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ESTABLISHING AN INDUSTRIAL DEVELOPMENT AND FINANCIAL ORGANIZATION
FOR PROMOTION OF THE SMALL AND MEDIUM-SCALE
ENTERPRISE SECTOR IN SIERRA LEONE

DP/SIL/87/003

SIERRA LEONE

Technical report No. 11: Assessment of the
growth centre programme*

Prepared for the Government of Sierra Leone and the National Industrial
Development and Finance Organization Limited (NIDFO)
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

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* This document has not been edited.

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GROWTH CENTER PROGRAMME (GCP)

DP/SIL/86/002

A B S T R A C T

This report covers the assessment of the Growth Centre Programme undertaken by the EDP Expert (DP/SIL/87/003) as a special assignment from 29 April to 5 May 1991.

The assessment looked into the factors hindering the self-sustainability of the growth centers in Binkolo, Kpandebu and Pujehun (Sierra Leone). It also examined the efficiency of the institutional units in the Growth Center system and reviewed the effectiveness of policies influencing the non-fulfilment of the GCP objectives.

Lines of action and future options are included in the recommendations for the guidance of the key personnel in the Coordinating Office of the GCP, as well as UNIDO officials administering the GCP.

ASSESSMENT OF THE GROWTH CENTRE PROGRAMME

DP/SIL/86/002

I N T R O D U C T I O N

The establishment of growth centres was initially one of the elemental activities, among others, in DP/SIL/83/001: Industrial Development Promotion and Planning, executed by UNIDO for UNDP, for the Government of Sierra Leone, Ministry of Trade and Industry. The Tripartite Review (TPR) of the Project in November 1985 agreed on the termination of DP/SIL/83/001 by June 1986 as scheduled. The TPR, however, recommended the starting of a new project to pursue the Growth Centre Programme (GCP) to be implemented as a non-governmental activity for certain accepted valid reasons.

The In-depth Project Evaluation of DP/SIL/83/001 in December 1986 indicated that "considerable progress" had been made in the establishment of Pilot Growth Centres. In its early stages, the GCP had attracted enthusiastic support at the national level and in some local areas. As a pilot project it was felt that continued strong support from UNIDO was needed further in the formative stage.

Hence, DP/SIL/86/002 was designed to build upon the GCP of DP/SIL/83/001 by providing technical assistance through a CTA and a team of UN Volunteers to assist the growth centres.

As a result of some administrative delays, DP/SIL/83/001 was extended until the end of 1986 to avoid discontinuity of activities and to utilize the UNV's and Associate Expert who were already in the field. UNIDO files on the project reveal that further extension until June 1987 was subsequently done as DP/SIL/86/002 started on 1 July 1987 for a period of two (2) years.

By March 1989 the status Report on the GCP reflected three (3) centres operational in Pujehun, Kpandebu and Binkolo with varying degrees of performances. While the achievements of the project by September 1989 have been claimed to have "created a viable foundation and a motion of operation" the GCP was said to still be in its infant stage (after two years) requiring further UNIDO support in the transition period when UNIDO technical assistance has been pulled out. It was felt that administrative and financial sustainability of the Centres have not been achieved.

Meanwhile, a coordinating body was recommended by the then CTA which was subsequently operationalized in November 1989. The Growth Centre Coordinating Office, established in Bo, was envisioned to coordinate raw materials needs, vehicle maintenance and marketing of products of the different Centres.

DP/SIL/86/002 went through a revision in October 1989 to extend the UNIDO support to the GCP for another two (2) years until December 1991, incorporating the coordinating office aspect.

By January 1991 another project revision was implemented to strengthen the Coordinating Office and perform its role in providing managerial and technical assistance to the GCs, in addition to the supply of raw materials, tools and equipment and marketing assistance.

Through the years the self-sustaining objective of each growth centre seems not to have been attained for various reasons.

As a special assignment, the undersigned has been tasked to perform an assessment of the GCP and give recommendations accordingly.

Original plans provided for visits to the three (3) Centres for a period of one week and another week to write up findings and recommendations. Security situations, however, brought about by the recent peace and order situation in Sierra Leone, prevented the visits to Pujehun and Kpandebu. Visits to the Coordinating Office in Bo allowed for an interview of the Kpandebu Centre Manager who was there at the time, as well as the Manager Designate of the Coordinating Office. A subsequent visit to Binkolo was likewise done.

Interviews and ocular observations of situations as found, supplemented by files of UNIDO on Projects: DP/SIL/83/001 and DP/SIL/86/002 are the bases for the assessment findings, conclusions and recommendations herein.

I OBJECTIVES OF THE ASSESSMENT

This assessment was undertaken having the following objectives in mind:

- A. To analyze the factors hindering the self-sustainability of the Centres, namely:
 - 1. Sales Revenue
 - 2. Product Lines
 - 3. Costs
 - 4. Production System
 - 5. Records
 - 6. Management

- B. To examine the efficiency of the institutional units involved (Centres and Coordinating Office);

- C. To review the effectiveness of policies influencing the non-fulfilment of GCP objectives in the areas of:
 - 1. Objectives
 - 2. Concept and Strategy

- D. To propose lines of action to take on the GCP.

II FINDINGS & ANALYSIS

A. Factors Hindering Self-Sustainability

1. Sales Revenue

Using the sufficiency rate (ratio of sales to costs in per cent) as the measuring stick the trend for each Centre from 1988 are as shown below:

Table 1 - Sales, Costs and Sufficiency Rates
for Growth Centres (1988 - 1990)

a. Binkolo

<u>YEAR</u>	<u>CGSTS, Le</u>	<u>SALES, Le</u>	<u>RATE, %</u>	<u>AVE. SALES/MO, Le</u>
1988	594,941	254,352	42.8	21,196
1989	1,397,035	875,833	62.7	72,986
1990	199,889	120,035	60.0	24,007

(Jan-May)

b. Kpandebu

1988	563,025	328,945	58.4	27,412
1989	1,199,517	702,259	58.5	58,523
1990	621,267	597,110	96.1	49,759

c. Pujehun

1988	325,030	127,386	39.2	15,923
(May-Dec)				
1989	679,976	358,332	52.7	29,861
1990	442,311	262,937	59.4	29,215

(Jan-May

&

Sept-Dec)

1991				
(Jan-Feb)	85,171	92,594	108.7	46,297

- DATA SOURCE: 1) Technical Report: Progress During the Period
November 1989 to June 1990, Ursberg;
2) Pujehun Report, Aug. 1990 to Feb. 1991, Massaquoi.

Based on average sales per month, there is no trend nor pattern to indicate growth in sales for all three Centres in the future.

Sufficiency rates hardly hit the 60% mark except for Kpandebu in 1990 which had a 96.1 per cent rate and Pujehun in January to February of 1991 with 108.7%.

The key factors influencing sales as shown in many reports are:

- distance of Centres from market necessitating high transport cost for delivery
- quality of centre manager
- worker absenteeism
- raw materials shortage
- shortage of funds to buy raw materials and pay staff

These issues are basic economic and management factors affecting project viability which should have been tackled from the start. Distance from market can not be corrected unless the Centre is relocated. The raw materials shortage is linked with shortage of funds to purchase them as well as proximity to source. This is expected to be corrected by the operations of the Coordinating Office. However the cost of transport both for raw materials and product delivery will still be high in relation to sales value. Of the identified factors employee absenteeism and management quality are controllable.

Based on observations and responses to questions posed to Tamba Jabba, Manager of the Binkolo Center, it is felt that more sales are actually made than are reported. It was observed that a set of furniture (8 chairs, a cabinet and a bed) are in manufacturing process.

The Manager claims they are samples for display. Considering claimed raw materials shortage (wood) the reason is doubtful. The Growth Center Coordinator, UNV Victor Samarakone is not aware of any order or materials provided for this.

Furthermore, the Center Manager kept asking for the motor vehicle for Binkolo. When asked how much sales he must make per month to afford the maintenance and operation of a motor vehicle and a comfortable salary for himself, he named the figure of Le40,000 to Le50,000. Recorded sales for March was Le18,000. Note in Table 1 that average sales for Binkolo in 1989 before Tamba Jabba took over as Manager was Le72,986. At that time there was a UNV at the Centre while Mr. Jabba was a trainer in black-smithy.

At this point, it is interesting to note the claimed effects of marketing efforts of the Coordinating Office, whereby the problem currently being faced is the delay of Centres in timely supply of products. This indicates an imminent pressure on production of the Centres to meet market demand being generated.

2. Product Lines

Through the years of experience in each Centre, there is a marked polarisation of production towards those products that have found markets in the sphere of operation. All reports on the growth center indicated this tendency which establishes product strengths per Centre as shown in Table 2.

Table 2 - IDENTIFIED PRODUCT STRENGTHS

DATA SOURCE	BINKOLO	KPANDEBU	PUGEHUN
CTA Status Report, 20 March 1989	blacksmithy	weaving	---
Evaluation Mission to Sierra Leone and Uganda, April 1990	blacksmithy carpentry	weaving ---	tailoring ---
Note for file, Hisekawa, May 1990	blacksmithy carpentry	blacksmithy soap making (seasonal)	tailoring
Technical Report, Ursberg, Oct. 1989	blacksmithy	weaving blacksmithy carpentry soapmaking (seasonal)	tailoring
Technical Report, Ursbery, June 1990	blacksmithy tailoring	weaving blacksmithy	tailoring
NIDFO, July 1990	blacksmithy carpentry	weaving blacksmithy	tailoring carpentry
Note, Hisekawa, Nov. 1990	blacksmithy carpentry	weaving blacksmithy	tailoring carpentry

Perhaps, concentrating on the identified product strengths would be the strategy to pursue so as not to dissipate efforts into non-selling items. New products should not be introduced unless properly studied as to viability.

3. Costs

As maybe seen in the sufficiency rates (Table 1) costs of production reckoning on direct costs alone will not attain self-sufficiency for any Centre. If break-even costs considering fixed costs are being targetted, it is not likely to attain this at all.

Binkolo is far from self-sufficiency while Kpandebu is almost there for 1990. Pujehun showed a good sufficiency rate in the first two months of 1991. Costs, however, are just direct costs and does not cover machine and building depreciation and other expenses that are capitalized.

Mr. Ursberg in his Technical Report on the GCP as of June 1990 estimates the following breakeven sales for each centre (US\$ = Le200):

Binkolo:	US\$34,500/an	=	Le6,900,000
Kpandebu:	US\$33,200/an	=	Le6,640,000
Pujehun:	US\$19,800/an	=	Le3,960,000

Clearly it maybe seen that including all fixed costs none of the Centres can ever be self-sufficient. The breakeven charts in the report shows that fixed costs are beyond the capabilities of any Centre to recover from sales. However, costs used are actually expenses for the year and does not deduct unused materials nor finished products in stock. Actual breakeven sales must be lower.

4. Production System

From what was seen in Binkolo the production system for the blacksmithy and carpentry operations can stand improvement. For the blacksmithy a continuing production to stock may be pursued on high sale tools as cutlass, hoes, spades.

There is an indicated market at Makeni and surrounding areas which are agricultural. A good materials control system by the Coordinating Office will be able to regulate sales against materials usage. Excess stocks from Makeni demand can be marketed by the Coordinating Office. Production to stock will reduce fixed costs per unit product.

The carpentry operations can remain on job order system which seems to be in practice. Sales generated by the Centre will be difficult to control, however, unless purchase of wood is done by the Coordinating Office.

5. Records

The Binkolo Centre seems to have records for internal information, based on report sheets shown, in so far as daily/monthly sales are concerned. Veracity, however, of entries are not possible to verify unless a good materials control system is installed by the Coordinating Office on materials issued and products sale. Side production not using Bo issued materials will be difficult to determine.

6. Management

Although previous evaluation and progress reports on the GCP indicate good and poor managers, sales performance and sufficiency rates do not reflect these.

Interview of the Binkolo Manager indicates he is business-wise and knows exactly what is going on in the Centre. The inadequacy of operating reports may be deliberate.

It was not possible to assess the capability of the Kpandebu Manager not being able to relate his responses to observations at the Centre. At the time of interview he was pre-occupied with his sustenance while in evacuation status from Kpandebu and the peace and order situation.

B. Efficiency of Institutional Units
in the GCP System

1. Rinkolo Growth Centre

a. Labor Efficiency

It is not possible to determine labor efficiency since no standard output per product has been established by this time. However, a recent bulk order by UNHCR for some tools amounting to Le800,000 value which was farmed out to each center were produced in time. This indicates an existing capacity of the blacksmithy operations to meet volume demands.

b. Machine & Equipment Efficiency

Likewise, none of the Centres have established capacity outputs such that work scheduling are not done efficiently. This is an area that should be looked into.

c. Raw Materials Usage

To a minimal extent the raw material usage for some products are known at the Coordinating Office. This must be documented to be able to establish standard costs per product. It is felt that standard consumptions will assist in establishing costs and pricing.

As it is, there is difficulty in tracing raw materials issued to each Centre to the quantity of products turned out.

d. General Housekeeping

The work areas need improvement on cleanliness and worker safety. This is a matter of behavioral conditioning which the Coordinating Office can build up through pep-talks to Centre Managers and workers on the advantages or orderliness in the workplace from the point of view of work efficiency and worker safety.

2. Coordinating Office

a. Efficiency

The project document (Revision 1990) states that the efficiency of the Coordinating Office will be demonstrated by the positive financial records of the GCs and the CO. Discussions under sales Revenue earlier imply that control over financial records as well as operations of the GCs cannot be absolutely attained by the CO except where raw materials used are supplied from the CO. Measuring, therefore, the efficiency of the CO by the positive financial records of the GCs is not valid.

Instead certain performance standards must be established for the CO.

b. Performance as of March 1991

The performance of the CO for the first quarter of the year is compared against the activities programmed for the period as incorporated in the Project Revision 1990, as shown in Table 3.

It appears that activities that must be attended to for effective operationalization of the CO are not attended to. It is pointed out that the GCs as well as the CO tend to start from the beginning whenever there is a change of key personnel. The CO, this time, must not fall into this groove again. Plans, forecasts, guidelines and procedures must be documented and manualized. Anyone who comes in or takes over will have the manual as a guide. Likewise, turnover of operations of any GC may be done smoothly.

It is also cautioned that the UNV must assist in the management of the CO rather than perform the operating tasks himself. Management systems must be designed and put in place, otherwise dependency on a UNV as has been experienced in the GCs as well as the CO will be perpetuated. The UNV has only until December 1992 to install and operationalize the management and operating system that the Coordinator (Manager Designate) must pursue on his own eventually.

TABLE 3 - Activities Undertaken vs. Activities Programmed

ACTIVITIES PER PROJECT REVISION 1990	COMPLETION	ACTIVITIES UNDERTAKEN PER THREE MONTHS PROGRESS REPORT	REMARKS
1. Audit books of CO and GCs with report up to 1990	Jan. 91	<ul style="list-style-type: none"> • No audit report 	<ul style="list-style-type: none"> • Coordinator and UIIV to explain why not done.
2. Prepare book-keeping and guidelines	Jan. 91	<ul style="list-style-type: none"> • New forms introduced to CO for accounting records, sales and inventory system • Ledger system reorganized to balance incoming and outgoing finances • Reorganized accounting system with cash flow checking system introduced 	<ul style="list-style-type: none"> • Explain why new forms were introduced when forms exist already. • Present balance sheet to reflect these. • Is there accounting manual for guidance of all concerned, including GCs where planned to be introduced?
3. Prepare Annual Reports for CO and GCs	March 91	<ul style="list-style-type: none"> • Annual Reports, 1990 submitted by CO (Kamara) and Kpandebu GC (Fatoma) • Pujehun GC (Massaquoi) submitted report for period Aug. 1990 to Feb. 1991. 	<ul style="list-style-type: none"> • There must be a standard form for Annual Report for easy comparison and analysis as well as consolidation.
4. Prepare plan for introduction/development of pottery activities	Jan. 91	<ul style="list-style-type: none"> • No mention in report 	<ul style="list-style-type: none"> • Explanation needed.
5. Prepare plan for ox-cart experiment	March 91	<ul style="list-style-type: none"> • No mention in report 	<ul style="list-style-type: none"> • Explanation needed.
6. Prepare plan for maximum fuel efficient vehicle use	March 91	<ul style="list-style-type: none"> • No mention in report 	<ul style="list-style-type: none"> • Explanation needed.
7. Conduct survey of local market, with report	Feb. 91	<ul style="list-style-type: none"> • Extensive survey of finished products and raw materials undertaken 	<ul style="list-style-type: none"> • No report available.

8. Prepare conditions for marketing services rendered to GCs.	Jan. 91	• No mention in report	• Must be documented for all concerned.
9. Draft pricing policy	Jan. 91	• No mention in report	• Must be documented.
10. Prepare forecast (breakeven) for production sections	Jan. 91	• No mention in report	• Needed for guidance in budgeting, production planning and performance evaluation of GCs and CO.
11. Conduct final inventory of stocks	Jan. 91	• No mention in report	• Explanation needed
12. Conduct survey on local markets to identify market prices for items in stock	Feb. 91	• Extensive survey of finished products and raw materials undertaken	• Seems same as Item 9
13. Pricing policy of supply scheme	March 91	• No mention in report	• No report available.
14. Assess needs of GCs	Feb. 91	• Partly incorporated in Annual Reports, Item 3	• Explanation needed.
15. Prepare conditions of supply to GCs	March 91	• No mention in report	• Action taken?
16. Finalize scheme for raw material supply	March 91	• No mention in report	• Must be documented for guidance of all concerned.
17. Choice of Section Chief for garage services	Jan. 91	• No mention in report	• Must be documented for guidance of all concerned.
18. Prepare conditions of services rendered in garage operations	Feb. 91	• No mention in report	• Explanation needed.
19. Select, propose, experiment new activities	continuing to Dec. 92	• Added products for Coordinating Office to market, obtained from entrepreneurs in Bo and other areas	• Must be documented for guidance of all concerned.
20. Explore possibility of operating sub-contracting arrangements	ditto	• In operation with GCs	• Conditions for marketing services, Item 8, must be established before operationalizing introduction of new products.
21. Start and operate ordinate book-keeping for marketing services and garage services	ditto	• Reportedly in place	• Formal guidelines not documented for application to all.
			• Must be manualized

22. Operate raw material supply scheme

continuing
to
Dec. 92

• Implied to have started through
sub-contracting

• Scheme not documented for all
concerned

23. Assistance to GC fleet and outside
customers

continuing
to
Dec. 92

• Implied to be operational

• Conditions for services rendered
not available

C. Effectiveness of Policies
in Attaining GCP Objectives

1. DP/SIL/86/002 Objectives

DP/SIL/86/002 was intended to contribute to Sierra Leone's economic development by developing entrepreneurial management and labour skills, generating employment opportunities and contributing to the satisfaction of basic needs of the people in rural areas at the grass roots level. This development objective is in accordance with the Programme for Rehabilitation of Economic Recovery in the country of the Ministry of Development and Economic Planning as drawn up in September 1985.

In order to achieve this objective, the Project was to consolidate and develop the ongoing pilot Growth Centre activities into a self-sustaining Programme for promotion of small-scale industries incorporating entrepreneurship development at the grass roots level in the rural areas.

The objectives were adequately stated; the terms "grass roots level" and "rural areas" were interpreted, however, to mean any area regardless of resource endowments and market absorption capacity in the choice of sites for the Centres.

2. Concept and Strategy

Still incorporated in the statement of objectives is the concept of eventual self-sustainability of the Centres and entrepreneurship development and skills training at the grass roots level. The last two (2) ideas were in conflict with the self-sustainability aspect which was realized in early 1989 when emphasis was shifted towards production activities, since without economical sufficiency training which is entirely a cost incurring activity, was not possible.

This shift, therefore, abandoned the entrepreneurship development aspect and allowed only for minimal skills training to man the production operations. Indirectly, however, the section heads and Centre Managers were being exposed to entrepreneurial activities since the Centre have initially been converted to enterprise units marketing the products produced and sourcing raw materials needed.

A few of the trained workers, specifically in Pujehun, have been established as independent entrepreneurs while some were employed in other business enterprises, as reported by the Pujehun Centre Manager in March, 1991.

Further strengthening of the Centres to expedite their self-sustainability came with the setting up of the Coordinating Office (CO) in Bo. The CO, upon full operation and self-sustainability is intended to provide managerial and technical assistance to the GCs, supply them with raw materials, tools and equipment on a competitive commercial basis and assist in the marketing of their products.

This makes the CO as a trading outfit marketing Centre products and supplying Centre raw material requirements at sufficient mark-ups to be self-sustaining in itself. To further strengthen the CO in its pursuit of self-sustainability products of other production units will likewise be marketed by the CO since produce of the Centres alone may not be adequate to sustain the operating costs. Furthermore, a garage, has been set up at the CO to take care of maintenance and repair of Centre vehicles, and likewise offer services for other vehicles in the Bo area.

The involvement in marketing of other products in addition to Centre products is accepted to maximize CO installed resources. It may not be wise, however, to set up the wood-working shop being planned and supposed to start operation in May. The CO must not get involved in production activities for two major reasons. First, this will be in competition with Centre activities. Second, the CO is set up as a trading unit and staff time and efforts will likely be split between production and marketing. Besides present economic conditions in Sierra Leone may not be favourable for another wood-working unit in immediate proximity to the Binkolo operations. It is further reminded that the three carpentry sections, one in each Centre, have not yet been stabilized for economic viability at present after five years of operation.

III RECOMMENDATIONS

The following recommendations are intended to provide a series of actions to take on the Growth Centres and prioritizing of activities in the Coordinating Office to stabilize the total GCP system. They also provide some project options for future consideration.

A. Growth Centres

1. Production System

Schedule production on a batch-continuous system to fully utilize installed capacities. Standard outputs and costs can then be established for a better pricing system. Hence, production to stock for The Coordinating Office to anticipate and absorb, will allow a better planned marketing system.

2. Labor Efficiency

In conformance with the production to stock on products as pointed out earlier, labor efficiency can be enhanced if two (2) workers are assigned one particular product, e.g. cutlass, hoe, etc. This will develop worker efficiency through specialization, as well as product quality. In the carpentry section one worker can do all handles for the knives, cutlasses, hoes, etc. Additional workers may be added per product type depending on the demand. One (1) worker may be assigned for new product development or idle time of workers maybe used for this.

An alternative approach to specialization is by process or operation. This is more suitable for larger enough production runs.

3. Product Lines

Reduce the number of product lines to only those that have established or identified market demand as well as profit contribution.

4. Machine & Equipment Efficiency

Work scheduling by batches of products will minimize machine down-time. If continuous batch production to stock is done machine and equipment utilization will go up.

5. General Housekeeping

The work areas need improvement on cleanliness and worker safety. This is a matter of behavioral development which the Coordinating Office can build up through pep-talks to Manager and workers on the advantages of orderliness in the workplace.

6. Entrepreneurship Development

A. Binkolo Growth Centre

Consider handing over the Binkolo Growth Centre to Mr. Tamba Jabba and the carpentry trainer as the entrepreneurs to make the Centre work out as a business enterprise.

Before doing this, however, the sewing machines (9 units) must be pulled out for setting up elsewhere where raw materials supply and market are more favourable. Only the blacksmithy and the carpentry shop are to be left in Binkolo.

Machinery and equipment depreciation may be spread out for at least 5 years, deductible from sales proceeds to the CO, so that the new entrepreneurs will have a stake in the business.

Continue operating Binkolo GC as a sub-contractor of the CO at the same time marketing their own produce.

2. Pujehun GC

Depending on what will be the situation eventually, concentrate operations of Pujehun GC for tailoring and possibly carpentry. Other production equipment should be pulled out for installation elsewhere when resource and other endowments are favourable.

Establish a sub-contracting arrangement with the CO.

3. Kpandebu GC

Depending likewise on what will be the situation eventually, operations in Kpandebu may be concentrated on the weaving and blacksmithy operations. Other facilities are to be pulled out for installation elsewhere.

Likewise, this GC is to develop as a sub-contractor for the CO and at the same time market its own products.

B. Coordinating Office

1. The Coordinator (Manager Designate) together with the UNV must formulate and document the policies and procedures to be followed in:
 - a. Product pricing
 - b. Raw materials supply scheme to sub-contractors
 - c. Garage service conditions
2. The Coordinator together with the UNV must manualize the book-keeping system for the CO operations, periodic reporting system of internal operations as well as those of the GCs.
3. The necessary market surveys must be conducted to assist in marketing of GC products initially and other products eventually. Survey results must be analyzed and documented for reference.

4. When the foregoing components of the management system are in place and operationalized with fluidity, then marketing activities can be intelligently undertaken.
5. Consider disposal by sale of machinery, equipment and tools stock at the CO. Some of the items may be needed by NIDFO clients. NIDFO industrial engineer assisted by the UNIDO Industrial Engineering Expert and the UNV Mechanical Engineer may be asked to look into this machinery and equipment to determine which can be useful for NIDFO clients. Sales proceeds may be used by the CO for operating funds.
6. Any new product line to be marketed by the CO or developed in any GC must be carefully studied before setting up production facilities. The decision to develop a product must be premised on potential viability on aspects marketing, technology and financial feasibility.

C. Other Considerations

1. Pursue the original objective of entrepreneurship development at the grass roots level in the rural areas by selecting workers in GCs (existing or future ones) and other individuals in the community who have potentials for business success. A revolving fund may be set up for staking these individuals, with a convenient pay-back scheme.
2. Pursue the skills training objective of the project by passing on the training activities to vocational/technical schools. Some of the unutilized machinery and equipment in the GCs and the CO may be installed in such schools with appropriate arrangements. Potential entrepreneurs can likewise be selected for entrepreneurial assistance through the revolving fund mentioned in 7. above. An alternative source of funding may be NIDFO if satisfactory arrangements may be made.