.g. paper and pulp industry, which is causing great concern to government and ZAFFICO. ZAFFICO have pointed out that these woods are quite suitable for construction and furniture. They have been trying to persuade the copper mines to increase their use of these woods.

24. Notwithstanding the rich timber resources, the woodworking industry in Zambia is not well developed. Its share in the GDP is less than 3%, the exports are negligible while the imports are substantial (3-4% of the import bill). Even the small exports are not in the processed form and are confined largely to logs and sawn wood. The existing woodworking industry in the rural areas consists of 2 major activities: sawing and carpentry.

25. In sawing, 3 kinds of units are seen to be operating:

- (a) pit sawyers,
- (b) rural saw mills and
- (c) forest contractors.

The pit sawyers are the traditional workers who cut the trees and saw them into planks using just a simple saw operated by 2 men, one of whom stands in the pit.

Due to the nature of the work, the pit sawyers work in groups of 6-7 people, usually in the bush itself. They supply their timber to the rural carpenters. In the North Western Province alone, it is estimated that there are about 1,000 @ pit sawyers who supply approximately 40% of the province's timber. An occasional pit sawyer is able to earn about K100 to K200 per annum and a regular pit sawyer working for about 10 months in a year earns about K800\* per annum. A few rural saw mills have been set up by the Forest Department or private persons and in some cases by Co-operatives. These cut and saw the forest timber which is sold not only in the neighbouring areas but also to the more distant towns. Some years back, the Forests Department had set up 8 Moser saw mills most of which are now inactive. Now they have obtained 10 small circular saw mills through Finnish aid and have deployed one in each province. The forest contractors are usually big businessmen who have obtained large concessions from the Forest Department and are exporting the wood outside the province and the country, often in the form of logs.

26. The rural carpentry units are of 2 types:

- (a) rural carpenters and
- (b) carpentry workshops.

The rural carpenters are usually one-man businesses, often part-time farmers. They make very simple products like stools, chairs or agricultural implements using the most elementary tools which are often nothing more than an axe, hammer and saw. It has been estimated\* that the occasional carpenter makes about K278 per annum and the regular one about K1,000 per annum. The carpentry workshops are bigger, more professional shops. The owner is usually a trained carpenter or a co-operative society and the workshop may be employing a few people. These workshops produce a larger variety of products like chairs, tables, almirahs and even school or office furniture. They use a wider range of tools e.g planers, hand-drills and cramps, but most of the equipment is hand operated.

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@ N.W. Province Statistical Handbook, May 1985

\*SSI Survey in North Western Province by Koegst, Vollmer and Wick November 1984

27. The demand for woodworking products in the rural and small urban areas can be said to be from the following 3 sectors:

- (a) household,
- (b) agricultural, and
- (c) institutional.

28. The demand from the households is for furniture and for house construction. The furniture demand is especially from the well-to-do households like government employees and cash crop farmers. The house construction demand ranges from poles and planks for house building to windows and doors (including frames and shutters). It is unfortunate that steel has been used in Zambia for doors and windows and it is believed that at one time there was a safety law prohibiting the use of wood for such purposes. However, steel is imported and is getting more expensive. Wood is approximately 60-70% cheaper and progressively, more wood will be used for house construction. The demand from the agricultural sector is for handles for axes, hoes, etc. It is expected that with the growth of agriculture, the demand for these products will increase. It can also be expected that there will be increased use of wood for items of rural use presently made of steel, e.g. wheel-barrows and scotch carts. Wheel barrows are in great demand and there is no reason why sturdy wooden ones should not be as acceptable as the current metallic ones. Similarly, in many areas the uses of ox-driven scotch-carts is increasing, e.g. Eastern Province and the Southern Province. Presently, many scotch-carts have metallic bodies, often made from scrap metal. However, wooden bodies are equally good or better and it is expected that their use in future will greatly exceed the metallic bodies. Some experiments with the wooden wheel are also being made. It is hoped that these experiments will prove successful and the wooden wheel will be acceptable to farmers and the dependance on imported tyres and wheels will reduce. In brief, therefore, the woodworking industry has a big potential in the agricultural sector. There are also other areas where woodworking industry is needed, e.g. for bee keeping in the North Western Province.

29. The demand from the institutional sector is from schools, rural health centres and offices. The number of schools in Zambia has been increasing rapidly. In 1983 there were 28,854 schools and the population of primary and secondary school pupils was 1.23 million, having a potential requirement of about 0.65 million 2-seater desks and chairs. This requirement is only partly met (70-75%) at present. Thus, there will be rising demand over the next several years for school furniture - although this will depend also on the availability of funds with the Education Department for this purpose. It is sad to see that in the past the schools were supplied furniture made of tubular metal and block board tops, both of which are largely imported. It is strange that government did not think of having all-wood furniture instead. Apart from being wholly indigenous, sturdy wooden furniture can be more lasting than the tubular and block board furniture, much of which at present is lying broken in schools.

30. On the whole, the existing demand for wood based products exceeds the supply, e.g even in the North Western Province, the demand for timber is 1,000 cubic metres where as the supply is only 580 cubic metres. Naturally, the demand will grow in future and it is essential to supply it from local resources and build up the woodworking industry accordingly. This requires a well conceived and co-ordinated effort. In this, particular attention should be given to the following:

- (i) Training in improved methods using better tools is required for both carpenters and sawyers. In addition, the training should include proper methods of production planning and business management. The trained woodworking instructors and the MTU should be used by VIS for these purposes.
- (ii) Arrangements are required for making available tools and spares at convenient centres where these can be purchased by the carpenters and the sawyers. Examples of the required items are planners, cutters, drills, glue and varnish. The VIS Marketing Division should look into this and also coordinate with other agencies like Co-operative Unions, who have got shops in many places.

- (iii) Efforts should be made to stimulate the dormant or under utilised pit sawyers and carpenters. There are large numbers of both of these but they are not well organised, as a result of which carpenters do not get the timber while pit sawyers find it difficult to market their goods. Co-operative societies can be formed to increase the scale of operations and transport assistance can be provided. Caution should be exercised in encouraging saw mills in the areas where there are pit sawyers, as one saw mill can throw several pit sawyers out of business.
- (iv) In promoting the woodworking industry, VIS should co-ordinate its efforts with other agencies like the Forest Department, ZAFFICO and IRDP projects. Some of them have existing training programmes or centres which should be used. They should also be involved in the VIS training programmes. For example, the forest Department can instruct in better methods of sawing, use of other varieties of wood (instead of over exploiting valuable mukwa) and treating wood for better preservation. Co-operation can also be established with Forest Department and ZAFFICO for supplying raw materials. It is suggested that a Task Force should be set up for more detailed planning in this regard. This task force should include representatives of VIS, SIDO, Forest Department and ZAFFICO. Primary discussions were held in this regard with Forest Department and ZAFFICO and the response was positive.
31. Passing reference should also be made here of the charcoal industry. Charcoal is in great demand all over the country mainly for domestic use; one can see bags of charcoal stacked all along the highways waiting for transportation. This charcoal is produced by the traditional method of wood burning which is quite wasteful. Efforts should be made to introduce charcoal burners which have a better recovery. The Forest Department (at its research centre at Kitwe) has been doing experiments in this regard. The economic viability of these burners should be studied and thereafter their introduction should be taken up.

C - Hammer Mills

32. Zambia's main crop is maize and its staple food is mealie-meal (maize flour). Traditionally, maize has been pounded by women in the home using the pestle and mortar, a rather tedious and time consuming work. Over the years, big roller mills have been established in the country and the mealie-meal produced by them is distributed through state owned and other shops. During the last few years, small hammer mills have come up in the country-side, concentrated mainly in the bigger towns and villages and along the main roads. Most of these have been set up by big farmers and other businessmen and some by co-operatives. Some hammer mills are run by missions who were also responsible for introducing these in certain areas.

33. Most of the hammer mills work as service mills where people bring their maize for grinding and pay a certain charge for this work. Some mills buy the maize and after converting it into flour, sell the mealie-meal. Some work in both ways. In the North Western Province, about 80% of the mills are working as service mills, 7% as mealie meal mills and 13% as both.

34. By and large, hammer mills are working quite profitably since there is a high demand for their service, and they are kept busy for most of the year. In the North Western Province, an analysis\* has shown that an average hammer mill grinds about 8,004 tins (of 15 kg each) in a year at an average charge of K1.30 per tin. The total revenue is about K10,405 and the net profit after all costs K2,545. The break even point is 5,603 tins. It is also seen that for the ordinary farmer, the mealie-meal is cheaper when ground at the hammer mill as compared with the mealie-meal purchased from the Government shops. These figures relate to the pre-auction period (auction of foreign currency); however, profitability of the mills is generally assured. In 1984, VIS had secured financial assistance for four hammer mills and their performance has been reported to be satisfactory. The experience of DBZ, Solwezi branch, which is financing some hammer mills is also reported to be satisfactory. Till early 1984 the cost of one mill was approximately K11,000 but after the foreign currency auction, the cost has gone up substantially.

35. Almost all the mills are of the hammer type, driven by a diesel or electric motor. The majority of motors are diesel based as electricity supply is not available in most rural areas. Most motors are in the range

\*SSI survey in North Western Province by Koegt, Vollmer and Wick, November 1981.

of 20 H.P. and over, there are of course some larger and smaller units also. motors are usually imported, but the mill itself is locally fabricated. There are 5 major manufacturers based in Lusaka, Ndola and Livingstone.

36. The main problems faced by the hammer mills are as follows:

(i) Non-availability of spares and maintenance facilities.

For example, in the case of the Rhino model hammer mills, the screen often breaks down and replacements are not easy to get in distant areas. Also there are only few repair shops and therefore, in the event of a break down, the equipment may have to be transported over long distances to the bigger towns. The repair cost and the loss of business during the shut down period are very expensive. In the North Western Province it is estimated that about 25% of the installed hammers mills have completely broken down and another 11% are under repairs.

(ii) Difficulty in availability of diesel and in transporting it over long distance.

37. Hand mills, which are manually operated are also available, but these have not proved popular except in the Southern Province. The main reason is that rather hard labour is required in operating them and the maize has to be ground 4 - 5 times before sufficiently fine mealie meal is produced. It does not appear that the hand mills have much scope in Zambia and can stand in competition with hammer mills.

38. In spite of the recent introduction of several hammer mills, the demand for them is not fully satisfied. There are long queues of people waiting at the mills and village people have to walk over long distances to reach them. Therefore, more hammer mills are certainly needed in the rural areas. From the economic point of view, there is no sense in transporting maize over several kilometres to the parastatal roller mills and then hauling back the mealie-meal to the very areas from where the maize was procured. More hammer mills are required in almost all the maize growing areas of the country. However, where the areas are in the catchment zone of the big roller mills, there is not much need for new mills, e.g. in the Southern Province which has a surplus milling capacity, with the exception of some distant rural areas. Some efforts have been made to identify prospective locations for hammer mills. For example VIS itself has collected some applications, and SIDO has identified

the following potential for more hammer mills:

<u>Province</u>	<u>Number</u>
Eastern	35
Northern	27
Central	16
Lusaka	15
Copperbelt	13
Western	7
Southern	6
Luapula	4
North Western	4
	<hr/>
TOTAL	<u>127</u> <u>=====</u>

39. VIS should examine the proposed locations in greater depth now and take up the promotion of hammer mills in the required areas; (it has already proposed a project to AFRICARE for assistance). In this promotional effort, special assistance should be given to setting up co-operatives for running the mills. Arrangements should also be made for supply of spares and maintenance facilities. In this respect, the Co-operative Unions and AFE (Agricultural Farming Equipment Limited) should be persuaded to set up spares and maintenance facilities. The manufacturers of hammer mills could also be persuaded to have mobile maintenance vans. In its metal working training programmes, VIS should impart training in repairs and maintenance of hammer mills also; the mills manufacturers can be invited to give this training. It would also be advisable to try to have only a few standard models of hammer mills; this will facilitate better maintenance facilities.

D - Cooking Oil

40. There is a well known shortage of cooking oil in Zambia and the major part of the demand is met through imports. The following figures\* reveal the prevailing situation:

	<u>In metric tons</u>					
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
1. Demand	19,068	21,648	22,436	23,306	23,356	23,913
2. Supply from domestic seeds	3,068	7,500	3,480	2,624	5,251	7,206
3. Shortfall	16,000	14,140	18,956	20,682	18,105	16,710
4. Imports	16,000	13,641	6,704	7,856	8,802	12,598
5. Net deficit	0	499	12,256	12,826	14,564	3,709

According to information given by ROP\*\* the demand in the year 1995 - 86 was 41,600 tons, against which the production by ROP (the major producer) was only 11,000 tons. The shortage is particularly acute in interior rural areas located far from state owned distribution shops. To make matters worse, some of the existing, large oil producing units of ROP are plagued by continuing technical difficulties. There are also operational problems of collecting oil seeds over long distances.

41. The Directorate of Agriculture has provided the following figures of the cumulative additional oilseed processing capacity required:

<u>In metric tons</u>				
<u>1985</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
0	8,555	17,240	27,316	34,636

42. The main oilseed produced is sunflower followed by groundnut and cotton seed. Soyabean production is relative small but is being stepped up substantially. Due to transportation or other difficulties, there are problems in carrying the oilseeds to the large oil plants; figures indicate that the oilseed consumption of these plants is significantly less than the marketed quantity of oilseeds. The main oilseed producing Provinces are Southern, Eastern and Central while the lowest producers are North-Western and Luapula.

\*Source: Director of Agriculture, Lusaka

\*\* ROP (1975) Limited is parastatal company.

43. The above data indicates the need for installation of small oil expellers in the rural areas. VIS have informed that there is even a state directive to them to expand and decentralise cooking oil production, which is an essential item of mass consumption. Small oil expellers are suited to Zambian conditions keeping in mind the transport difficulties which hinder movement of both oilseeds and oil. The TNDP\* has also emphasised the need for small oil expellers. Some experiments are now being made to promote the installation of really small-scale oil expellers.

These are briefly described below:

- (i) The Technology Development and Advisory Unit (TDAU) of the University of Zambia has obtained, through Dutch assistance, four units of a manually operated oil expeller and has installed them for experimental operation at Kasisi, Kaoma, and in the Gwembe Valley. Three of them are being run by women's groups and the one at Kasisi by a group of seven school leavers. The model consists mainly of a huller, winnower, milling machine, heating pots and a press (hydraulic or screw type). All the equipments are operated manually and the unit employs 6 - 7 men or 8 - 9 women. It can crush about 100 kg of sunflower per day to yield about 18 - 20 litres of oil. The cost of each of the above oil expellers was K20,000 (which would go up now after the foreign exchange auctioning system); however, TDAU feel that the expeller can be domestically produced for about K12,000. TDAU have been studying the operation of the above oil expellers including their financial viability and are satisfied with the results so far. They also feel that while the expellers are currently working on sunflower, they can be adapted with slight modifications to groundnut and cotton seed.
- (ii) Another model is being tried out under British auspices in Serenje District and at the Regional Research Centre in Kabwe. This consists mainly of a screw press powered by either a diesel engine or a 2.2 kw electrical motor. The expeller can use only sunflower to extract oil; it can produce about 40 litres of oil per day. The Serenje unit is said to be

running satisfactorily for the last 2 years or so. A similar power-based German model is under experimental running in the North-Western Province. Studies are still continuing regarding its economic viability. Cost figures for these powered models have been stated of K60,000.

44. Although the oil produced from the above oil expellers is not refined, its quality has been quite acceptable to the consumers and there has been no problem marketing it; no doubt, the sales are also aided by the extreme scarcity of cooking oil in the rural areas.

45. While both the manual and the motor driven expellers have their respective strong points, the manual type specially deserves a close look. It can be installed in distant villages which are not electrified or where diesel is cumbersome to carry. It has simple technology, low initial cost and is said to have the potential to be domestically produced. In the locations where there is electricity or where diesel can be conveniently carried, the motor driven expeller can also be considered. In addition the suitability of the Indian type oil Ghani can also be considered.

46. The scope for having oil expellers is mainly in the areas which are substantial oilseed producers and which are not in the catchment zones of the existing big oil plants. From this point of view the Southern and Central Provinces have the most scope followed by the Copperbelt.

47. It may be noted that oil cake, a by-product of the expellers also has a good market for making stockfeed; this improves the economic viability of the oil expellers.

48. It is recommended that VIS should further examine the village level oil crushing industry. It might be advisable to have a short term expert who will be able to make an in-depth study and advise VIS on the specific course of action including the following:

- (a) the most appropriate choice of model(s);
- (b) appropriate locations keeping in mind especially availability of raw material;
- (c) feasibility and profitability studies;
- (d) maximising domestic content or manufacture of the equipment.

E - Handmade Paper

49. In Zambia, there is an acute shortage of paper. There is only one paper mill, Zambezi Paper Mills, established in 1981 and based in Ndola; this uses waste paper and imported pulp as raw material and mainly produces <sup>tissue and kraft paper</sup>. The national demand is being met mostly from imports, some figures concerning which are as follows:

	<u>1973</u>	<u>1975</u>	<u>1977</u>	<u>1979</u>	<u>1984</u>
Total imports (MT)	21,960	28,180	18,800	18,400	15,100
Per capita (kg)	5.0	5.66	3.53	3.23	2.66
	(approx)				(including local production)

50. It is clear that due to ZAMBIA's foreign exchange difficulties which started in the years following 1975, imports have had to be cut down. The import figures do not therefore give an indication of the demand. Enquiries from the market indicate a substantial shortage of paper. The per capita consumption in Zambia today is about 2.66 kg which is very low compared with many other countries e.g. USA - 281 kg, Germany - 206 kg, UK - 134 kg, Iran - 13 kg, Kenya 8 kg, China - 6 kg. In Zambia, in fact, due to import restrictions the per capita consumption has been falling from a level of 5.66 kg in 1975 to 2.6 kg in 1984. Paper is so intrinsically linked with modern life that in a developing country there is little question of the demand falling; on the other hand, it is bound to rise with spreading education, increasing commercial activity and rising population; in Zambia for example the population growth has been 3.1% and the number of schools has risen by about 40% between 1971 and 1980. Even if one were to keep Zambia's requirements at a modest 5 kg per capita (lower even than the actual consumption in 1975), the annual demand by 1990 would still be about 38,000 M.T; the import bill for this amount based even on current international prices (keeping in mind the recent fall in the value of the Kwacha) would be around K90 - 100 million! It is clear that the country must take steps to increase paper production from local raw materials.

51. The parastatal sector has been considering plans for pulp and paper production on local woods; information about these was obtained\*, according to which the position is as follows. One plan (of ZIMCO) is to manufacture pulp and certain varieties of bleached and unbleached paper (newsprint has been dropped) from local woods; the capacity would be about 65 t.p.d. which would produce about 16,000 M.T. per annum based on 80% utilisation. The other

plan (of INDECO) is for a smaller mill producing unbleached (kraft) paper from bagasse the annual capacity envisaged is about 8,000 tons but as yet the feasibility study has not been made. Both plans are in totally uncertain stage as heavy investment is involved for which the resources are nowhere in sight. However, even if one of these plans does mature, the country's demand would still not be met, particularly for special grades/ varieties of paper.

52. In some countries, handmade paper has been made since generations in very small scale units based on simple technology and equipments. Over the years, through research and experimentation, both the quality and output have been greatly improved. It is now possible to produce many varieties of paper ranging from high to average grades using a wide range of easily available raw materials e.g. waste paper, rags, tailors' cuttings, straws, bagasse, grasses, etc. This is reflected in the following table.

<u>Type of Paper</u>	<u>Raw Materials</u>
1. Art and Engineering drawing paper, documents paper, watermarked paper	White rags, tailors' cuttings.
2. High grade stationery, greeting cards	Coloured rags, cotton jute.
3. Filter paper, blotting paper	Old rags, paper cuttings, cotton.
4. Packing board	Grasses, bagasse, paper waste etc.
5. Electrical insulation boards	Bagasse, rags, citronella grass, gunny waste
6. File boards, grey boards	Rags, paper cuttings, road sweepings, many cheap fibrous materials.

53. The process\* is broadly similar in all of the above cases. In the case of paper based on rags for example, it consists of dusting, sorting and cutting them and then digesting them with washing soda/caustic soda in vomiting type open digester; thereafter the digest is washed thoroughly to remove the alkali and reduced to half stuff in a beater, followed by bleaching in the beater or in a wooden or masonry tank. Next, the pulp is transferred to vats where it is diluted to the required

\*Handmade Paper Industry - A Project Profile: Directorate of Handmade Paper, Khadi and Village Industries Commission, India.

The process was also witnessed by a senior VIS official during his study

consistency and lifted into paper sheets which are couched on felts/napkins, pressed in screwpress/hydraulic press, separated and dried. The advantage is that different varieties of paper/board can be made including special grades which is not practicable in larger mills. A combination of hand operated and power driven equipments can be used depending on the size of the unit and types of paper desired. The annual capacity can range upwards from 6-7 tons per annum. The profitability of the units is better if special grades of paper are produced, where there is less competition from larger plants.

54. In view of the above facts it is worth investigating if such small scale paper units could be feasible in Zambia, keeping in mind the demand for different grades of paper, market prices of paper, production costs, etc; for this purpose it would be advisable to commission a study by a suitable expert. If the expert finds that such units can be viable, then further action can be taken to promote such units at appropriate locations. The expert should also advise on the minimum economic size of the unit and its cost, sources of equipment, product mix, etc. Possibly, a pilot/demonstration plant can be set up by VIS with donor assistance. Preliminary discussions were held in this regard with the Indian High Commission and their reaction was positive; this dialogue should be pursued by VIS.

F - Soap Making

55. Soap is a commodity which is in short supply in Zambia. Any stocks arriving in the market are quickly grabbed up, and black marketing is common. Accurate demand figures are difficult to obtain. However, SIDO in its draft five year plan for 1985 - 1989 has projected it at 19,440 metric tons per annum. ROP informed in discussions that the demand in 1985 - 86 was 19,300 tons. This figure gives a per capita per annum consumption of 3 kg which is not much. By comparison, the domestic production is quite low. According to the CSO, the annual production in the years 1980, 1981, and 1982 was only 4026 metric tons, 2886 metric tons and 3479 metric tons respectively. (Later figures were not available). ROP informed that in 1984 - 85 their production was 5,000 metric tons while the production of the other manufacturers was comparatively small. These figures indicate a sizeable gap between the demand and local production.

56. In the above situation, imports have been taking place both through lawful and unlawful means. It is quite common to see shops stacked with foreign brands of soap. According to the provisional figures given by CSO, the import in 1984 of "soap, toilet, in tablet form" was 3,966 metric tons and of "soap, common, household, laundry" was 2,286 metric tons. This reflects only the legal imports.

57. The biggest manufacturer of soap is ROP; the capacity of its plants stated to be 11,000 metric tons. Smaller quantities are produced by a private party at Ndola and some manufacturers at Lusaka. In addition, small groups of women trained by VIS are making soap in different parts, but their production is irregular, and in very small quantities.

58. Clearly, there is need for increasing the domestic production. Soap is one of those items which can be manufactured on a very small scale at the cottage level with simple equipment. The major raw materials are mutton tallow (animal fat) and caustic soda. These are mixed with a little salt and heated till saponification takes place; the soap floats at the top and is scooped off and dried in moulds. With proper care and control, satisfactory quality of soap can be obtained. Vegetable fat can also be used to the extent of 20% of the mutton tallow.

59. The main constraint in increasing production is the shortage of the two major raw materials, caustic soda and mutton tallow (as also vegetable fat). Caustic soda has to be entirely imported. Mutton tallow is also mostly imported. Nevertheless, it is preferable and cheaper to import the raw materials than to import the finished soap. Besides, steps can be taken to increase the local production of tallow. There is clearly scope to increase the mutton tallow processing capacity of the abattoires. VIS should also examine if in the small towns and rural areas, in the vicinity of the slaughter houses, small units can be organised for producing tallow by using fatty and rejected portions of carcasses including bones. The process involved is very simple. It entails trimming the carcasses to get the fatty portions, cleaning them, mixing them with water, and cooking them in open drums till the fat collects at the top and is skimmed away. CSBZ agreed that it is possible to organise such production units and their assistance should be obtained by VIS for technical guidance.

60. The success of the efforts to organise soap production units at the village level hinges on the ability to ensure regular supply of the raw materials. This aspect will have to be paid more attention than the training in soap making. It was observed that groups of women in Limulunga, Kasama, and Kabompo are sitting idle as caustic soda or mutton tallow or both have not reached them. Keeping this raw material difficulty in mind, in future, locations of soap making units should be carefully selected. Preference should be given to the locations in the vicinity of abattoires and slaughter houses in cattle rich areas where there is possibility of local production of tallow. In this regard, attention should be focussed on the Southern, Western, Eastern, and Central Provinces. From this economic point of view the promotion of soap making units in Kasama (Northern Province) and Kabompo (North Western Province) was most unsuitable.

61. VIS should also pay much more attention to the quality of the soap being produced by the womens' groups. At present the shortage is so acute that soap of any quality sells but as the production increases quality will count. A local manufacturer indicated how very simple testing equipment can be improvised to maintain quality control. This should be experimented by VIS. The assistance of ROP, which is a

a parastatal, should be obtained in training and quality improvement.

62. A word of caution. A continuous watch should be kept by VIS on the trends in the growth of demand and supply of soap, and a proper study must be carried out to determine how many more production groups should be organised and in which areas.

## G - Rural Metalworking

63. The importance of the rural metalworking industry cannot be over-emphasised. It is required for assisting in a number of other economic activities. In Zambia the demand for rural metalworking services is from the following sectors:

- (i) Agriculture: Tools and implements are required like hoes, axes, ploughs, etc. These need constant repairs which are done by the rural metalworking industry. The simpler tools are also produced by the industry.
- (ii) Household Sector: Knives, hammers and other items like gates, fencing poles and furniture are required by household which can be produced or repaired by the metalworking industry.
- (iii) Machinery repairs: Frequent repairs are required by vehicles as well as machinery like hammer mills.

64. The existing rural metalworking units can be divided into two broad categories:

- (i) Rural Blacksmiths - these are generally small, one-man operations carried out by a traditional blacksmith. Their activities are confined to repairing tools, and the equipment used by them is usually simple.
- (ii) Welding Workshops - these are bigger units usually headed by a professional blacksmith and employing a few workers. In addition to repairs they also undertake some production e.g. of knives and hoes. Apart from hammers, tongs, anvils, bellows etc, they also have a welding machine. Often, however, the equipment is not in good condition as replacements are expensive or not available.

65. The raw materials used by the above units consists of scrap metal including spring leaves from cars, bars, iron sheets, wire, nuts and bolts. Generally, the availability of raw materials is very poor.

66. The existing units are not sufficient to meet the demands of the rural areas. Definitely, increased metalworking services are required. The need is to have more units and expand and improve the existing units so that they can undertake higher level of activities. In particular units are required which can produce agricultural and domestic tools. It may be noted that upon the metal working industry depend the efficient working of other sectors like agriculture, transport and hammer mills.

67. In recent years, in Zambia the use of ox-driven scotch carts has been increasing, particularly in the cattle rich areas. In some areas the IRDP projects and FAO projects have undertaken efforts to introduce such carts. Exact estimates of demand could not be collected, but over the next five years, requirement of several thousand additional scotch carts can be projected. The existing models of scotch carts have metallic axles and wheels, and rubber tyres; the body is sometimes of steel and sometimes of wood. Considering costs and local availability, the use of wooden bodies must be definitely encouraged. (Experimentation is also being done by official projects to evolve wooden wheels; unfortunately, these have not made sufficient progress yet. It is noticed that generally, the farmers' preference is also for the tyre wheels. At present the availability of metallic axles, wheels, ball bearings, etc. is a major problem as these are all imported. Government and VIS should consider having an arrangement whereby wheels and axles from scrapped Government vehicles can be made available for manufacturing scotch carts. Summing up, it should be stated that VIS should encourage the metal working units to undertake scotch cart production. (It is likely that shortly VIS will take up a scotch cart training project with assistance of the Africa Development Foundation.)

68. The measures required for promoting the metalworking industry in the rural areas are intensive training, especially for the blacksmiths, and organising the supply of tools and raw materials. For the training, the MTU should be used which should be equipped with the additional equipment required. (Efforts are being made to obtain equipment during the current project itself.) VIS should also establish contact with the Ministry of Agriculture and FAO with a view to co-ordinate its efforts with theirs.

## XI - INSTITUTIONALISING USE OF MTU

The mobile training unit (MTU) was supplied to VIS under a UNDP/UNIDO project in 1983. It consists of 7 training modules one each in the following trades: woodworking, food processing, metal working, handicrafts, bricklaying, plumbing and domestic electricals. In addition it contains two audio visual modules. Two trailers were provided in each of which three modules can be carried at a time. A vehicle for towing the MTU was also provided but it has since been lost through theft. The MTU could be used for training purposes by the VIS on only two occasions:

- (a) in 1984 when three UNIDO experts (woodworking, food processing and domestic electricals) along with training funds were provided under the UNDP/UNIDO project, and
- (b) in 1985 under the current project with the help of two UNIDO experts in woodworking and food processing. Apart from the above, VIS could not utilise the MTU due to lack of funds, vehicle and technical personnel

2. It is observed that some of the modules are not suitably equipped; rural areas; in some cases the required equipments are not there or are too small. For example, the woodworking module does not have the required jack planes, saws, chisels and spirit levels; the food processing module does not have refractometers, hydrometers, etc; similarly the metal working module does not have anvils, its hammers are too small, and it has an electrical welder which cannot be used in the rural areas. It is also observed that some modules are not very relevant to the needs of the rural areas, e.g. the electricals and plumbing modules. On the whole, it seems that the MTU itself was not well planned in regard to the selection of the trades and the equipment; besides it is rather heavy for transportation over poor roads. It also seems that VIS too did not do adequate thinking about the use of the modules and preferred to wait for international experts.

3. For the future utilisation of the MTU the first step is to make institutionalised arrangements for its custody, maintenance and use. This was discussed at length with VIS after which the following arrangement was evolved. One VIS official - a qualified agricultural engineer - has been

placed in overall charge of the MTU. He has been given the responsibility for the maintenance, care and security of the MTU and has been asked to prepare an inventory of all the articles in all the modules. Further, each training module has been placed under the charge of a particular officer, whose responsibility it is to study how the module can be used in the best possible manner, secure the assistance of an expert to conduct the training (where such expert is not available within VIS), list out the additional equipment for the module, and prepare a plan, for conducting training programmes with the module. Consequent to the above arrangements the following plan has been laid out for the use of the MTU in 1986 and 1987.

4. Woodworking: It has been decided to conduct woodworking training courses in the rural areas with the help of the instructors trained by the UNIDO woodworking expert. The training courses will be aimed at people who have a preliminary knowledge of woodworking and would seek to upgrade their skills, acquaint them with production planning and other techniques required for running a production unit and managing of a business. Some of the additional equipment required for the module has been purchased during the current project itself. Three training programmes are planned in 1986 and three in 1987. The locations will be decided on the basis of a study of the woodworking industry sector proposed to be conducted by VIS jointly with ZAFFICO and the Forestry Department. The study will also identify the products to be taught at each location. One of these training programmes is being held at Mansa, Luapula Province, within the current project.

5. Food Processing: Training programmes can be conducted in the rural areas with the help of instructors selected out of those trained by the UNIDO food processing expert in the current project. It is however, suggested that first these instructors should undergo a further practical training of about four weeks in some of the food processing industrial units in Zambia and additional equipment should be added to the module. (Some of this equipment has been ordered by UNIDO headquarters; efforts are being made to get some more equipment and chemicals locally). It has also been suggested that VIS should undertake a systematic study of the food processing industry. Three training programmes in 1986 and three in 1987 have been suggested. Proposed locations and products have been given in the food processing expert's report; but these could be changed on the basis of the above mentioned study.

6. Metal Working: Following the institutionalised arrangement made for the MTU as discussed above, it became possible to conduct one training programme during the current project itself with the metal working module in which five urban youths from Lusaka were trained in the production of (i) ox driven scotch carts which have a potentially good demand in rural areas and (ii) steel furniture. Since VIS does not have a metal working instructor, an alternative arrangement was made to utilise the services of a private entrepreneur on the basis of a reasonable payment. This training programme has proved useful. For the future however the module should be used mainly for training in the rural areas. This training should include repairs/production of agricultural tools, scotch carts, household tools and repairs of hammer mills and motor vehicles. For this purpose the module needs additional equipment like a gas welder, anvils, bellows, tongs etc. Efforts are being made to procure these during the current project. One or two training programmes can be conducted in each of the years 1986 and 1987.

7. Handicrafts: The handicrafts module contains training equipment for two trades: (a) leather crafts and (b) wood carving. As regards the leather crafts training, this would have to be considered when VIS takes up the promotion of the leather industry as suggested in Chapter X.

8. As regards wood carving, it is found that there is a concentration of wood carvers in Livingstone with smaller groups of wood carvers in other places. It has, therefore, been visualised that one training programme each in 1986 and 1987 can be conducted in wood carving. For the first programme, <sup>suitable location; training will be</sup> Livingstone will be given to the wood carvers in Chief Mukuni's Village near Livingstone; in addition some wood carvers from other areas can also be trained especially those whom VIS may intend to appoint as buying agents. The instructor for this training would have to be identified by VIS. Before the training itself is taken up, a study should be made in Livingstone to ensure that the use of the tools provided in the MTU would prima facie be acceptable or useful to the wood carvers.

9. Bricklaying: This training module is more suitable for the urban or semi-urban centres rather than for pure rural areas. The area for the training should be carefully selected by VIS after considering the extent to which bricks are used in different areas of Zambia. As regards the instructor, discussions have been held with DTEVT who have agreed to make an instructor from the Trade Training Institute available for this purpose.

It is visualised that in this trade it would be possible to start training only in 1987; one training programme is planned in that year.

10. **Plumbing:** This module is not so relevant to the pure rural areas. However, it can be used in urban or semi-urban areas. It has been planned to begin this training only in 1987 when one programme can be held. The training programme could be conducted by the agricultural engineer of VIS.

11. **Domestic Electricals:** This module is clearly relevant for only urban areas. It is therefore planned to begin its use only in 1987, when one training programme can be held. It is also visualised that the module should be used not only for domestic wiring (for which it is primarily designed) but also for repairs of electrical equipment and power driven machinery.

12. On the whole it has been visualised that about eight training programmes may be conducted in 1986 and about twelve in 1987 with the MTU. It is felt that more training programmes than these would not be practically possible considering the administrative resources of VIS. The total cost of the above training programmes in 1986 and 1987 is estimated at K193,000. In addition an amount of K19,670 plus \$1740 (for imported items) will be required for the additional equipment needed for the modules; part of this equipment has already been purchased during this project. VIS will certainly need external financial assistance to carry out all of the above training programmes; but some it can carry out now with its own resources as the Government grant has now been increased.

13. In conducting the above training programmes the following points need to be emphasised:

- (i) The locations, products, etc. of the training programmes should be carefully selected; these should be governed by a proper study of the concerned industry.
- (ii) As stressed earlier, the training should not be restricted just to skills training but should include simple business management skills too.

(iii) In all training programmes, other concerned institutions must be involved e.g. Forest Department for wood working, FAO and Ministry of Agriculture for rural metalworking and so on.

## XII - ACHIEVEMENT OF PROJECT OBJECTIVES

The project objectives were to assist VIS to:

- (a) strengthen its functional organisation and capability to promote village industries;
- (b) establish strategies and provide effective services to promote village industries. The project objectives were achieved as described below.

### A - Strengthening Functional Organisation and Capability

2. The weaknesses in the present organisational structure, management practices and promotional work, and the causes thereof have been identified and explained to VIS.
3. A clear new organisational structure has been drawn up in which the work of each unit and the job description of each officer has been defined. The important points to be kept in mind while implementing the new structure have been highlighted.
4. The capabilities of the counterparts of the four UNIDO experts in woodworking, food processing, marketing and industrial financing in their respective fields have been improved. (However VIS needs professionally qualified staff in future for all work).
5. The counterpart of the CTA, viz. the Chairman of VIS has been given a very clear picture of the present shortcomings of VIS in all respects viz organisational structure, management practices and promotional services, and the action needed if VIS is to have real impact in promotion of village industries. The action required at Government level has also been identified and explained.

### B - Establishing strategies and effective services

6. Keeping in mind the present problems and constraints of village industries, recommendations have been made on the approach that VIS should have to its promotional work, the services it should provide to village industries, some industrial sectors it can select for comprehensive promotion

7. The above improvements are reflected in some of the steps taken or initiated by VIS during the period of the project. For example, a start has been made to register applications from entrepreneurs, more or less regular Senior Management Meetings are being held, a proper schedule of Training Programmes in 1986 has been drawn up, steps have been initiated to recruit the new Director and a food technologist for VIS, action has been taken according to the proposed institutionalised programme for use of MTU by having a metal working training course at Lusaka and a woodworking training course at Mansa, and the marketing activity has been started as proposed by the UNIDO mission.

8. It should however be obvious that the improvements will remain limited in their quality and permanence by the weaknesses in the present set up of VIS and its financial constraints. To achieve lasting and substantial improvements, first the various steps proposed in the report e.g. reorganising VIS, having professional staff, increased funding, supporting measures at Government level etc. will have to be taken.

### XIII - UTILISATION OF PROJECT RESULTS

As emphasised by UNIDO to the Mission, this short project was designed for studying and identifying weaknesses of VIS and its operations and making recommendations for future improvements e.g. new organisational structure and plans and strategies, which could then be implemented in the follow-up projects. It has also been obvious that with the present set-up of VIS and its severe financial limitations, it is unable to discharge the responsibilities assigned to it as the recognised institution for promotion of village industries. Therefore, in accordance with the project design, the emphasis has had to be on laying the basis for fundamental and long term improvements and strengthening of VIS and the village industry sector.

2. The period of the project was short, with field activity confined to about 7½ months. The arrival of the short-term experts was spread out, with two completing their work only towards the end of the project. Hence some recommendations could be finalised only at the end of the project. It may also be noted that since many of the improvements recommended are very basic in nature, they would naturally take time in maturing.

3. Nevertheless, it was possible to utilise, or begin to utilise, a number of project results. Care was taken by the UNIDO mission to explain their recommendations and orientate the VIS staff on a continuing basis. The CTA continuously gave a number of proposals to Chairman, VIS for action at the level of VIS and Government and accompanied her in discussions with the Honourable Minister for Commerce and Industry, to whom a note containing a number of proposals was also submitted. At the end of each short term expert's tenure, a formal session was held with Chairman, to present and explain the recommendations or decide on the steps required for implementation. Thereafter the CTA also prepared and handed over notes listing the action that should be taken to begin implementing each expert's recommendations. After finalising all the substantive chapters of his draft final report in February, the CTA again had a final round of discussions with the Chairman, VIS explaining each recommendation and the action

required for implementing it. The Chairman VIS expressed her agreement with all the recommendations .

4. Two significant decisions have been taken in relation to the project recommendations. Government have recognised the need to improve the financial resources of VIS and accordingly increase the Government grant to VIS. In the year 1986, already the Government grant has been increased to 2.7 times of the 1985 level which, considering the present financial constraints of the Government may be regarded as a major development. This will provide tremendous relief to VIS and increase its ability to implement other recommendations of the Mission,

5. Two, Government have recognised the need for VIS to have a bigger set-up and more importantly to have professional staff, and to make funds available for this purpose. In this regard, the new organisational structure of VIS prepared by the CTA has been discussed with him by the Under Secretary, Ministry of Commerce and Industry and is now being formally processed for approval. Thus it would be possible now for VIS to proceed to implement the new organisational structure. It has however been emphasised by the CTA upon VIS to move gradually and in a phased manner in implementing the new organisational structure, and not implement it all at once.\* During discussions the Chairman, VIS has been advised to make a beginning with the following main posts in the new structure:

- (i) Director, VIS - to take care of the day to day administration; FEF have in principle indicated agreement to finance the post.
- (ii) Start the Development Department by having the Manager (Development), two Senior Extension Officers (SEOs) and two Extension Officers (EOs). For the SEOs, selection may be made from young and competent extension personnel working in the field in a suitable Ministry or parastatal. For the EOs; selection may be made from relatively fresh University graduates (Economics of Socio-economics). In addition, one of the existing Senior Field Officers is suitable for being utilised as a future extension official. All the five

\*CTA has also advised VIS on undertaking the necessary interim reorganisation with the existing staff.

extension personnel should be put through an Industrial Extension training course in an institute like SIET, Hyderabad, India. (A list of the training courses available there has been given to VIS by the Indian High Commission). All the extension officials should initially be at Head Office working under the close supervision of the Manager and learning also about the other VIS Departments and other institutions (SIDO, Banks, SEP, etc). After over a year's work at Head Office, two of the extension personnel can be sent to open the first two Regional Offices of VIS. Then gradually, more extension personnel can be recruited and more Regional Offices can be opened.

- (iii) One of the field officers who has been closely associated with the ILO "Improve Your Business" Seminars may be sent for training course for Entrepreneurship Development trainers. A suitable place may be the Entrepreneurship Development Institute, Ahmedabad, India. On his return he may be designated as the Training Officer in the new structure. Under a follow-up project assistance may be obtained of a short term international expert for firmly establishing the training section, designing courses and course materials, and giving on-the-job training to the above Training Officer.
- (iv) Regarding the posts of technical experts, the present Agricultural Engineer can immediately fill the post of the expert in Metal working. For the post of Food Processing, VIS has initiated action for recruitment. For the post in woodworking, VIS has requested DTEVT who have agreed to make a person available.
- (v) For the Marketing Department, a Manager with long experience in marketing may be recruited. The existing marketing official can take the position of Sales Officer or Assistant Manager (Sales) in the new structure.

- (vi) For the Personnel and Administration Department, an experienced Manager may be recruited along with, at most, 2 Personnel Assistants and 2 Administrative Services Assistants for the time being.
- (vii) For the Accounts Department, FEF have made available an accountant and are also providing an assistant for him; nothing more is required for the time being.
- (viii) For the Planning and Research Department, an Economist with experience in NCDP or Provincial Planning Unit may be recruited.
- (xi) Action to set up the Finance Department should be taken only after a Financing Expert proposed to be included in the follow-up project has completed his work. The "credit intermediary" role of VIS has to be achieved through the proposed extension officials.

6. The above advice relates only to the main officers who may be recruited in the first phase; it does not relate to lower level staff or officials who may be recruited in subsequent phases. Chairman, VIS also discussed with CTA about those amongst the present staff who are suitable for being retained and CTA's opinion has accordingly been given; there are only four who appear suitable for being retained.

7. Chairman, VIS has started holding more or less regular meetings of the Senior Management Committee to discuss and monitor important activities.

8. VIS has started action to register all applications from entrepreneurs and prepare their monthly summary for monitoring their progress, using for this purpose the formats suggested by the Mission.

9. Action has been planned by VIS to establish proper coordination and understanding with SEP with a view to ensure that project applications are sponsored by VIS in a professional manner acceptable to SEP. A week end workshop is proposed to be held in this regard.

10. For the training of VIS officials, discussions have been organised between VIS and the Indian High Commission, which has been followed up with a formal proposal from VIS. After the initial procedural requirements, it will be possible for VIS to depute its officials for training courses e.g. in Industrial Extension, Entrepreneurship Development and Food Processing. Under the existing bilateral aid programme from India, a number of fellowships have been approved. These should be used for training in the above fields and not in fields earlier contemplated e.g. watch making, sericulture and hotel catering. Discussions were also held with the Dutch Embassy and their response was positive. Forms have been secured from them and the necessary formal proposal may be sent to the Embassy (through the Directorate of Manpower Training). Discussions were also held with the UN Volunteers (DTS) and the fields in which volunteers are needed were identified. Application forms have been given to VIS for formalising the request.

11. The institutionalised plan for use of the MTU has been instituted by VIS. Accordingly, during the project a training programme for metal working was held at Lusaka and a follow up training programme in woodworking was held at Mansa. Apart from the substantially increased grant from Government, substantial funds for training purposes are being made available in 1986 by FEF and provision for funds also exists in the follow up UNIDO project. VIS should therefore have no difficulty in proceeding with the full implementation of the MTU plan, at least during 1986. VIS has taken the initiative for drawing up a schedule for all training programmes planned during 1986 (in which the above MTU plan has been incorporated). This initiative is encouraging as it indicates a step towards systematising and planning of VIS activities.

12. Action has been taken to acquire the additional equipment needed for the MTU. Most of the equipment recommended by the woodworking expert for the woodworking module has been purchased and used for the Mansa training programme; the jackplanes are proposed to be shortly purchased. Most of the equipment recommended by the food processing expert has been requisitioned by UNIDO Head Office; smaller articles locally available are proposed to be shortly purchased. For the metalworking module, the gas welder is proposed to be shortly purchased. Price quotations etc, for all the above equipments have been locally obtained by VIS.

13. For the marketing activity, VIS has initially selected two provinces (viz. Northern and Luapula), and some agents have been appointed there. The items to be purchased from these provinces have been identified as also the items to be procured from Lusaka and sold in those provinces. The truck donated by FEF has arrived and will shortly be used for the above marketing activity. During his visit to Livingstone, the CTA has initiated the dialogue for business contacts between VIS and the Livingstone Museum crafts shop and the cultural village crafts shop both of whom have indicated specific interest in bulk buying from VIS. Their requests have been passed on to VIS for finalising the business relationships.

14. Regarding the promotion of the woodworking industry, VIS has initiated action to constitute a joint task force for suggesting promotional measures and identifying locations, products etc. The Chief Conservator of Forests, in whose office the CTA had personally held discussions, has already agreed to participate in this joint task force.

15. VITA, an American aid organisation have very recently deputed a representative based in VIS to examine areas in which can be selected for assistance. The representative held discussions with the CTA,

16. At different stages, discussions were held by CTA in the Ministry of Commerce and Industry including one with the Ministry's Officer in Charge of village industries after submission of the draft final report. The action taken/being taken by the Ministry in regard to the increased funding or organisational strengthening of VIS has been indicated above. The Officer in Charge of village industries indicated his general agreement with the observations and recommendations contained in the draft final report. Discussions contemplated at higher levels could not mature before finalising this report.

17. Very recently, the bill for the new Investment Act, 1986 has been presented to Parliament. This contains certain welcome provisions which have separately also been recommended in this report. It exempts all small scale industries (including village industries) from the necessity to obtain a manufacturing license. It also provides very clear fiscal incentives for small scale industries.

18. Notwithstanding the above utilisation it should be noted that for the sustained, systematic and effective implementation of all the recommendations and the assured emergence of VIS as an effective institution for village industry development, the following conditions are necessary:

- (i) continued technical assistance to VIS; for building up the 'new' VIS and professionally guiding the senior management through the initial period especially in institution building, planning, instituting new services, etc. the services of an industrial promotion expert are required. For certain specific areas, sectoral experts are required;

- (ii) professional staff in all departments of VIS and a senior executive to head the day to day administration. This executive should preferably have long field experience in industrial promotion; if a person with such experience is not available, this will further emphasise the need for technical assistance as mentioned in (i) above;
  
- (iii) continued provision of increased funds to VIS to undertake the required promotional services; such increased funding should not be a short-term or one-shot affair.

#### XIV - CONCLUSIONS

No comprehensive study or census of the village industries has been undertaken so far in Zambia nor a comprehensive sectoral plan has been drawn up. Thus, accurate figures of the extent of village industries are not available. However according to one sample survey there are estimated to be about 224,000 "small scale rural enterprises" in the rural areas of the country, but most of these are part-time operations. (Chapter VI).

2. The main problems and constraints of village industries are: poor physical infrastructure, severe transportation problems, difficulty in getting raw materials, equipment and tools, poor repair and maintenance facilities, small market size due to long distances and low population density, non-availability of credit, no institutional infrastructure for assisting them, lack of managerial skills and poor training facilities. (Chapter VI).

3. In the development plan documents and other pronouncements, high priority is attached to village industries, but in practical terms, apart from setting up VIS, few concrete measures have been taken to promote village industries. In fact in many ways village industries are functioning as a disadvantaged sector, (Chapter IX).

4. VIS is the recognised institution for the development of village industries in Zambia. It is an autonomous society, working in close association with Government and the Party. It started operations in 1980 and is a young organisation. Its main activity has been skills training and to a much lesser extent, financial assistance, marketing assistance, and extension and counselling. It has a pronounced grass roots approach and its work is valued by Government who attach high priority to it and wish to expand its activities. (Chapter VII).

5.

Some of the services needed

by the village industries have not been properly conceived or provided.

Also the promotional work is done in an ad hoc manner and not in a planned manner based on studies and surveys. The various activities are not well coordinated or integrated. Generally, preparations and planning for programmes are inadequate.

6. One of VIS' main problems is extreme financial stringency. Government, whose annual grant is the main source of revenue, have been of the opinion that VIS should work independently of Government grant and generate its own resources through profitable business ventures or donor agencies, which appears to be changing now. For promotional programmes VIS has relied mainly on donor agencies, but due to its own financial constraints (coupled with poor planning) these programmes have usually not been efficiently executed. (Chapter VII).

7. There is confusion and overlap between the roles of VIS and SIDO, both in legal enactments and in practice. A clear cut definition of village industries does not exist. (Chapter VII).

8. The structure of VIS is not sound; there is no proper organisational chart. Work distribution is not clear, and lines of control and reporting are confusing. Management practices are weak. Systems for recording, monitoring and evaluating work do not exist.

The staff is drawn from assorted ministries with no background in industrial promotion. Fortunately, now Government have recognised the need for VIS to have a bigger set-up and more professional staff. (Chapter VIII).

9. The MTU was not well planned in regard to the selection of trades and the equipment. Some trades are not suitable for rural areas. Many modules do not have all of the required equipment. VIS could not use the MTU except when UNDP/UNIDO provided experts and personnel and financial resources but also due to lack of planning (Chapter XI)..

10. VIS is an important organisation and it needs to be built up and strengthened in the interest of the Zambian village industries. This can be achieved through the various measures recommended in this report at the level of Government and VIS. In addition VIS would continue to require external technical assistance for quite some time to come.

Particulars of International Personnel and Counterparts

International Personnel				Counterparts		
S. No.	Name	Field	Period of field work	Name	Designation in VIS	Remarks
1.	Vinod K. Dhall CTA	Rural Industries Advisor	2 Aug 1985 - Late March '86	Mrs J. Mapoma	Chairman	
2.	C. Swaelas	Woodworking	20th Sept '85 - 17th Dec '85	E. K. Walima	Senior Field Officer	City & Guilds Certificate
3.	O. H. Cau	Handicrafts Marketing	20th SEPT '85 - 15th Dec '85	F. Chibuye	Senior Marketing Officer	
4.	P. Bauchau	Food Processing	22 Nov '85 - 9 Feb '86	C. Banda (Ms)	Assistant Field Officer	New Recruit in VIS
5.	W. Meynen	Industrial Financing	13 Dec '85 7 Feb '86	J. Banda	Field Officer	

Organisations/Persons met by CTA

1. UNDP/UNIDO, Lusaka (Resident Representative, SIDFA, JPO)
2. Village Industry Service (Chairman, all other Officers)
3. Ministry of Commerce and Industry, including Minister
4. Ministry of Finance
5. ECDF, including Minister of State
6. Directorate of Agriculture; Oilseeds Officer; Regional Research Centre, Kabwe
7. DWST
8. SIDO
9. Forest Department; Chief Conservator of Forests; Forest Research Institute, Kitwe
10. CSO
11. Curriculum Development Centre
12. NCSR; TDAU; RDSB
13. BOZ
14. DEZ
15. SEP
16. National Commercial Bank of Zambia; other commercial banks
17. ZINCO; INDECO; ROP; ZAFFICO; CSEZ; other parastatal organisations; CUSA
18. Provincial Administrations/Provincial Officers/Co-operative Unions in Western, North Western, Central and Southern Provinces
19. Private, Parastatal and Co-operative industrial units in leather, metal working, food processing, soap, wood working, paper, oil expellers, hammer mills and handicrafts
20. Agriculture Training Centre, Kasisi Mission
21. Africare, Danish Volunteer Service, Embassy of Netherlands, High Commission of India
22. FAO, ILO, World Bank, UN Volunteer Service

North Western Province - Number  
of Manufacturing Establishments & Employment\*

Sector	Number	Employment
Roller Mills	2	60
Hammer Mills	72	127
Bakeries	4	44
Butcheries ●	5	15
Welding Shops	3	6
Sawing	1	19
Carpentries	9	96
Ox-cart Production	2	6
Tailoring	17	20
School Uniforms	1	4
Shoe Repairs	9	11
Salt Processing	1	17
Honey Processing	2	30
Pineapple Canning	1	44
<b>Total</b>	<b>129</b>	<b>499</b>

\* Source: North Western Province Statistical Handbook; May, 1985

● Excluding CSBZ

Industrial Grouping of Rural Small Scale Enterprises by Sectors\*

Annex 4

(Survey Estimate for Rural Zambia)

<u>Sector</u>	<u>Small Towns</u>		<u>Rural Townships</u>		<u>Rural Areas</u>		<u>Overall Total</u>	
	No.	%	No.	%	No.	%	No.	%
<u>Enterprise Grouping</u>								
Garment	1,212	8.5	1,393	8.1	7,897	4.1	10,501	4.7
Forest based	613	4.3	1,140	6.7	51,675	26.9	53,428	23.8
Metals	193	1.4	193	1.1	8,035	4.2	8,421	3.8
Repairs	263	1.8	305	1.8	1,662	0.9	2,231	1.0
Foods	942	6.6	1,290	7.5	5,125	2.7	7,357	3.3
Beverages	1,943	13.6	3,850	22.5	84,088	43.7	89,881	40.1
Leather	128	0.9	123	0.7	970	0.5	1,221	0.5
Ceramics	50	0.4	60	0.4	4,849	2.5	4,960	2.2
Other Manufacturing	27	0.2	43	0.2	277	0.1	347	0.2
<b>Manufacturing Subtotal</b>	<b>5,371</b>	<b>37.7</b>	<b>8,397</b>	<b>49.0</b>	<b>164,578</b>	<b>85.4</b>	<b>178,347</b>	<b>79.6</b>

Sector	Small Towns		Rural Townships		Rural Areas		Overall Total	
	No.	%	No.	%	No.	%	No.	%
Catering	167	1.2	185	1.1	1,247	0.6	1,600	0.7
Trade	1,387	9.5	1,438	8.4	5,265	2.7	8,087	3.6
Other Services	128	0.9	110	0.6	3,325	1.7	3,563	1.6
Service Subtotal	1,680	11.7	1,733	10.1	9,837	5.0	13,250	5.9
Vending	7,230	50.6	7,015	40.9	18,149	9.4	32,393	14.5
Grand Total	14,281	100	17,145	100	192,564	100	223,990	100

\* Source: RDSB Survey

Some Basic Characteristics of Rural Small Scale Enterprises\*

Annex 5

Population Strata	Small Towns	Rural Townships	Rural Areas	All Strata
<u>Characteristics</u>				
A - <u>From regular Questionnaire</u>				
1. Average number of workers per enterprise	1.78	1.71	1.65	1.67
2. Hired workers as a percentage of total workers	12.9	9.4	4.8	5.4
3. Proportion of SSE activities providing major income (%)	59.6	54.5	31.9	35.4
4. Number of months worked in a year	11.4	11.2	10.6	10.7
5. Enterprises operating from the home (%)	21.6	25.6	52.2	48.2
6. Enterprises with permanent workshop (%)	33.7	34.0	20.8	22.6
7. Enterprises with powered machines (%)	1.7	1.2	0.5	0.6

Population Strata	Small Towns	Rural Townships	Rural Areas	All Strata
<u>Characterics</u>				
B - <u>From Supplementary Inquiry</u>				
8. Age of Enterprise (Years)	7.4	8.6	10.3	8.6
9. Age of Proprietor	36.0	36.2	39.2	36.8
10. Proprietor started SSE activity from scratch (%)	85.7	88.5	78.3	85.7
11. Enterprises naming raw materials as a problem (%)	58.6	56.3	37.3	53.2

\* Source: RDSB Survey

VILLAGE INDUSTRY SERVICE

CONSTITUTION

I N D E X

- Article 1 : Name
- Article 2 : Object
- Article 3 : The Patron
- Article 4 : The Council
  - Section 1: Composition and appointment
  - Section 2: Functions
- Article 5 : Meetings of the Council
  - Section 1: Frequency
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- Article 6 : Staff of the Council
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  - Section 1: Powers to associate
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  - Section 3: Power to borrow
- Article 10 : Immunity
- Article 11 : Amendments
- Article 12 : Winding-up

**CONSTITUTION OF THE VILLAGE INDUSTRY  
SERVICE**

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**ARTICLE 1 : NAME**

The name of this organisation shall be THE VILLAGE INDUSTRY SERVICE (hereinafter referred to as "the Service").

**ARTICLE 2 : OBJECT**

The object of the Service is to promote industries and crafts on the basis of small-scale, labour-intensive units in villages in order:

- (a) to maximise employment in villages;
- (b) to generate additional income-earning capacity in villages and
- (c) to promote educational, training, research and any other activity aimed at improvement of village life.

**ARTICLE 3 : THE PATRON**

His Excellency the President, Dr. Kenneth David Kaunda, shall be and remain the Patron of the Service for as long as His Excellency the President shall so please. Thereafter the Patron shall be such person as is nominated in that behalf by the President.

**ARTICLE 4 : THE COUNCIL**

**SECTION 1: COMPOSITION AND APPOINTMENT**

- (a) There shall be a Council of the Service which shall consist of a National Director and not more than thirty other members all of whom shall be appointed by the Patron on such terms and conditions as may be deemed suitable; Provided that the Patron may authorise any other person or persons to exercise his powers under this section.
- (b) The Council shall elect one of its members to be Chairman.

SECTION 2 : FUNCTIONS

The Council shall, subject to such directions as the Patron may give, determine the policy of the Service.

ARTICLE 5: MEETINGS OF THE COUNCIL

SECTION 1: FREQUENCY

The Council shall meet not less than twice in each calendar year; and one of such meetings shall be the Annual General Meeting.

SECTION 2: THE ANNUAL GENERAL MEETING

- (a) Notice of the Annual General Meeting shall be given to all members at least twenty-one days before the meeting.
- (b) At least twenty-one days before the Annual General Meeting copies of the documents mentioned in paragraph (d) of this section shall be delivered to each member.
- (c) At the Annual General Meeting, in addition to any other business, the Council shall deliberate such reports as are required to be submitted in accordance with paragraph (d) of this section.
- (d) The National Director shall submit to the Council for its deliberations and approval the following written reports in relation to the period since the last Annual General Meeting:
  - (i) Progress during the relevant period;
  - (ii) Independently audited accounts of income and expenditure;
  - (iii) Plans for the future, including estimates.

SECTION 3: EXTRAORDINARY MEETINGS:

Whenever four or more appointed members of the Council so require by a jointly signed letter, an extraordinary meeting of the Council shall be called as soon as practicable and in any case within 30 days of the receipt of the said letter.

SECTION 4: QUORUM

- (a) The quorum for all Council meetings, including the Annual General Meeting, shall be a number not less than one-third of the actual membership of the Council at the time of the meeting.
- (b) If the Chairman of the Council is absent at any meeting of the Council, the members present shall elect a Chairman pro-tem from among those present.

SECTION 5: MINUTES BOOK

The Council shall maintain a minutes book in which shall be recorded all the minutes duly kept and approved of the Council meetings.

ARTICLE 6: STAFF OF THE COUNCIL

- (a) The Council shall appoint such executive officers and other staff, and on such terms and conditions, as the Council shall from time to time decide.
- (b) All officers and other staff of the Service shall be responsible to, and be under the direction and control of, the National Director.

ARTICLE 7: INCOME AND EXPENDITURE

SECTION 1: NON-PROFIT NATURE

The Service shall be a non-profit-making organisation, and all its income shall be expended solely in pursuit of the objectives for which it has been created.

SECTION 2: SOURCES OF INCOME

Nothing in this Constitution shall be so construed as to restrict the Service from receiving any income or accepting any service or equipment from any source, whether public, private or other, whether Zambian or international; and whether the income is by way of grants, donations, subsidies or other.

ARTICLE 8: ACCOUNTS

SECTION 1: RESPONSIBLE OFFICER

The National Director shall be responsible for properly maintaining and supervising the accounts and accounting systems of the Service. He shall be responsible for identifying the cause of any loss suffered by the Service as a result of negligence, mis-management, or misconduct in the course of its operations, and shall take appropriate remedial action.

SECTION 2: BANK ACCOUNTS

- (a) Save as otherwise provided by the Council, all receipts of moneys by the Service shall be paid into the appropriate banking account or accounts kept by the Service and all amounts payable by the Service shall be paid therefrom.
- (b) A cheque upon any banking account kept by the Service shall be signed by such persons, not being less than two in number, as may be authorised in that behalf by the Council.

SECTION 3: AUDIT

- (a) The Council shall appoint an independent auditor to audit, prior to the Annual General Meeting, the annual accounts of the Service.

- (b) The Council may appoint an independent auditor to carry out at any time such inspection or audit of the accounts of the Service or any part thereof as the Council deems fit.
- (c) One copy each of all reports of the audits carried out under this Article shall be forwarded separately by the auditor to:-

- (i) the Patron;
- (ii) the Chairman of the Council;
- (iii) the Secretary of the Council;
- (iv) each member of the Council;
- (v) the National Director;
- (vi) the Administrative Director;

#### SECTION 4: INSPECTIONS

Upon reasonable notice being given, the accounts of the Service and any financial and audit reports relating thereto shall be open to inspection by the Patron, the Council, or any person authorised in that behalf by either of them.

#### ARTICLE 9: OPERATION

##### SECTION 1: POWERS TO ASSOCIATE

In the pursuit of its objectives, the Service may establish, either on its own or jointly with others, companies or other enterprises for production, distribution or sale of the output of goods or services of the villages.

##### SECTION 2: POWERS IN RELATION TO PROPERTY

In pursuit of its objectives, the Service may own, lease, hire, rent, build or in any other way acquire, dispose of

or deal with any property whether real, personal or other.

SECTION 3: POWERS TO BORROW

Except with the prior written authority of the Council, at no time shall the total liabilities of the Service be allowed to exceed five thousand kwacha.

ARTICLE 10: IMMUNITY

No action or other proceedings shall be brought against any member or staff in respect of any act done or omitted to be done in good faith in the exercise or purported exercise of his powers or duties in the Service.

ARTICLE 11: AMENDMENTS

This Constitution can only be amended:

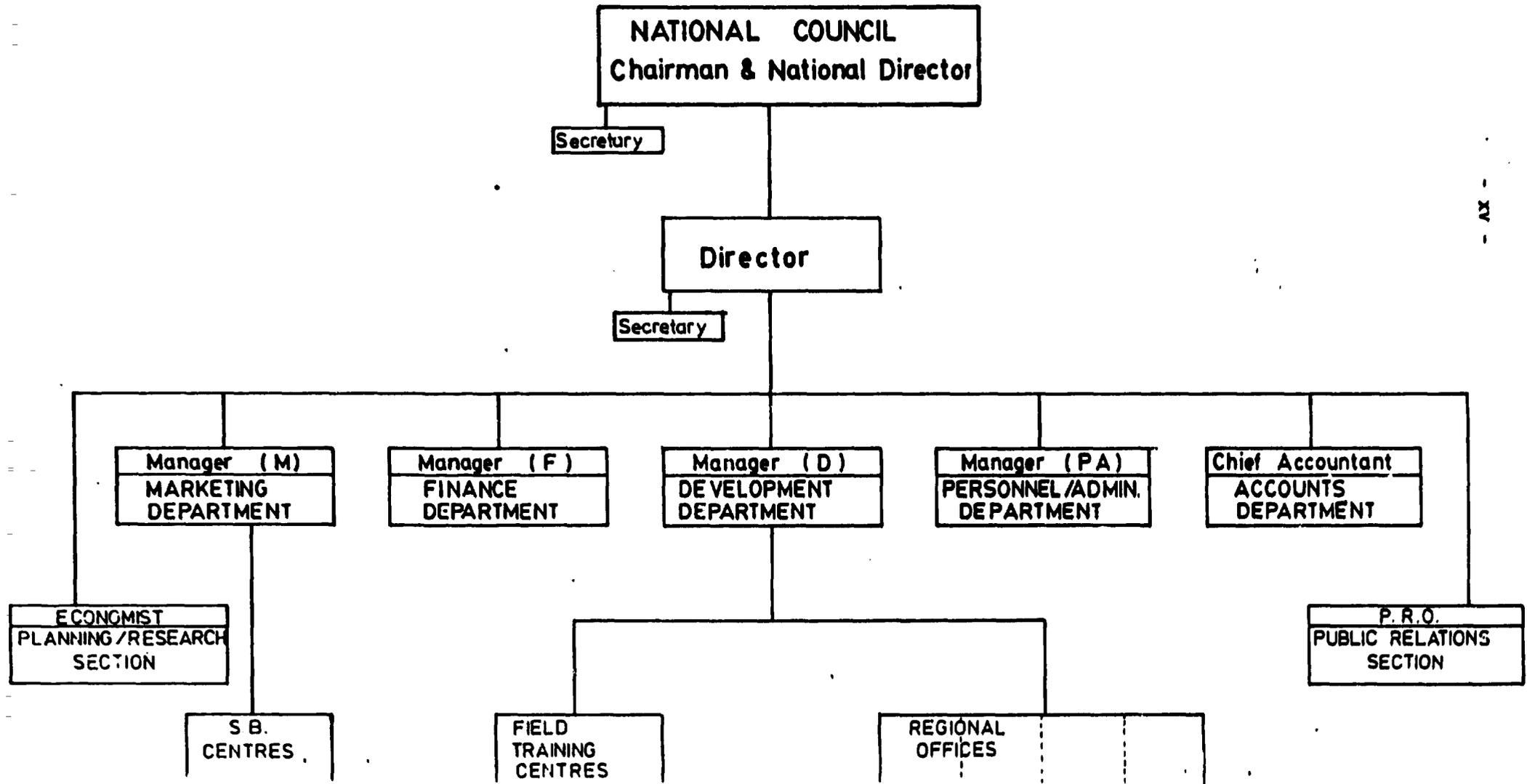
- (a) by a resolution of the Council supported by not less than three quarters of the actual membership of the Council, voting in person or by proxy; and
- (b) upon the Patron's approval of the resolution mentioned in the last preceding paragraph (a).

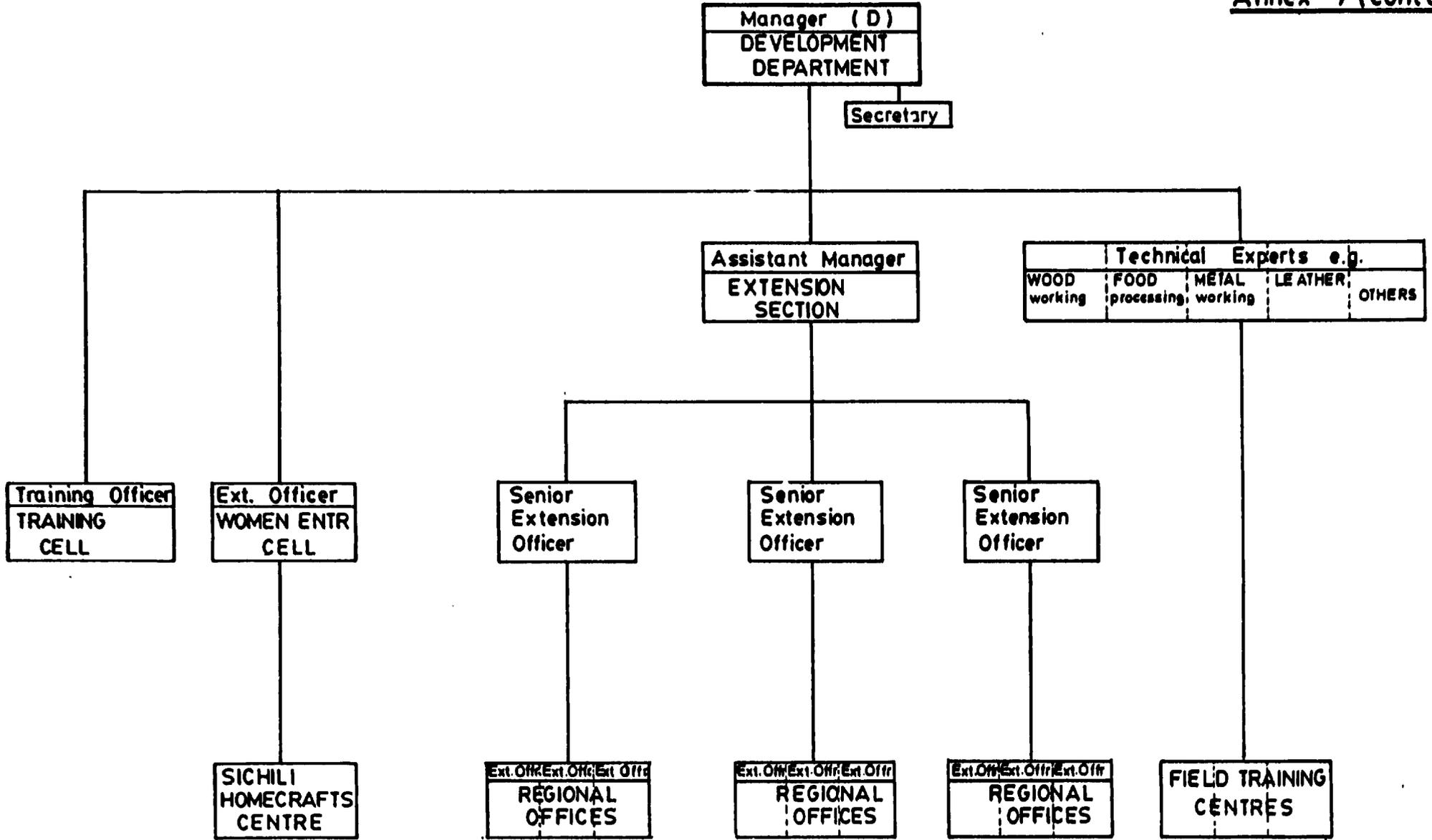
ARTICLE 12: WINDING UP

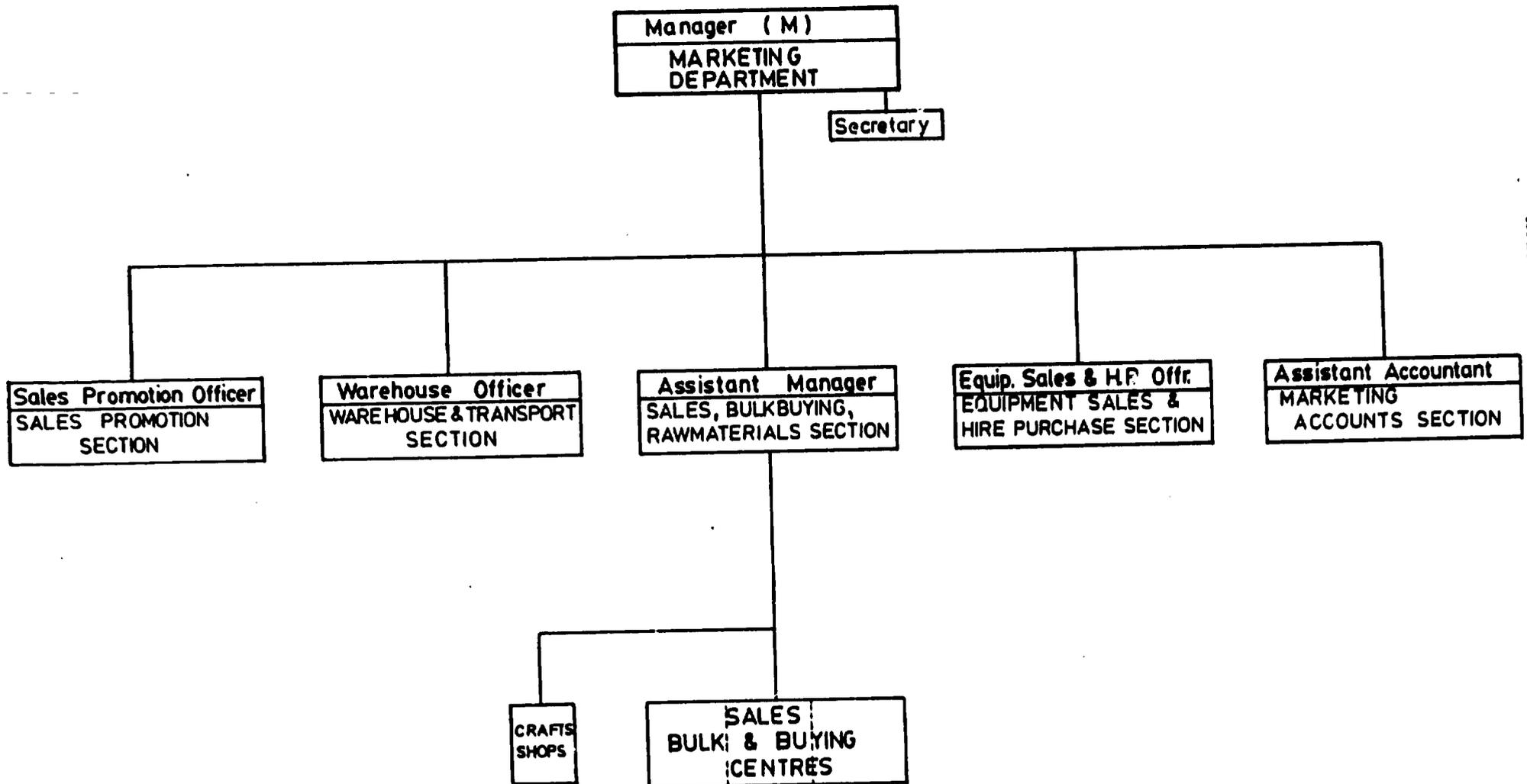
With the consent of the Patron, the Service or its Council may be wound up on such terms and conditions as are approved by the Patron.

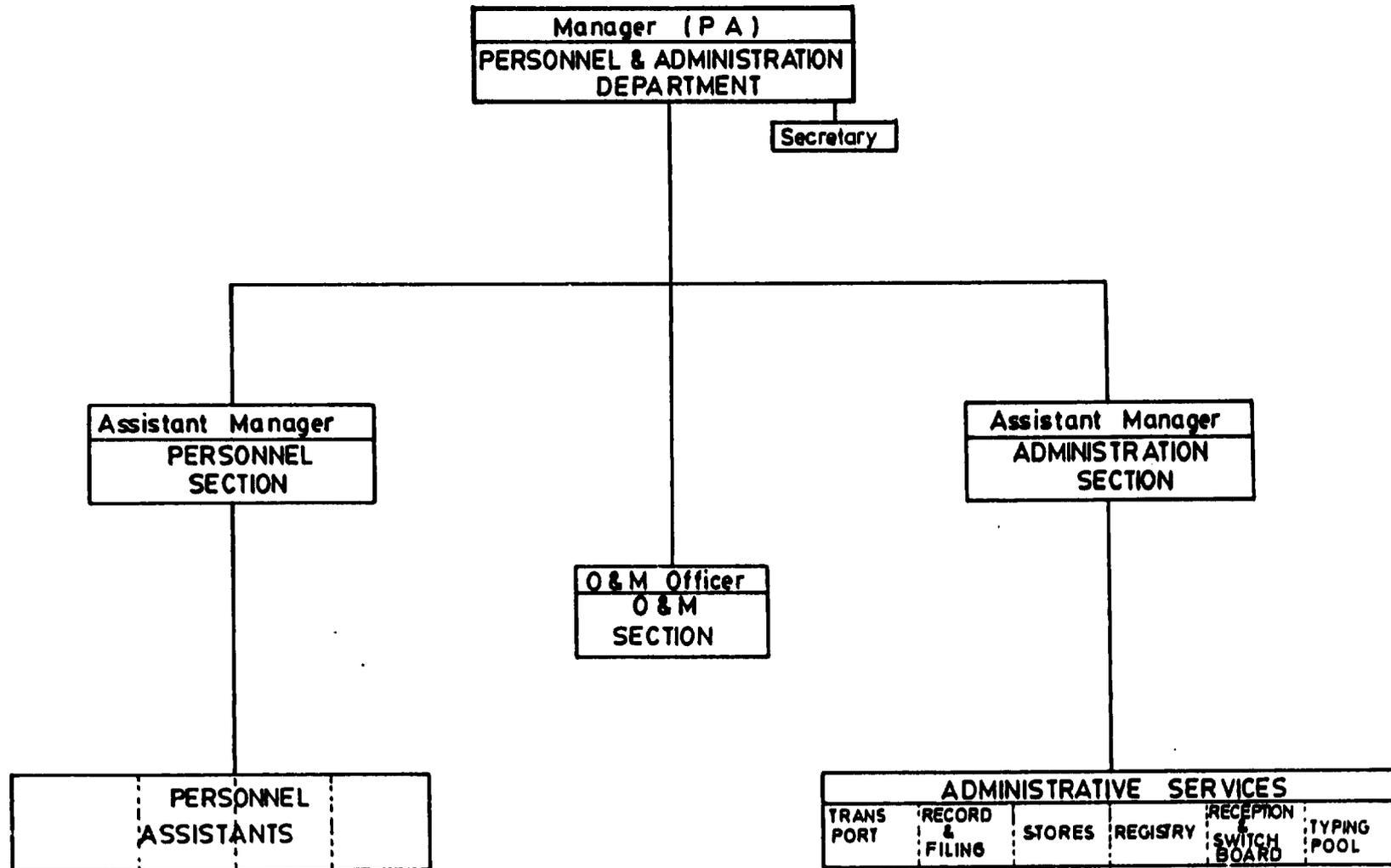
**VILLGE INDUSTRY SERVICE**  
**ORGANISATION CHART**

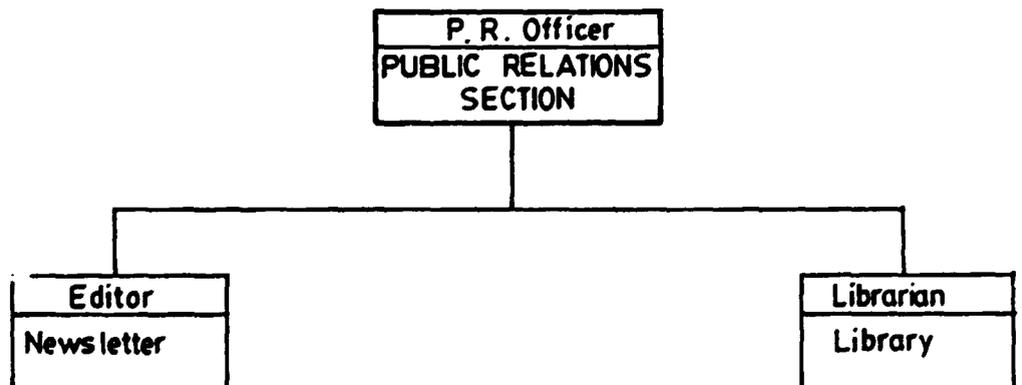
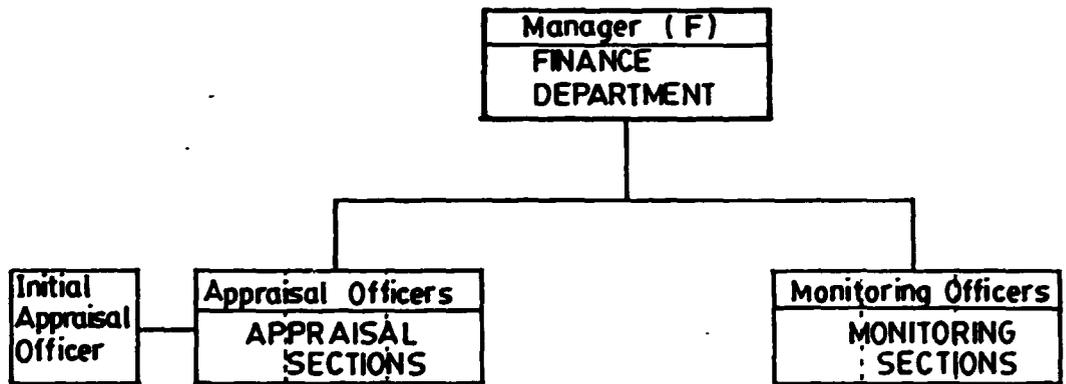
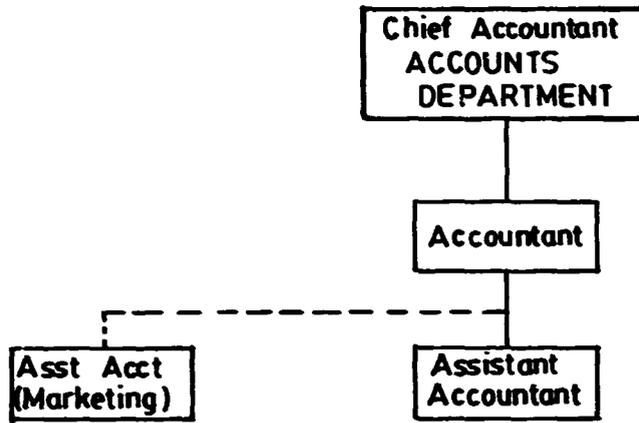
Annex 7











VILLAGE INDUSTRY SERVICE

PROPOSED JOB DESCRIPTION STATEMENT

Post: Chairman and National Director

1. Is the head of VIS; responsible for its overall operations and performance.
  2. Convene regular National Council meetings; chair the meetings; ensure compliance with its decisions; place before the Council all important matters including the following as required by the VIS constitution:
    - (a) Annual budget; annual plan
    - (b) Annual audited accounts
    - (c) Annual report
    - (d) Policy matters
  3. Ensure establishment of new organisational structure of VIS in a professional and planned manner.
  4. Evolve long term strategies keeping in mind industrial promotion role of VIS; ensure that the VIS operations are conducted accordingly.
  5. Secure suitable statutory and policy measures for supporting village industries from Government, BOZ, financial institutions, etc.
  6. Pay special attention to securing adequate financial resources for VIS from Government, donor agencies, etc.
  7. Coordinate with other agencies like SIDO, DBZ, SEP, Government departments, Provincial Administrations, etc.
  8. Ensure continued technical assistance for VIS from international agencies till it's capabilities are well established.
- 

Post: Director

1. Is responsible for all day to day administration in VIS, should supervise work of his direct subordinates and ensure close coordination between their activities.
  2. Take steps to establish the new organisational structure of VIS in a planned and phased manner; recruit qualified people for each post, ensure arrangements for their induction and training especially in the initial stages.
  3. Plan carefully introduction of each new activity or service in VIS; make arrangements that it will be handled professionally.
  4. Ensure introduction of sound management, financial and accounting practices in VIS.
  5. Supervise preparation of annual plan of VIS with clear targets and objectives; oversee its implementation.
  6. Supervise preparation of special programmes\* for submission to donor agencies; oversee their implementation.
  7. Ensure timely preparation of annual budget, periodic financial
- 

\* In this report. "special programmes" refer to promotional programmes undertaken with aid from donor agencies.

statements, etc.

Responsible to: Chairman and National Director

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Post: Manager (Finance)

Unit: Finance Department

1. Is head of Finance Department; responsible for running it as a professional financing unit and setting up proper criteria, procedures, checks, etc. for this purpose; responsible for ensuring coordination between appraisal and monitoring work in the Department.
2. Implement policies and guidelines laid down by Loans Committee and National Council.
3. Ensure good quality of appraisal reports and effective monitoring of projects, ensure right financial resources are used for the projects.
4. Liaise with Extension Section especially in regard to big projects and projects not doing well; Liaise with Hire Purchase Section of Marketing Department regarding equipment given on hire-purchase; liaise with Accounts Department regarding disbursements, repayments, calculation of interest, etc.
5. Liaise with banks and financial institutions especially in regard to policy/practices for financing of VIS sponsored projects; take measures in coordination with Assistant Manager (Extension) to ensure high quality of appraisals and recommendations made by Extension Officers; conduct periodic training and checks in this regard; in the case of larger projects above a prescribed limit (which have to be routed through him) vet and improve the appraisals before recommending to banks and financial institutions.

Responsible to: Director

N.B: The Job Descriptions for the officers of Finance Department take into account the suggestions of UNIDO industrial financing consultant.

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Post: Initial Appraisal Officer

Unit: Finance Department

1. Responsible for initial checking of applications from promoters for financial assistance received directly or through Extension Section; have first contact with such promoters who visit VIS.
2. Do initial appraisal of proposed project regarding its viability, and of the promoter regarding his capability, integrity and attitude to project.
3. Submit first contact report to Appraisal Committee with recommendations; inform promoter on basis of decision of Appraisal Committee (regrets, seeking more information, etc).

4. Obtain further information from promoter, reappraise, resubmit to Appraisal Committee; after allocation of application by Appraisal Committee hand over to concerned Appraisal Officer.
5. Liaise closely with Development Department in case promoter needs technical or other assistance.
6. Ensure registration of all applications in prescribed registration book and preparation of promoter's cards.

Responsible to: Manager (Finance)

---

Post: Appraisal Officer

Unit: Finance Department

1. Appraise projects for their viability from all aspects e.g. marketing, technology, finance, organisation and management; appraise the promoter as regards his integrity, capability and attitude towards the project.
2. Establish the financial needs of the projects and find the right kind of financial assistance required for equipment and working capital; establish whether hire-purchase is the adequate solution; establish sources of funding.
3. Verify securities offered by promoter and promoter's own contribution; obtain valuation reports on securities offered; liaise with banks and other sources for references on promoter.
4. Submit appraisal report with projections through prescribed channel to Loans Committee/National Council.
5. Maintain close liaison with Development Department regarding appraisal work and Hire Purchase Section regarding hire-purchase scheme; visit project and/or have discussions with promoter when necessary for appraisal purposes.

Responsible to: Manager (Finance)

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Post: Monitoring Officer

Unit: Finance Department

1. After approval by Loans Committee/National Council, obtain securities, ensure terms and conditions of loan are fulfilled, finalise legal documents, liaise with banks and legal practitioners and ensure disbursement is made on schedule and for the right purpose.
2. Obtain monthly reports from projects, check these reports, analyse progress, and report irregularities promptly.
3. Liaise with Development Department and Hire Purchase Section in monitoring work; visit project and discuss with promoter when required.

4. Ensure repayment of loan and interest; liaise with Accounts Department in this regard.
5. Prepare prescribed periodic reports on progress of outstanding repayments.

Responsible to: Manager (Finance)

---

Post: Manager (Development)

Unit: Development Department

1. Is head of Development Department; responsible for supervising work of his direct subordinates.
2. Carefully plan out implementation of all promotional schemes and special programmes; identify responsibility of each of his officers in this work; closely coordinate their activities in this regard.
3. Draw detailed plans for development of each industrial sector selected for comprehensive promotion; ensure action is taken accordingly by concerned technical experts and other officers.
4. Ensure that all inputs required for establishing field training centres are made available to technical experts e.g. funds, machinery, land and building.
5. Review progress of applications from entrepreneurs for assistance; ensure that assistance is being given to them in package form.
6. Maintain close, working relationship with Provincial Administrations and District Councils; arrange workshops and seminars for their officials.

Responsible to: Director

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Post: Training Officer

Unit: Development Department

1. Conduct entrepreneurship development training courses in liaison with other Departments/Sections, especially Extension Section and Technical Experts.
2. Provide entrepreneurship development (business management) input into all technical training programmes in consultation with Technical Experts; prepare literature for distribution to entrepreneurs/trainees.
3. Responsible for custody and maintenance of MTU and coordination of its use.

Responsible to: Manager (Development)

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Post: Extension Officer (Women Entrepreneurs)

Unit: Development Department

1. Identify, and counsel women's groups, organise them into cooperative societies or associations; identify production activities suitable for women entrepreneurs or groups and assist them in taking up these activities; liaise with Party Women's League in this regard; liaise with Extension Section, Technical Experts and other Departments/ Sections in this regard.
2. Prepare special programmes with budget, etc for women entrepreneurs; forward them to Planning and Research Section for inclusion in annual plan/special programmes. Implement approved women's programmes.

Responsible to: Manager (Development)

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Post: Technical Expert (e.g. woodworking, food processing, metal working, leather.)

Unit: Development Department

1. Conduct training courses for entrepreneurs and instructors; give technical assistance to entrepreneurs in establishing their projects.
2. Responsible for using the MTU module relating to his industrial sector.
3. Establish training or demonstration centres if required e.g. food processing, leather, etc.
4. Encourage local production of equipment relating to his industry.
5. Implement plans for comprehensive promotion of his industrial sector; assist in drawing up such plans.
6. Liaise with other institutes e.g. TDAU for oil processing, DVST for leather, FAO for metal working, etc.

Responsible to: Manager (Development)

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Post: Assistant Manager (Extension)

Unit: Development Department

1. Is head of Extension Section; responsible for supervising work of the Senior Extension Officers.
2. Recommend to other Departments of VIS and banks/financial institutions regarding assistance required for entrepreneurs' projects like marketing, technical counselling, training, loans, etc; follow up continuously with such Departments and banks/institutions.
3. Ensure high quality of recommendations made to banks and financial institutions by VIS for financing of projects in consultation with Manager (Finance); arrange for regular training by Finance Department and periodic check by Finance Department of appraisals and recommendations.

made by Extension Officers; (recommendations for larger projects above prescribed limit to be sent through Manager (Finance)).

4. Prepare monthly progress report regarding applications from entrepreneurs in prescribed form and submit to higher authorities.

Responsible to: Manager (Development)

---

Post: Senior Extension Officer

Unit: Development Department

1. Supervise and control work of Regional Officers in Provinces within his jurisdiction; tour the Provinces.
2. Process entrepreneurs' applications recommended by Regional offices: recommend through Assistant Manager to concerned Department/Section of VIS for assistance e.g. marketing, hire-purchase, raw materials, technical assistance etc. Follow up with these Departments/Sections.
3. Where necessary, recommend case through Assistant Manager to bank/financial institution for loan etc; follow up bank/financial institution.
4. If financial assistance is to be considered out of VIS Revolving fund, forward case to Finance Department for professional processing.
5. Record all applications in prescribed forms, registers, etc.

Responsible to: Assistant Manager (Extension)

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Post: Extension Officer (Regional Office)

Unit: Development Department

1. Responsible for all VIS work in his province.
2. Identify, counsel and motivate entrepreneurs; prepare feasibility studies of entrepreneur's projects; assess financial and other assistance needed by the project; in appropriate cases, recommend to local banks/financial institutions for assistance; where assistance (financial, technical, marketing, raw materials, hire-purchase of equipment, business management, etc) is required from VIS, recommend case to all applications and their progress in prescribed registers and forms, follow up with Head Office and banks for the required assistance.
3. Maintain close liaison and cooperation with Provincial Administration and officials of other departments/ministries (e.g. Agriculture, Forest, Cooperatives) and organisations (e.g. Cooperative Union).

Liaise with District Councils and give District Commercial Secretary; secure required assistance (plot, building, water, electricity, etc) for entrepreneurs from District Council.

4. Do the work of SB Centre for the Marketing Department wherever a separate SB Centre is not opened.

Responsible to: Senior Extension Officer

(NB: Nine Regional Offices are proposed, one in each Province.)

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Post: Economist

Unit: Planning and Research Section

1. Prepare annual perspective plans of VIS in consultation with other Departments/Sections and submit to Director.
2. Prepare special programmes for being funded by donor agencies; submit such programmes to Director.
3. Monitor and review implementation of annual plans and special programmes; submit progress reports to Director and finally to donor agencies/Government.
4. Organise industrial potential surveys in selected areas/ or in selected sectors of industry; this is to be done in close coordination with Extension Section and Technical Experts. On the basis of surveys, prepare plans promoting village industries in selected areas of sectors; include these in the annual plan/special programmes.
5. Maintain information on new developments in appropriate technologies; liaise with national and international organisations on the one hand and Extension Section on the other hand in this regard.

Responsible to: Director

---

Post: Manager (Marketing)

Unit: Marketing Department

1. Is head of Marketing Department; is responsible for supervising and coordinating work of his direct subordinates.
2. Conduct the marketing operations on sound commercial lines as a profit earning activity.
3. Prepare periodic forecasts and targets for sales, purchases, revenue, profits, etc. with the assistance of his staff.
4. Evolve proper costing and pricing policies (with approval of higher authorities).
5. Appoint buying and selling agents and determine their terms and conditions.

6. To coordinate with the Ministry of Agriculture in formulating policies and programmes relating to the marketing of produce.
7. To coordinate with the Department of Industrial Marketing support to entrepreneurs and other small entrepreneurs, credit, and raw materials, equipment, tools and spare parts requirements - liaison with the Industrial Development Department.
8. To prepare special programmes for development of market promotion work; implement approved programmes.

Responsible: District Director

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Post: Assistant Manager (Sales, Bulk Buyer & Raw Materials)

Unit: Marketing Department

1. Supervise MS crafts show in Lusaka.
2. Supervise showrooms of manufacturers.
3. Supervise SB Centres at provincial level i.e. Lusaka (Warehouse), Kabwe (Warehouse), Kasama, Lonsa, Siyeh, Moly Zi, Mopani, Chipata, Livingstone. Field Officers of the SB Centres will be responsible for following work relating to marketing:-
  - (1) Liaison with agents/shops
  - (2) Market product identification
  - (3) Quality control in field/warehouses
  - (4) Raw materials/products dissemination
  - (5) Participating in local trade fairs
  - (6) Raw materials distribution to entrepreneurs
  - (7) Deliveries to appointed agents
  - (8) Collection/payments of ordered items
  - (9) Local warehouse administration
  - (10) Monthly reports to headquarters.
4. Assess requirements of raw materials needed for distribution and sale to entrepreneurs, on basis of information from Development Department. Intimate to warehouse for purchase/distribution of above raw materials.

Responsible: District Manager (Marketing)

- NB: 1. It may be noted that separate SB Centres at each of the places mentioned will be opened depending on the growth of the marketing activity at each place. Till then the Regional Office in that place will also work for the Marketing Department.
2. The Job Description of (a) Assistant Manager (SB and RM), Sales Promoter Officer, and Warehouse and Transport Officer are based on the report of the UNIDO handicrafts marketing consultant.
-

Post: Marketing Officer

Unit: Marketing Department

Responsible for:

1. Development of business, in phase 3, 4 & 5.
2. Liaison with internal communications with MS and other relevant departments.
3. Organise international trade fairs.
4. Export activities.
5. Liaison with agents, SB centres and customers.
6. Market support and marketing support to entrepreneurs.
7. Liaison with media for marketing purposes through Public Relations Section.
8. Production of posters, videos, brochures material for marketing training programmes.
9. Sales/procurement statistics.
10. Survey and assist suppliers.
11. Market surveys.
12. Market tests and research.
13. Organise local Trade Fair.
14. Special trade shows.
15. Competitors' performance.
16. Scouting for new ideas/products.
17. Preparing special programs for marketing activities.

Responsible to: Manager (Marketing)

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Post: Warehousing and Transport Officer

Unit: Marketing Department

Responsible for the ware house including:

1. General storage facility.
2. Distribution of raw materials to entrepreneurs/artisans.
3. Distribution of merchandise to SB centres throughout the country.
4. Deliveries to shops/customers/agents in Lusaka/Central provinces.
5. Bulk buying from suppliers according to received orders from MS.
6. Transport and distribution of items from third party.
7. Quality control of incoming and outgoing goods.
8. Packaging and labelling of goods according to policies from MS.
9. Statistical data on incoming and outgoing merchandise.
10. Record keeping of all transactions.
11. Export and trade fairs deliveries.
12. Distribution of information from other departments to SB centres, customers and agents.
13. Storage of equipment purchased by Equipment Sales and its proper recording.
14. Distribution of all proceeds as required by Equipment Sales and their purchase section.
15. Responsible for using truck for marketing purposes.

Responsible to: Manager (Marketing)

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Post: Assistant Accountant (Marketing)

Unit: Marketing Department

1. Maintain all accounts receivable and payable records and statements for the Marketing Division.
2. Make return to me to make appropriate adjustments in accounts receivable and payable records, release equipment to contractors and arrange for bills of lading and shipping contracts and bills of lading to the Finance Department.
3. Make sure that production of equipment and tools in those departments of the Division is kept up to date and that all equipment is properly maintained.

Responsible for: Executive Officer

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Post: Assistant Accountant (Marketing)

Unit: Marketing Department

1. Maintain accurate all books of accounts, extract monthly trial balances; prepare all reconciliations.
2. Ensure timely recording of revenue from subordinate units, where relevant; check returns received from subordinate units for any excess or shortfall.
3. Take custody of all revenue documents classifying them in a suitable manner and distribute the same for use in sections where required.
4. Invoice all customers with credit facilities and maintain records of schedules of the same; ensure collection of all due.
5. Ensure that cost data relating to buy-put base transactions and sales of goods are segregated and properly charged to relevant cost centres.
6. Prepare prescribed periodical accounts of Marketing Department and forward to Accounts Division.
7. Assist Manager (Marketing) to make periodic forecasts of sales.

Responsible for: (1) Manager (Marketing) in administrative matters.  
(2) Accountant in Accounts matters

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Post: Chief Accountant

Unit: Accounts Department

1. In charge of Accounts Department; responsible for all work of his direct subordinates and supervise in all cases; control the work of Assistant Accountant (Marketing); ensure sound financial planning and management in all.

2. Prepare and submit to the Controller for review and approval all bills for services rendered and bills of exchange and bills of lading for goods shipped. Prepare and submit to the Controller for review and approval all bills of exchange and bills of lading for goods shipped.
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9. Prepare and submit to the Controller for review and approval all bills of exchange and bills of lading for goods shipped.

Responsible to: Director

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Post: Accountant

Unit: Accounts Department

1. Prepare all periodic financial statements for V/S, incorporating also Marketing Department accounts.
2. Analyse periodic financial statements with a view to highlighting trends so as to aid management in financial decisions.
3. Prepare and monitor cash budget for V/S; project desirable level of working capital and plan investment of surplus cash.
4. Supervise the maintenance of proper records of loans by Finance Department.
5. Review and recommend to Chief Accountant changes in rates governing control of revenue where appropriate.

Responsible to: Chief Accountant

NB. In the initial stages, the work of Accountant and Chief Accountant can be done by one person.

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Post: Assistant Accountant

Unit: Accounts Department

1. Prepare and submit to the Chief Accountant for review and approval all bills of exchange and bills of lading for goods shipped.

1. Ensure complete control of personnel and administrative work and projects. Direct other persons responsible for projects and/or officers who are responsible for them.
2. Take complete control of personnel work, including that of subordinates, and ensure that all work is done in accordance with the instructions given.
3. Review all work of subordinates and take necessary corrective action.
4. Supervise the work of all subordinates and ensure that all work is done in accordance with the instructions given.
5. Supervise the work of all subordinates and ensure that all work is done in accordance with the instructions given.
6. Take custody of all valuables (jewelry, money, etc.) not handed, stored, held, etc.

Responsible to: Accountant

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Post: Manager (Personnel and Administration)

Unit: Personnel and Administration Department

1. Is head of PA Department; responsible to supervise and coordinate work of his direct subordinates.
2. Ensure optimal utilisation of human and administrative resources of VIS; ensure that PA Department provides efficient support in all personnel and administrative matters to operational sections and Departments.
3. Pay special attention to recruitment of staff; identify sources of qualified staff; work out terms of employment.
4. Pay special attention to training needs of all staff; make arrangements for training and overseas fellowships; draw up annual roster of training; evaluate results of training.
5. With assistance of O and M Officer, evolve O and M systems and take action for their introduction and implementation in VIS; work closely with other Sectional and Departmental heads in this regard.
6. Handle cases of promotion, vigilance, disciplinary action, transfer, etc.
7. Evolve pay and emoluments structure suitable for VIS' needs.
8. Handle major cases of purchases, disposal, property construction.

Responsible to: Director

---

Post: Assistant Manager (Personnel)

Unit: Personnel and Administration Department

1. Is head of Personnel Section; responsible to supervise and coordinate work of Personnel Assistants.

1. Take suitable action for removal of the services of staff and for his removal from the prescribed jurisdiction, wherever the case in order to take suitable action for application from candidates, guide staff and take suitable action for materials etc.
2. Prepare terms and conditions of employment to higher authorities. Deal with many departments/officials to assess their need for staff, the problems of the staff, etc and take appropriate action in this regard; to provide for suspension of staff relating to matters like accommodation, allowances, travelling and medical fees are swiftly handled.
3. Maintain proper maintenance of all personnel records of staff including preparation and filing of annual assessment reports.

Responsible for: Manager (Personnel and Administration)

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Post: Personnel Assistant

Unit: Personnel and Administration Department

Responsible for handling all personnel matters relating to the officials allocated to him e.g. terms and conditions of employment, fixation of salaries and allowances, annual increments, annual assessments reports, accommodation, medical and terminal benefits, leave, cash advances and travelling allowances. Take speedy action in all above cases and properly maintain personnel records of all staff.

Responsible for: Assistant Manager (Personnel)

N.B. For the above work all the officials in VIS will be divided between the different Personnel Assistants and each Personnel Assistant will handle the above work for the officials allocated to him. The number of Personnel Assistants will depend on the total number of VIS staff at any time.

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Post: Assistant Manager (Administration)

Unit: Personnel and Administration Department

1. In-charge of Administration Section; responsible for supervising work of his subordinates.
2. Organise efficiently all the administrative services required in VIS and provide them to other Sections and Departments.
3. Ensure prompt receipt and despatch of mail and its proper recording.
4. Ensure proper maintenance of office records and files and their efficient movement.
5. Ensure maintenance of adequate stocks of stationery and other materials required in the office; ensure economy in use.

1. To assist in the selection of VIF candidates from all over the country and to report thereon.
2. To prepare a specification for the VIF and to ensure that the VIF are maintained in good order.
3. To supply a periodic summary of stores and to take care and maintenance of inventory records for stores. To take orders for periodic supplies and requisitions.
4. To manage the telephone services and to provide the records of VIF; to ensure its safety.
5. To take care of normal purchases. To ensure that proper procedure is followed.
6. To make arrangements for office reception, maintenance and cleanliness.

Responsible for: Manager (PA)

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Post: Organisation and Methods Officer

Unit: Personnel and Administration Department

1. Assist in implementing Organisation Chart and Job Description Statement; work out details of lowest level posts.
2. Study existing management systems; evolve new O and M systems like work flow charts, monitoring and control arrangements, application forms, reporting forms and so on.
3. Evolve system of incentives and awards.
4. Assist Manager (PA) in studying training needs of staff and making suitable training arrangements.

Responsible for: Manager (PA)

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Post: Public Relations Officer

Unit: Public Relations Section

1. To act as VIF Liaison; responsible to supervise and coordinate work of his direct subordinates.
2. To ensure adequate publicity over TV and radio and in the press for VIF work; coordinate closely with other Sections/Departments in this regard, prepare demonstration and educational programmes for TV and radio regarding suitable VIF activities in consultation with concerned VIF officials.
3. To handle VIF visits.
4. To prepare draft speeches for Chairman, Director and other Officials where required.
5. To maintain adequate contact with Party and Government Ministries.

Responsible for: Director

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Post: Expert

Unit: Public Relations Section

1. Prepare and disseminate information on VIS library with other sections. Develop material for VIS publications.
2. Develop and maintain potential and completed projects on potential projects related to VIS library.

Responsible for: Public Relations Officer

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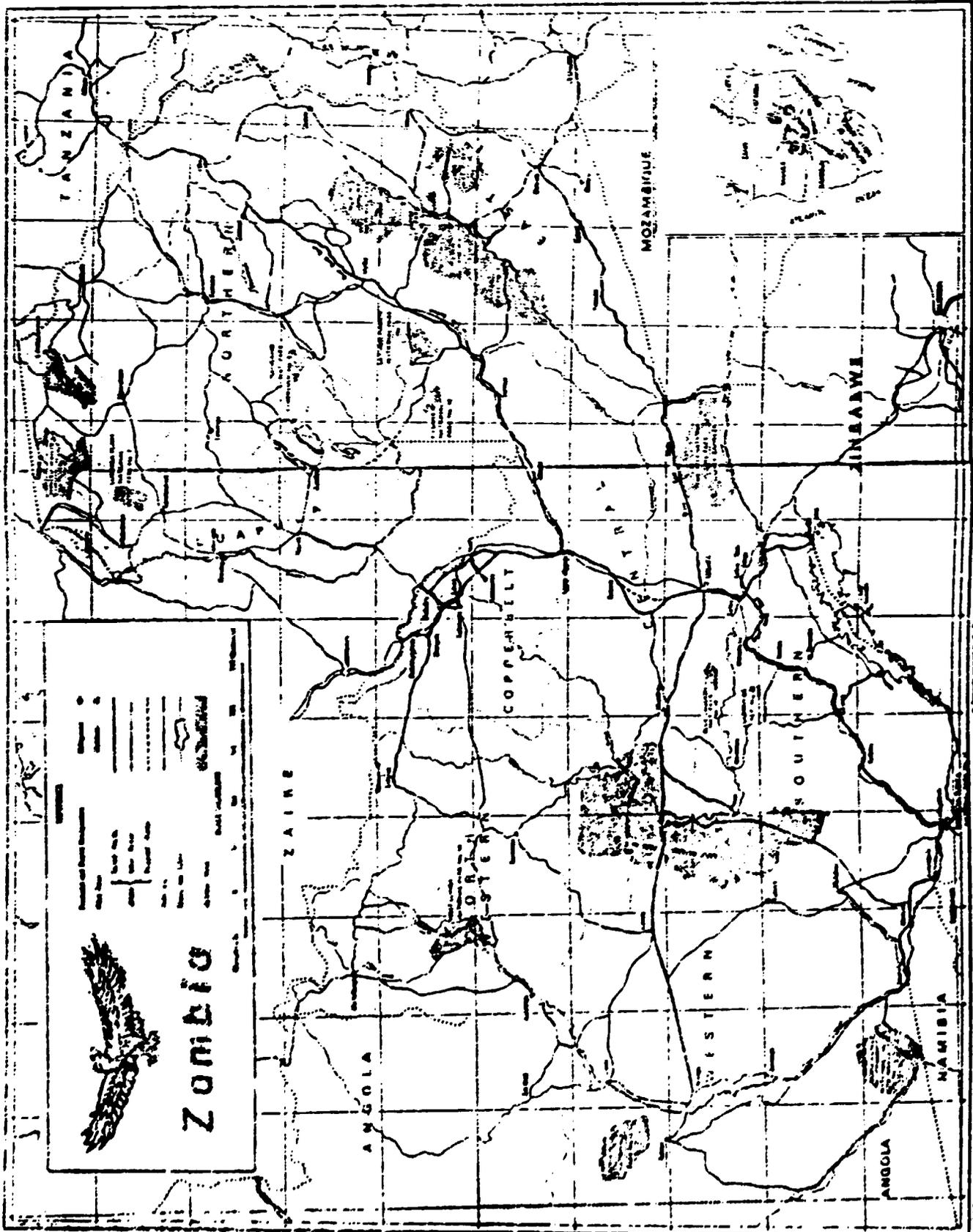
Post: Librarian

Unit: Public Relations Section

1. Maintain and operate VIS Library including suitable books, documents, literature and journals.
2. Maintain stocks of project profiles of potential projects for being made available to visitors and entrepreneurs.

Responsible for: Public Relations Officer

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**Zambia**

*(Map includes a legend with symbols for roads, rivers, and other geographical features, and a scale bar below it.)*