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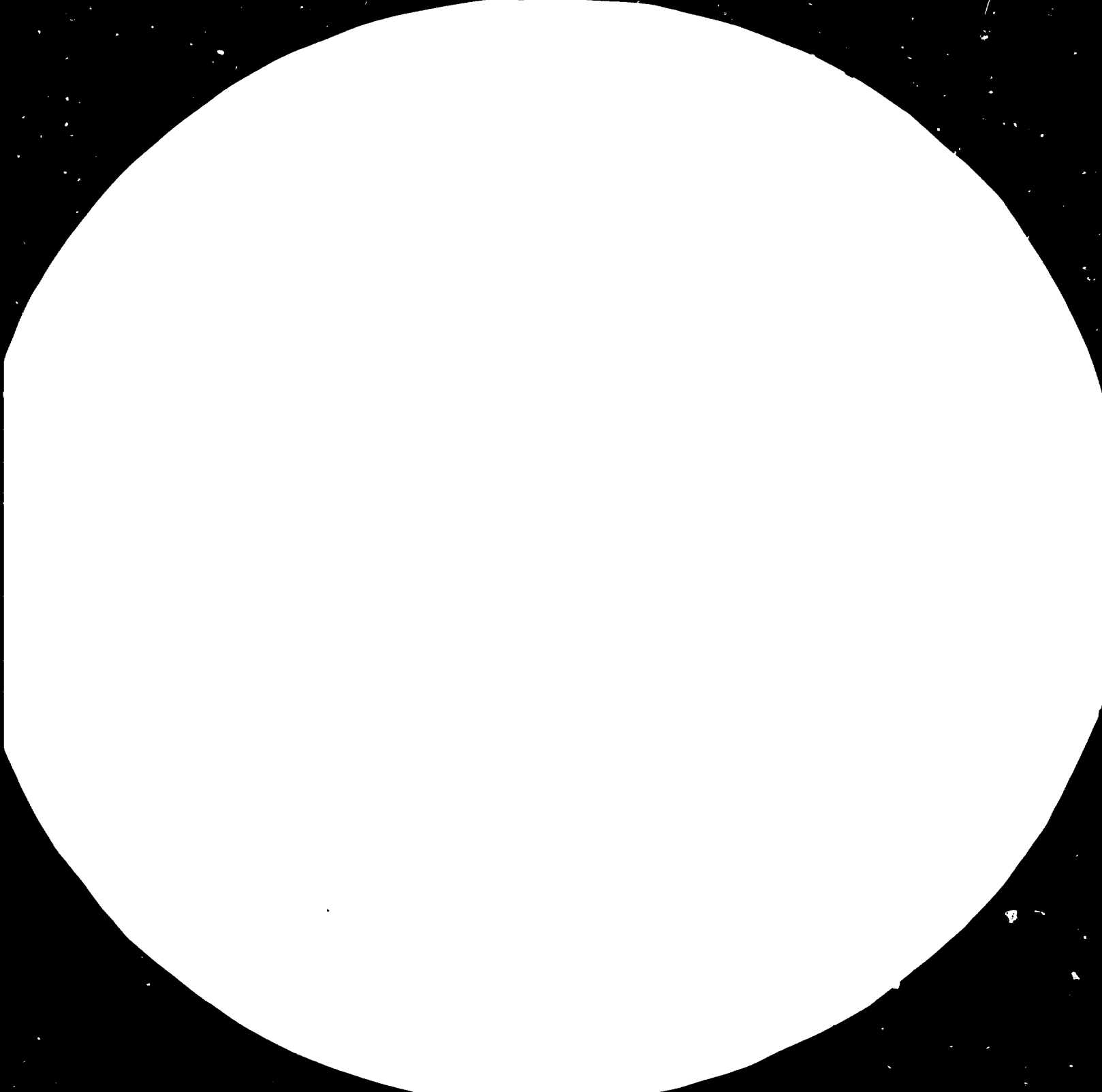
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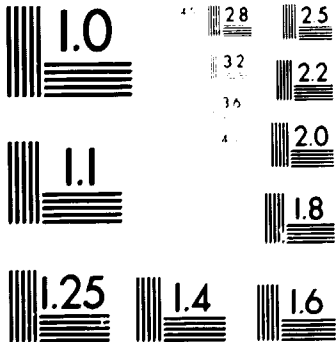
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Zambia.

Assistance to Small-Scale Industries (SI/ZAM/79/802 and
DP/ZAM/80/005 from January 1980 till end of September 1983)

DRAFT TERMINAL REPORT

Prepared for the Government of the Republic of Zambia

by

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United Nations Industrial Development Organization

33-3

1984

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

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PROJECT FINDINGS AND RECOMMENDATIONS

DRAFT TERMINAL REPORT PREPARED FOR THE GOVERNMENT OF THE REPUBLIC OF ZAMBIA

by Karachur L. Nanjappa, Senior Adviser on Small-scale Industries (UNIDO)

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

PROJECT BACKGROUND:

1.i. The industrial development of Zambia has been rather lopsided. There has been very little genuine import substitution and most of the industries set up during the past several years are heavily dependent on imported raw materials and other essential production inputs. The technology imported has been capital intensive and least suited to the Zambian market. The industrial growth has taken place only at Kabwe Urban District, Kafue Township, Livingstone District, Lusaka Urban District and the Copperbelt Province (excluding Ndola Rural District). Nearly 60 % of the population of the country are still living in rural areas and yet there are no industries to support them. There are one million unemployed and under-employed persons among the rural and urban population. People on the Copperbelt earn five times more than those living in rural areas. Zambia is landlocked and goods intended for import and export have to be transported over a long distance by land.

During the Second National Development Plan period, the manufacturing sector failed to produce any additional employment. It is most unfortunate that instead of generating more employment they have retrenched the workers during the Second National Development Plan period. Besides, during the SNDP Period, the major part of new investment was directed into industries which by their very nature were highly "capital intensive" and generated little additional employment. In some industries, where a labour-intensive technology combined with small-scale production was economically feasible, more capital intensive methods were nonetheless chosen.

UNDP/UNIDO PARTICIPATION (PHASES I AND II):

The Government of Zambia wanted small-scale industries to be started under projects ZAM/69/506 and ZAM/74/005 Development of Small-scale Industries (Phase I and II). These projects were attached to RUCOM Industries Ltd. which was set up in 1971. It received Government subsidies, but later on it was withdrawn. The enterprises set up by PUCOM failed and the reasons for the failure were:

- a) * RUCOM Workshop Managers often had little or no previous practical business experience and were not able to give proper advice to entrepreneurs;
- b) Machinery supplied to entrepreneurs was too sophisticated and the hire charges fixed were too high and beyond the ability of entrepreneurs to pay;
- c) The workshops of the entrepreneurs were located in urban heavy industrial zones, away from the main markets;
- d) Insufficient technical and professional staff and RUCOM's low profile among companies;
- e) Lack of capacity to provide credits and limited capacity for capital investment. In addition the UNIDO projects suffered from conceptual confusion surrounding RUCOM at that time. There was no plan to follow through training, production and supply and distribution in the workshops established and no finance was allocated for follow-up.

At the end of 1979, under the auspices of the World Bank/UNIDO Co-operative, a two member-mission visited Zambia and made a thorough examination of activities carried out by UNIDO's projects and finally observed that "the UNIDO Mission attached to RUCOM was unsuccessful and nothing of its work remains". Besides the World Bank/UNIDO two member-mission observed that "recent UNIDO technical co-operative projects do not seem to have been developed according to any sort of over-all plan". *

1.2. INSTITUTIONAL FRAMEWORK:

The Third National Development Plan (1979 - 1983) gave a priority treatment for the development of small-scale and village industries in Zambia. The NCDP wanted the small-scale industries to be established in the rural areas to include agro-industries and secondary food processing industries catering primarily to the consumption and other rural activities, such as mechanical repair workshops, wood-working workshops, brick works and lime works. These will be an integrated part of rural development strategy aimed at establishing linkages between small-scale industries and agricultural development. It was also suggested in the plan to establish a large network of repair workshops in all the districts, to support intensified agricultural production. Besides the NCDP gave equal importance to developing village industries in the country.

The NCDP also advocated for the establishment of a central organization to carry out the industrial extension services to the entrepreneurs for establishing small-scale and village industries.

1.3. SECOND TIME UNDP/UNIDO PARTICIPATION (PREPARATORY PROJECT):

After preparing the Third National Development Plan (1979 - 1983), the Government of Zambia again approached the UNDP/UNIDO for assistance to the country in the development of modern small-scale industries. It was on the basis of this request that UNIDO formalized a project to assist the Government of Zambia in establishing the proper institutional infrastructure for the promotion of small-scale and rural industries. The preparatory project No. SI/ZAM/79/802 suggested the appointment of a Senior Adviser in small-scale industries, who should be a high-level adviser familiar with establishing small industries institutions in Africa and Asia. This type

* WORLD BANK/UNIDO Co-operative Programme Report No. 12/Rev. 1 May 1981

of experience on the part of the Senior Adviser was prescribed, taking into account the sad experience in Zambia of UNIDO experts having been appointed earlier with technical inadequacies and quality sometimes below standard.

Thus the writer of this report, K.L. Nanjappa, was appointed as Senior Adviser by the UNIDO after getting clearance from the Government of Zambia. He had studied the structure of small-scale industries in Japan and worked for over 30 years in the development of modern small-scale industries in India in different capacities. Besides, he had worked in preparing development schemes in the field of small-scale industries in the Philippines and Iran. He worked as Senior Adviser in Tanzania and Turkey where he assisted in the establishment of SIDO organizations. In all, he had been working continuously for over 11 years as UNIDO Senior Adviser in Asian, Middle East and African developing countries.

1.4. PROJECT AREA AND OBJECTIVES:

The UNIDO Senior Adviser on small-scale industries was asked to carry out the following duties in Zambia:

- a) To formulate and implement the small-scale industry development programme;
- b) To establish an operational organization for small-scale industries;
- c) To carry out surveys on techno-economic aspects of small-scale industry development;
- d) To establish technical services and facilities for small-scale industries;
- e) Prepare credit policy and financial assistance programme to assist small-scale industry units in meeting credit needs;
- f) To assist in the establishment of a special institution for small industries promotion; and
- g) Advise on suitable training programmes for Zambians.

Besides, the Senior Adviser was asked to suggest development policies and eventually an operational programme providing a complete range of services required for small industries development. Since no institution specifically entrusted with providing a package of industrial services to small entrepreneurs existed in Zambia, the Development Plan called for the establishment of such an institution, the SMALL INDUSTRIES DEVELOPMENT ORGANIZATION, and the further strengthening of the Village Industries Service.

1.5. CONTINUATION OF PREPARATORY PROJECT TO COVER SPILL-OVER WORK UNDER THE PROJECT DP/ZAM/80/005:

In order to carry out the spill-over work from the preparatory project SI/ZAM/79/802, a new project came into existence, namely DP/ZAM/80/005, to cover the period 13 September 1980 to September 1981. Then the period of project DP/ZAM/80/005 was further extended till end September 1983.

II. PROJECT ACTIVITIES

PROJECT OBJECTIVES:

As stated in the original project document SI/ZAM/79/802, the immediate and long-range objectives of the project DP/ZAM/80/005 were as follows:

2.1. IMMEDIATE OBJECTIVES:

- a) Prepare basic strategy and approach for the development of small-scale and village industries in keeping with the changing technology and growing sophistication of the small-scale sector; desirability of enacting suitable legislation to accelerate the pace of development of village and small-scale industries.
- b) Prepare an integrated development programme which has bearing on the entire set of inputs required by small-scale and village industries.
- c) Suggest evolving a policy and programme for the development of village and small-scale industries.
- d) Suggest appropriate institutional arrangements for facilitating the growth of village and small-scale industries by the Ministry of Commerce and Industry, Government of Zambia.
- e) Strategy to be adopted for the development of village and small-scale industries in rural areas of Zambia.
- f) Suggest a new credit policy to guide the banks to help the small-scale units getting short and long-term loans.

2.2. WORKPLAN:

The Ministry of Commerce and Industry set up a separate unit comprising of the Senior Adviser, two economists and the Senior Under Secretary of the Department of Industry, as his counterparts, for implementing the project. The Senior Adviser arrived in Lusaka on 20 December 1979. Till the end of December 1982, the Senior Adviser had his office in the Ministry of Commerce and Industry; when the SIDO started functioning in a rented building at Findeco House in January 1983, he worked in both places. In April 1983, when SIDO moved to its permanent building, the adviser shifted to the SIDO office. From 1983, the adviser had as his counterpart the Director of SIDO, besides a number of Senior Zambian experts were appointed to carry on the work.

There was another project, DP/ZAM/80/007 "Assistance to Development Bank of Zambia" which was also related to development of small-scale industries. It was thought necessary to establish liaison with the above project. The Senior Adviser established a close liaison with the Bank of Zambia, the Institute of Bankers Association, other financial institutions and other concerned institutions operating in Zambia. The adviser kept a close contact with the Management Advisory Board, and with their help conducted two entrepreneur development training courses in which 90 persons participated. The adviser was associated with the Standing Committee on Industrial Development at the National Council for Scientific Research (NCSR).

EFFORTS OF NCDP:

Every year the NCDP used to hold meetings among the various Ministries to decide the quantum of funds to be provided under annual budgets for recurring and non-recurring expenditures. The UNIDO adviser participated in all these meetings. He also prepared draft country programmes for SIDO and VIS projects for their consideration. As desired by NCDP the adviser delivered a detailed lecture to 30 economists in their premises on the importance of small-scale industries development in the Zambian economy.

CHAMBER OF COMMERCE:

The adviser delivered two lectures to the Executive Committee of the Chamber of Commerce and explained as to how small-scale industries could help large-scale units by supplying parts and components. Having realised the importance of small-scale industries, the Chamber of Commerce provided funds to the Small Industries Development Organization for organizing a separate seminar on small-scale industries development during the early part of 1983. The Chamber of Commerce is regularly sending its Executive Secretary to participate in the SIDO Board Meetings.

DISTRICT COUNCILS:

The National Public Administration Agency frequently organises courses for the District Authorities on economic development programmes. The UNIDO Adviser, along with the Director of SIDO, participated in the training programme and explained as to how the District authorities could play an effective role in the development of entrepreneurs in rural areas, thus establishing rural industries by utilizing the local raw materials for the production of items needed in rural areas.

2.3. POLICY SUPPORT FOR COTTAGE AND SMALL-SCALE INDUSTRIES:

In order that village and small-scale industries grow and develop in a big way in Zambia and play the role assigned to them by the National Commission for Development Planning in their TNDP (1979 - 1983), it is necessary that certain policy support is given to their development by the Government of Zambia in its overall industrial policy. The UNIDO adviser prepared a detailed policy paper on small-scale industries.

The development of cottage and small-scale industries requires policy support in a number of directions. Firstly, by way of re-orientation of industrial policy relating to ownership of cottage and small-scale industries. Secondly, reservation of certain end-products exclusively for the cottage and small-scale sector. Thirdly, development of ancillary small-scale units to farm out manufacture of certain parts and components to ancillary units. Lastly, by way of reservation of certain items for purchases by Government and Parastatal agencies exclusively from small-scale units.

The policy for the development of village and small-scale industries should clearly affirm the priority nature of these industries as under:

The cottage and small industries form an integral part of the national economy and can serve as an effective tool in the attainment of the following socio-economic objectives.

- 1) They provide a large volume of employment with minimum capital;
- 2) They immediately add to current output as they are able to produce a big amount of gross output with a small amount of fixed capital and that, too, with a much shorter gestation period.

The strategic role of cottage and small-scale industries in the country's economy in general and industrial structure in particular as set out by TNDP, calls for giving them all possible support for development and removing every type of hurdle, real or psychological, inhibiting their growth.

a) Moreover, a cottage or a small-scale unit would be responsible for providing only a small proportion of the total production required. It would not, therefore, be in a position to exert any monopolistic pressures on the consumers. In other words, an in-built mechanism of competition would prevent small-scale units from indulging in anti-social monopolistic and restrictive trade practices which large units are often capable of in a capitalistic society. Besides, development of small-scale industries would create a class of small self-employed entrepreneurs and not merely that of manager-employers and this should augur well for a democratic socialist society.

All types of village and small-scale industries and agro-based industries may be treated as "open industries" where entrance to local private investors may be allowed.

Cottage and small-scale units organized on co-operative basis may be given better consideration in the supply of various inputs, such as scarce raw materials, finance, technical assistance etc. It should not, however, be made obligatory on the promoters of small-scale units in urban or rural areas to organize themselves on co-operative basis. In other words, co-operative small-scale units may be encouraged with positive measures and not by prohibiting entry to private entrepreneurs in the small-scale sector.

Finally, "any person, being a citizen of Zambia, may be freely allowed to set up a cottage or a small-scale industry, as defined by the Government of Zambia".

b) Cottage and small-scale units, more often than not, are handicapped in respect of both procurement in inputs and disposal of output. They often lack facilities for research and development of products and for adoption of latest techniques of production. Their marketing practices are also less organized and unevenly matched with those of the large-scale sector. The position in regard to marketing is further aggravated, much to the disadvantage of the small-scale sector by the brand-consciousness created by large-scale units through their intensive advertisement drive. In short, there is clearly an "infant industry argument" for protecting small-scale units which may eventually become technically efficient and economically viable.

c) To develop cottage and small-scale units in a more meaningful way, it is necessary to adopt a "comprehensive and integrated development programme in Zambia".

A package of assistance consisting of a national organization to administer the Small Industries Act and to look after the development of small-scale industries, finance sheds in industrial estates, techno-economic managerial consultancy services, tax relief, subsidy etc. will have to be provided.

2.4. SAMPLE SURVEY OF SMALL INDUSTRIES IN LUSAKA AREA:

In Zambia there are at present no authentic statistics available on a number of small-scale units, number of persons employed etc. In order to rectify this situation in a limited way, the UNIDO adviser contacted during 1980 the Central Statistical Office for organizing a sample survey with the help of 30 trainees for a period of 12 days in the Lusaka area. The survey has brought out that nearly 2,499 small-scale and household units are engaged in the manufacture of

- Food, beverages and tobacco;
- textiles, wearing apparel and leather industries;
- wood and wood products;
- fabricated metal products, machinery and equipment; and
- other manufacturing products.

Those units have provided employment to 3,450 persons, of which 1,540 were female workers.

Besides, the present units are engaged in the production of industrial products worth K2,305,000. Equipment and machinery invested in those units amounted to only K135,000. This limited sample survey has shown that the small-scale units in one area alone have given K1,388,000 as added value.

The sample survey has really helped the country in many ways by providing basic data for future planning. It may be observed, if large-scale units were to provide such employment, then an investment of about K155 million would have been required. On the basis of this sample it is estimated that nearly 35,000 small industrial units are in existence in Zambia.

2.5. DEFINITION OF SMALL-SCALE INDUSTRIES:

When arriving in Zambia, the UNIDO adviser found that no precise definition of small-scale industries was followed. The adviser prepared a detailed note to define a small-scale unit, giving examples followed in USA, Japan, India, Tanzania etc. It was also suggested that the definition should be approved by the Parliament so that all Government agencies will follow it, thus preventing confusion. The reason given for adopting the suggested definition for a small-scale unit are furnished below:

It was suggested that the definition might be revised by categorisation based on capital investment in machinery and equipment, since it is capital and not labour which is scarce in Zambia. The operational funds (working capital) need also be excluded while fixing the ceiling between the different

size groups of industries, because they are fluid funds which vary from time to time throughout the year. If operational funds are also included for fixing the ceiling in respect of small-scale industries, it would lead to avoidable administrative difficulties. The definition based on number of workers employed has an advantage of being unaffected by changes in price levels. Its disadvantage is that industries which are relatively more labour intensive are placed at a disadvantageous position and would find themselves excluded from the small-scale sector as a result of employment ceiling in the definition of small-scale industries. On the other hand, if capital investment in plant and machinery is taken as a yardstick for defining the small-scale industries, it would inhibit the entry of relatively more capital intensive industries under the umbrella of the small-scale sector. But a definition based on this criterion requires a more frequent revision due to rise in prices of capital equipment. Otherwise, the size of small-scale industry in terms of the definition would keep on shrinking under the impact of rise in prices of capital goods. Thus, insofar as administration is alive to the need for revising this from time to time and also to the fact that it is capital and not labour which is scarce, it is suggested that all types of manufacturing, processing and servicing units in Zambia may be categorized as under:

- (i) Village industries, handicrafts, handlooms with investment of K15,000 and below on plant and equipment.
- (ii) Industrial units with investment K250,000 and below on machinery and equipment may be considered as small-scale units.
- (iii) In case of ancillary units, investment of K350,000 and below on plant and machinery was suggested and approved.

The suggested definition was approved by Parliament in December 1981.

2.6. PREPARATION OF SMALL-SCALE INDUSTRIES ACT:

The Ministry of Commerce and Industry asked the UNIDO adviser to prepare a Small Industries Act. Before undertaking this task, the adviser along with the then Minister of State, Hon. Leonard Subulwa, toured the Southern and Western parts of Zambia in order to understand the prevailing conditions in the field of small-scale industries. The adviser also had discussions with the Village Industry Service, the Management Board Services, NCDP and other institutions including banks, and he also visited a number of small-scale units. In Livingstone and Lusaka, as a result of these visits, he was able to get a background picture and learn the handicaps that are faced by the small-scale industries. As a result of these activities and understanding of the situation, he prepared a 28 pages Draft Act on Small-scale Industries Development. The Ministry of Commerce and Industry took some time to clear it and copies were circulated among various Ministries, including Finance, Legal Affairs, Agriculture and Water Development, NCDP, Ministry of Labour and Social Services, Chamber of Commerce. Unfortunately, the Chamber of Commerce was not in favour of setting up the Small Industries Development Organization and passing the Act, as they thought their own Chamber will be able to look after the interests of the small-scale industries. This suggestion was rejected by the Ministry of Commerce and Industry, as they were of the opinion that the Party and its Government had committed to the

the development of small-scale industries since they were convinced that it was the only sector able to create more employment opportunities at less cost and also utilize the local raw materials for the benefit of the people living in rural areas. All the Ministries favourably commented on the Draft Act and the Ministry of Finance not only supported the Act but also wanted to increase the penalty on those persons who will be misusing the Government facilities. In their opinion a severe punishment would help prevent the people from misusing the Government facilities given to small-scale industries.

By the middle of March 1981 the Cabinet Office had approved the Draft Act and referred the Bill for further processing to the Ministry of Legal Affairs. The Under Secretary in the Ministry of Commerce and Industry and the UNIDO adviser had a number of detailed discussions with the Ministry of Legal Affairs on various clauses mentioned in the Act. The Acts which had been passed by various Governments were also shown. After a lengthy discussion the Ministry of Legal Affairs approved the Act and referred it to the National Assembly for their consideration.

In December 1981 the Parliament discussed the Draft Act for a period of three days and finally approved it. The Act gives SIDO a broad mandate as the central agency responsible for assistance to small-scale industries, but including also formulations, research, surveys, training, various extension services procurement and industrial estate. As per the SIDO Act, the Central Agency to be established as SIDO will have a Chairman and representatives from various Ministries. According to the Act the funds for SIDO come from several sources, such as appropriation by Parliament, grants and donations both from inside and outside the country, SIDO can also charge and collect fees in respect of programmes, seminars, consultancy services and other services provided by it.

Under the Act every small-scale industry shall have to register itself as a small enterprise with SIDO.

The SIDO Act 1981 of Zambia is attached as Annexure II.

2.7. SIDO BOARD MEETINGS:

During November 1982, the President of Zambia appointed Dr. C. Ng'andwe, Head of Economics Department at the University of Zambia, as Director and Chief Executive of SIDO. The Board Members of SIDO are:

- Chairman, who shall be appointed by the President;
- Chairman of the Village Industry Service;
- A representative of the Ministry, responsible for National Commission for Development Planning;
- A representative from the Ministry of Finance;
- A representative from the Ministry of Commerce and Industry;
- A representative from the Ministry of Agriculture and Water Development;
- A representative of the Zambia Industrial and Mining Corporation Ltd;
- A representative of the Bankers' Association of Zambia;
- A representative of the Zambia Federation of Employers;
- A representative of the Zambia Congress of Trade Unions;
- A representative of the House of Chiefs;
- A representative of the Small-scale Industries Association of Zambia;

- Two persons appointed by the Minister of Commerce and Industry.
(Minister nominated the Executive Secretary of the Chamber of Commerce and the Director of Management Services Board to serve as Directors in the Board.)

During the reporting period the SIDO Board had met four times (10, 15 and 23 December 1982 as well as 23 March 1983) and has taken a number of decisions on various duties to be carried out by SIDO. The Board also approved a number of technical and administrative staff to be appointed, and approved the pay scales and service conditions. The Board selected and appointed its own Secretary and also elected Mr. P.D. Chisanga, representative of the Zambia Federation of Employers, as Vice-Chairman of the Board. In the absence of a Chairman being appointed by the President of Zambia, the Permanent Secretary of the Ministry of Commerce and Industry presided over all the Board Meetings. On permanent basis the UNIDO adviser was regularly invited to attend Board Meetings. The adviser gave his advice on various matters and his views were respected. He was also associated in the selection of technical people to serve in SIDO. On many a time the adviser himself suggested certain items to be included in the agenda.

2.8. SMALL INDUSTRIES DEVELOPMENT ORGANIZATION (SIDO):

In order to carry out the various programmes and the policies of the Government of Zambia relating to the development of the small-scale sector well as to implement the various articles of the Small Industries Development Act 1981, the Ministry of Commerce and Industry provided two rooms in the Ministry itself to set up the SIDO Office. In November 1982, H.E. the President appointed Dr. Ng'andwe, Head of the Economics Department of the University of Zambia, as Director of SIDO. He assumed the charge immediately. One Senior Accountant was appointed to look after the budget of K110,000 which was provided by the Government. By the end of December 1982 SIDO moved to Findeco House. As space became insufficient for the growing SIDO, the Director and the UNIDO adviser carried on negotiations with the Ministry of Works and Supply, with the result that a separate building was made available on a permanent basis. In April 1983 SIDO moved to its permanent building which is located at the southend of Cairo Road. The office is located in the Central Place of Lusaka and the public finds it convenient to visit SIDO offices. In April 1983 SIDO became fully operational, particularly in providing industrial extension services.

SIDO'S BUDGET:

The Government of Zambia provided the following amounts to SIDO for carrying out its activities.

1981	K 10,000 token grant (when SIDO was not in existence yet)
1982	K110,000
1983	K 1,4 million
1984	K 9 million

In spite of the general economic difficulties, the Government was generous in providing more funds to SIDO, as they believe that SIDO's activities will benefit the country. This aspect further shows as to how the Party and the Government are committed to the development of small-scale industries in Zambia.

Staff position during the reporting period:

- Director and Chief Executive Officer	1
- Secretary to the Board	1
- Assistant Technical Director	1
- Senior Accountant	1
- Accounts Assistants	2
- Mechanical, Electrical and Chemical Engineers	3
- Economists	12
- Technologists	3
- Administrative Officer and his staff	4
- Other Officers	4
- Indian Experts	5
(Electrical, Chemical, Marketing, Leather Tanning and Economist)	
- UNIDO Senior Adviser	1
- Typists, stenographers, secretaries, drivers, office orderly etc.	14

Total	52
	====

EXTENSION WORK CARRIED OUT:

- A. With a view to enlightening the public on the type of small-scale industries that could be developed by using the available raw materials, and on the type of assistance the SIDO can render, the UNIDO adviser helped in the publication of two printed booklets. To start with, 5000 copies were printed and distributed in the districts and to trade associations, technical institutions, participants in seminars and visitors calling at the SIDO offices. After the first 5000 were distributed, SIDO printed again 5000 copies with additional new pamphlets, giving more information on industrial estates and ancillary industries.
- B. Technical staff prepared 30 model schemes on various industries.
- C. Survey on ancillary items, to be manufactured with a mining company, was carried out.
- D. Nearly 800 visitors visited SIDO to obtain various information for setting up units.
- E. Conducted five entrepreneurial development seminars.
- F. Nine technical staff were sent for three months training on various courses in India.
- G. Three teams, consisting of the Director and other senior staff, were sent to Japan and India to study the working of organizations on policy and programming for the development of small-scale industries.
- H. Selection of areas for the establishment of three industrial estates was carried out.
- I. Economic survey was conducted in three provinces to find out the type of small-scale industries to be developed.
- J. 69 manufacturing licences were issued to 17 trades by the Ministry of Commerce and Industry.

In order to serve small-scale units located in the Copperbelt area, SIDO opened a branch office at Kitwe during 1983 where an electrical engineer from India and two economists with supporting staff carry out extension services.

2.9. STUDY TOUR FOR THE DIRECTOR AND BOARD MEMBERS:

According to the SIDO Act, a number of duties and functions are entrusted to the Director of SIDO as well as to the SIDO Board Members. The SIDO is expected to carry out a comprehensive and integrated development programme for the development of small-scale industries in Zambia.

The UNIDO adviser thought that before the real development work is taken up by SIDO, the Director and the two Board Members should be sent on a study tour to acquaint themselves with the working of a comprehensive and integrated assistance programme in one developed and two or three developing countries. With the intimate knowledge of small-scale industries development programme in Japan, India, Kenya and Tanzania, the UNIDO Senior Adviser prepared a nine pages study tour programme for three weeks.

The tour included visits to those organizations connected with the implementation of small-scale industry programmes, banks and other credit institutions which finance small-scale units, industrial workshops, common facility centres, prototype development centres, quality control centres, ancillary units, industrial estates etc. The UNIDO adviser's suggestion, including the costs of K 27,000, was approved by the Board at its meeting held on 23 March 1983. When the proposal went to the Cabinet Office, they approved to send Dr. C. Ng'andwe, Director and Chief Executive of SIDO, and another Board Member, Mr. B. Nalubamba, Chairman of the "House of Chiefs" on this study tour. (Normally, the Government of Zambia discourages foreign trips by its officials, but in this case they agreed to send two officials for a three weeks period on a study tour to Japan and India.) Both the officials left Lusaka on 23 May 1983 and returned back on 21 June 1983. The tour was a neat success.

In the later part of 1983, a second study tour programme of 20 days was arranged for the Vice-Chairman of the SIDO Board and three members, consisting of representatives of the Zambia Congress of Trade Unions and Zambia Consolidated Copper Mines Ltd. The purpose of this study tour was to learn about extension services rendered to small-scale industry units by India's major industrial centres and the functioning of those organizations which are carrying out policy and executive functions etc. The study tour also visited a number of small-scale units.

2.10. INSTITUTIONAL CREDIT TO SMALL INDUSTRIES:

One of the most crucial gaps which inhibited the growth of small-scale industries in Zambia related to the non-availability of credit on easy terms to small-scale and village units. Liberal flow of credit is essential for a rapid and sustained growth of small-scale and village industries. The UNIDO adviser visited a number of banks and discussions were carried out to convince them to come forward with help to small-scale units. The adviser prepared a policy paper on credit needs of the small-

scale sector, particularly for the introduction of a Credit Guarantee Scheme. This paper was forwarded to the Ministry of Finance for their consideration. The adviser delivered a lecture at the Institute of Bankers' Association and explained as to how in other countries bankers are helping small-scale industries. This lecture did convince the representatives of the Bankers' Association on the need to extend their assistance to small-scale units. The Senior Under Secretary in the Ministry of Commerce and Industry and the UNIDO adviser called on the Adviser of the Bank of Zambia and urged him to organize a joint seminar under the auspices of their Bank to consider various aspects for financing of small-scale industry units. A two-day seminar was organized by the Ministry of Commerce and Industry and the Bank of Zambia. Representatives from the banks and other credit organizations as well as Government Departments and entrepreneurs attended the seminar. This seminar, for the first time in Zambia, provided an opportunity to understand the problems and to find solutions for overcoming them. 20 important resolutions were passed for the consideration of the Ministry of Finance.

Hon. Kebby Musokotwane, Minister of Finance, delivered the opening address at the seminar. Dr. L. Chivuno, Permanent Secretary and Director-General of the National Commission for Development Planning, delivered the valedictory address.

The UNIDO adviser prepared papers on

- credit policy,
- credit guarantee scheme,
- bank finance to small-scale units in India,
- bank finance to small-scale units in Japan.

These papers were circulated among the participants in the seminar. As a result of the discussions, the Bank of Zambia appointed a Standing Committee, consisting of representatives from all banks, Ministries and other organizations, to consider in detail the basic papers and to make final recommendations to the Ministry of Finance for consideration. The UNIDO adviser was nominated to work with the Standing Committee. During 1981 the Standing Committee met four times at the Bank of Zambia to consider the various basic issues. Tentatively, it had recommended to the Bank of Zambia to open a Small-scale Industries Cell as well as to introduce the Credit Guarantee Scheme for provision of loans to small-scale units, catering for their long and short-term needs. The Credit Guarantee Scheme provides an assurance to lending institutions that in the event of loss certain percentages of loss will be met by the Bank of Zambia.

The UNIDO adviser wrote a letter to the Governor of the Bank of Zambia and suggested to send one of their officers to India to study as to how the Credit Guarantee Scheme is being operated. The advice was accepted and one officer of the Bank of Zambia not only studied the scheme in detail with the Reserve Bank of India but also visited several other Banks at Bombay, Hyderabad and Bangalore. He also visited small-scale units to know as to how they were able to utilize the loans given by the Banks. The loan recovery system was also studied in India. The study tour was a success.

Later on the Bank of Zambia opened a separate cell within the Bank to look after the interests of the small-scale units. As a special case, the Bank of Zambia directly sanctioned foreign exchange to five small-scale units for importing machinery and raw materials. In the meanwhile, the Bank of Zambia prepared an Act for the introduction of the Credit Guarantee Scheme. The Bank of Zambia Bill to introduce the scheme is receiving highest priority at the hands of the Government.

2.11. DEVELOPMENT BANK OF ZAMBIA (DBZ):

Ever since the Development Bank of Zambia was established, it has been helping agricultural farms as well as large and medium manufacturing industries. The DBZ Act did not allow any loans of less than K 25,000 to be sanctioned to any manufacturing unit. Normally many small-scale units need loans of less than K 25,000 for the purchase of plants and machinery, such as maize mills, oil mills, repair workshops, soap making etc. This difficulty was brought to the attention of the Hon. Minister Mr. Leonard Subulwa and the UNIDO adviser whenever they were in the districts to propagate the need for developing small-scale industries. At a number of seminars held resolutions were passed, requesting the Government to amend the DBZ's Act so that small units could get loans below the K 25,000 limit fixed by the Bank. With the passing of the Small Industries Act in December 1981, further pressure was created, that unless the lending rate was reduced DBZ's role to help would be limited. As a result the Government of Zambia amended the DBZ Act in December 1982 to allow small-scale units to get loans of less than K 25,000. Unfortunately, in spite of the amended DBZ Act, the Bank is sanctioning loans above K 5,000 only, with the result that tiny small units have been deprived of Bank loans. In spite of amending the DBZ Act only eight small-scale units were able to get loans for purchase of plants and machinery, because DBZ does not provide loans for working capital. The UNIDO adviser has been requesting DBZ on various platforms to help the small-scale units in large numbers but the request has not resulted in success.

It is very necessary for the small-scale units to get loans for the purchase of plants and machinery and for working capital from a bank. Such an arrangement would help small-scale units considerably.

COMMERCIAL BANKS:

Among all the commercial banks, the Zambia National Commercial Bank has sanctioned the maximum number of loans to small-scale and village industries all over the country. Besides having more branches in the provinces, the Zambia National Commercial Bank is in a better position to provide loans to units located in rural areas. With the introduction of the Credit Guarantee Scheme by the Bank of Zambia, there is reasonable hope that other commercial banks will be able to sanction loans to small-scale units, as the scheme provides a certain degree of protection to the lending institutions against possible losses in respect of their advances.

2.12. ENTREPRENEURSHIP DEVELOPMENT TRAINING COURSE CONDUCTED:

With a view to bringing out a new class of entrepreneurs among Zambians, the UNIDO Senior Adviser on Small-scale Industries designed a training course to be conducted jointly by the Ministry of Commerce and Industry and the Management Advisory Board. The programme included 25 lectures on various subjects, panel discussions, small-scale industrial film shows and display of ancillary items to be taken up by the entrepreneurs. The adviser himself prepared ten papers on various topics and delivered several lectures; he took active part in panel discussions. 55 entrepreneurs from all over Zambia attended the training course by paying a fee of K 100 by each person. The training course was opened by the Minister of Finance and the validatory address was delivered by Dr. L. Chivuno, Director-General of NCDP. Identification of the small-scale industries that could be developed by utilization of local raw materials was the main object of the training course. The training course of 1981 proved very successful.

For the second time the course was organized by the UNIDO adviser with the help of MAB for 30 participants in April 1983 in Lusaka.

SIDO became operational in April 1983 and started giving importance to entrepreneur development all over Zambia. It appointed a Training Manager in 1983 and conducted seminars at Ndola, Luanshya, Kitwe and Chingola.

Prominent persons from Banking institutions, Government and SIDO prepared papers and delivered lectures. On an average 20 people participated in each place. For the first time people came to know the facilities available from the Government's side for them to start small-scale industries.

FORMATION OF SMALL-SCALE INDUSTRIES ASSOCIATION OF ZAMBIA:

During the course of entrepreneurship development training programme in 1981 the UNIDO adviser explained to the participants the various advantages that can be derived if they formed a "Small-scale Industries Association of Zambia, like the Chamber of Commerce for the large-scale industries. All the trainees agreed to form the Association and the Adviser helped in preparing the constitution of the Association. The Association had launched a membership drive in the country and enrolled more than 100 small-scale industrialists as members. Provision was made in the SIDO Act to include a representative from the Association in the SIDO Board Management. The representative is really contributing to the discussions at the Board Meetings.

PARTICIPATION AT THE PRIME MINISTER'S ECONOMIC SYMPOSIUM:

The Rt. Hon. Nalumino Mundia, MCC, M.P., Prime Minister of the Republic of Zambia, mentioned in his opening speech during August 1981 that "he is convinced that the small-scale sector should form the cornerstone of Zambia's development strategy". He also stated that "the Party and the Government is committed to the development of small-scale enterprises". He further mentioned various benefits the country will be deriving when developing small-scale industries and he welcomed the "formation of the Small-scale Industries Development Organization (SIDO) as a step in

the right direction". The UNIDO adviser prepared a paper on "How Village and Small-scale Industries can contribute to Economic Development in Zambia". In fact, this paper was considered as one of the important working papers for making recommendations by the Symposium on Small-scale Industries. The adviser took active part in discussing various issues. The Symposium, among others, passed seven important resolutions pertaining to the small-scale sector. One resolution mentioned that SIDO and other institutions should provide facilities, such as

- a) techno-economic advice,
- b) product design and development,
- c) training of managerial cadre of skilled workers,
- d) marketing aids,
- e) supply of raw materials and equipment, and
- f) financing and credit.

The Symposium recognised the small-scale sector as an important sector in the economy of Zambia.

2.13. BILATERAL ASSISTANCE FROM THE GOVERNMENT OF INDIA TO SIDO:

In 1980, H.E. the President of Zambia and the Minister for National Commission for Development Planning visited India. At that time the UNIDO adviser prepared a note suggesting various assistances to be obtained for the small-scale industries development in Zambia from India. The Government readily agreed to provide various assistances and a protocol on small-scale industries was signed in Delhi on 13 September 1980 in the presence of H.E. the President of Zambia and the Prime Minister Madam Indira Gandhi from the Government of India.

The assistance agreed to be provided to Zambia consists of:

1. Making available the services of twelve experts in different trades to render extension services for a period of two years;
2. To provide a loan of K 2 million for obtaining plants and machinery to be used in common facility centres as well as by the small-scale units;
3. To provide 50 fellowships to Zambians to be trained in different industries for a period of three to six months, whereby the entire cost of training and boarding was to be met by the Government of India and transport charges from Zambia to India and back to be borne by Zambia.

In February 1982 the Permanent Secretary of the Ministry of Commerce and Industry suggested to NCDP to write to the Resident Representative of UNDP and request that the UNIDO adviser may be allowed to visit New Delhi during his home leave in order to select suitable experts to be deputed by the Government of India. In accordance with the approval received from NCDP and UNDP, the UNIDO adviser visited Delhi and selected twelve officers who have 15 to 20 years services in the various trades. Accordingly, five experts joined SIDO in 1983 in the electrical, chemical, tanning and footwear, marketing and economic field. Since then they are engaged in carrying out the extension services along with the Zambian staff and also in training their respective counterparts.

In the later part of 1983, again when the UNIDO adviser visited India on home leave, he was asked by the SIDO to visit Delhi in order to select the remaining seven technical officers to serve in SIDO. Accordingly, experts in the trades of mechanical, electrical and chemical were selected. The experts are expected to arrive in Lusaka shortly.

Against the K 2 million credit given by the Government of India, unfortunately, immediate action could not be taken by SIDO in identifying the type of equipment required. As this took some time the exact date of utilization of the loan was elapsed. In the meantime the Government of India has been requested to extend the period till September 1984. Subsequently, the Director of SIDO visited India and placed tentatively orders for various types of equipment required to set up a common facility centre as well as to set up industries like rice mill, oil mill etc.

The bilateral assistance from India has helped SIDO considerably.

The Director of SIDO and the UNIDO adviser have also visited the Embassies of Japan, Sweden and Netherlands to obtain certain facilities under aid programmes. Negotiations are still going on.

2.14. COMMON FACILITY CENTRES AND TRAINING:

Provision of common facility services would enable small-scale and village units to obtain the benefits of modern production techniques without having to install costly equipment in their respective units. These services would also help in conserving scarce resources of capital and skill which would have been otherwise required by each unit separately. These facilities may particularly be provided in such basic fields where they would have a bearing on a group of industries.

The workshop intended to provide common facilities which may also be used for on-the-job training of workers.

Realising the importance of the common facilities workshops, SIDO approached the Indian High Commissioner in Lusaka to make available the necessary funds for the purchase of equipment. Following negotiations with Hindustan Machine Tools (Int.) Ltd., they prepared a project profile mentioning the type of work to be carried out and indicating the type of machine tools to be installed etc. The cost of the project worked out to Rs. 6,32 million. This total expenditure will be adjusted against the K 2 million loan given to Zambia by the Government of India.

2.15. ANCILLARY INDUSTRIES:

The UNIDO adviser prepared a "Policy Paper on Ancillary Development" which was accepted. The modern large-scale industries require a wide range of parts, components and sub-assemblies which they can procure from small-scale ancillary units or from the plants which may be specially established for the purpose at a comparatively cheaper price instead of taking up manufacture thereof under the roof of their own assembling units. SIDO encourages the setting up of ancillary units. For the development of ancillary units the SIDO carries out the following functions:

- (a) Preparation of lists of parts and components that can conveniently be farmed out by various parastatals to the small-scale units;
- (b) Classification of the various large-scale industries in the private sector in terms of their requirements of parts and components that can be procured from the units in the small-scale sector;
- (c) Provision of technical assistance and know-how to the existing as well as the intended small ancillary units in the manufacture of parts and components and sub-assemblies for large industrial undertakings both in the private and public sector;
- (d) Registering small-scale industries as ancillary units wherever an ancillary relationship exists, i.e. where the small units supply parts and components on a regular basis to one or more end-product manufacturers;
- (e) Classification of the small-scale industries with details of those parts and components, etc. which can be produced by them with their existing machinery and know-how.

SIDO appointed an experienced engineer to look after ancillary development.

With a view to enlisting the support of the Zambia Consolidated Copper Mines Ltd. in the ancillary development programme, the Director of SIDO and the UNIDO adviser visited Kitwe three times and explained the advantages of setting up ancillaries. The UNIDO adviser visited the stores maintained by the Mining Company and identified twelve items, such as electric bulbs, leather handgloves, plastic helmets etc. which could be made as ancillary items. This idea was accepted. On the suggestion of SIDO the Zambia Consolidated Copper Mines Ltd. (ZCCM) sent two delegations, consisting of the engineers and the representatives of the Zambia Congress of Trade Unions (ZCTU), to visit India and to see how the parastatals there are helping the small-scale units in the manufacture of parts and components.

Since there is an acute shortage of foreign exchange for obtaining parts and components, Mr. F. Kaunda, Chairman of ZCCM himself wanted to visit India and to find out the procedures for setting up ancillaries. In Bangalore the delegation visited Hindustan Machine Tools Company and also visited their industrial estate where 54 units are engaged in the manufacture of ancillary items to their mother factory. The delegation had detailed discussions with HMT Management and obtained information on the procedures etc. followed for setting up of ancillary industrial estates for the manufacture of parts and components. The Chairman of ZCCM has expressed his desire to set up an industrial estate for their mines and the SIDO will render necessary technical advice.

SIDO has also identified the ancillary items that could be manufactured by the Luangwa Bicycle Factory in Chipata. The items have been identified and the SIDO is negotiating with entrepreneurs to take up the manufacture of parts and components. SIDO has already made a reference to the Ministry of Commerce and Industry to convene a meeting of representatives of parastatals where the idea of ancillary development will be discussed. SIDO has appointed an experienced Zambian Engineer to look after the ancillary section.

MARKETING ASSISTANCE

The need for marketing intelligence and information on prices, sale distribution channels, incentives etc. has been intensively felt by the SIDO from the very beginning. Hence a programme is being worked out to meet these requirements and conduct surveys to:

- identify extended distribution outlets;
- analyse markets;
- offer suggestions to problems perceived.

A marketing division has been established within SIDO and the marketing expert obtained under bilateral arrangement from India is in charge of this division. SIDO is taking actions to open raw material depots for supplying scarce raw materials to small units, as and when required by them.

2.16. DEVELOPMENT OF INDUSTRIAL ESTATES:

The concept of industrial estates is to provide suitable factory sheds to house small-scale and village units. The experience of many developed and developing countries has amply demonstrated that this programme has a number of advantages in promoting planned and phased growth of small and village industries. The UNIDO adviser prepared a seven pages note viz "Policy Paper on the Development of Industrial Estates in Zambia". This paper brought out various advantages the small-scale units will derive through the establishment of industrial estates. This paper was discussed with a few District Authorities who welcomed the idea of establishing industrial estates in their districts. In fact, in the Mongu region, the District Authorities have already reserved 40 acres of land for the construction of the first industrial estate. The type of agro-based industries that could be encouraged to be set up in this estate is under discussion. The Director and the UNIDO adviser approached the management of the Zambia Consolidated Copper Mines Ltd. to build one industrial estate under their management. Attempts are being made to interest the National Building Society and the National Insurance Company to come forward in financing the District Councils in the establishment of industrial estates. In all these discussions, designs of industrial estates that have been built in other countries were shown. Since the loans will be utilized by the District Councils for the development of real estates, financial agencies will be sympathetic in giving loans.

The District Council at Kitwe has earmarked suitable land for the construction of an estate. The SIDO have approached the Government of India to make available one civil engineer to assist Zambia in planning and construction of industrial estates.

2.17. VILLAGE INDUSTRY SERVICE (VIS):

The VIS was set up in 1977 to promote industries and crafts by small-scale labour intensive units to maximise village employment and to generate village income. The VIS is making village life more interesting and more remunerative and thereby is reducing rural migration to cities. The VIS is an independent Trust working in close liaison with the Government Department, Party organizations and other bodies.

At the request of Mrs. J. Mapoma, Chairman of VIS, the UNIDO adviser prepared a 24 pages note during 1980, suggesting various crafts and

the organizational set up to carry out the development of village industries in Zambia. This report was appreciated and the UNIDO adviser was invited to attend their Board of Directors meetings. After obtaining the permission of the Ministry of Commerce and Industry, the adviser attended all their Board meetings during 1980 and 1981. When the SIDO Act was passed, this arrangement was stopped.

While drafting the SIDO Act, the adviser had suggested that the Chairman of VIS should be included as a member of the Board Management of SIDO, so that proper co-ordination could be built up between VIS and SIDO. This suggestion was accepted. Since December 1982 Mrs. J. Mapoma has been attending SIDO Board Meetings regularly.

2.18. GROUP TRAINING PROGRAMME ON SMALL INDUSTRY DEVELOPMENT FOR ECONOMISTS/ENGINEERS OF SIDO:

The SIDO attaches considerable importance on the development of small-scale industries in the rural parts of the country in order to create additional employment as well as to utilize the local raw materials for the benefit of the regions. With this view the SIDO is contemplating to open a number of regional offices in the near future. In this direction the SIDO decided to train 50 economists/engineers to function as effective industrial promotion agents.

The strategic objectives of such a training are:

- (i) To familiarise them with policy and programmes for small and village industries in India;
- (ii) To enable them to study and understand the nature and functioning of support systems;
- (iii) To develop the necessary analytical skills for identification of potential industrial opportunities, project feasibility and project appraisal;
- (iv) To enable them to study and understand the several promotion techniques for small and village industry promotion; and
- (v) To familiarize them with tools and techniques for management and management counselling.

The SIET Institute, Hyderabad, was requested to design a group training programme taking into consideration the Zambian needs.

With a view to meeting the training cost of 50 Zambians, a detailed proposal was worked out and it was sent to the National Commission for Development Planning who, in turn, have forwarded the proposal to the Commonwealth Secretariat in London to provide funds for the group training programme. The matter is being followed with CFTC London. When once the 50 Zambian Engineers and Economists are trained, they will be sent to work in three regional offices of SIDO.

2.19. PROMOTIONAL SEMINARS ARRANGED BY SIDO:

As a promotional exercise, SIDO organized a series of one day seminars at Ndola, Luanshya, Kitwe, Chingola and Mufulira, which were attended on an average by 30 private entrepreneurs including District Officials etc.

Lectures on various topics were delivered. Similarly, SIDO jointly organized seminars with the help of the Zambia Federation of Employers at Mufulira, Lusaka and Livingstone in February and March 1984. Many institutions, such as Zambia Federation of Employers, Bank of Zambia, Small Enterprises Promotion Ltd, Konrad Adenauer Foundation, Village Industry Service and Small-scale Industries Association of Zambia had presented papers and the seminars proved to be very popular.

2.20. WORKSHOP ON PROBLEMS AND PRACTICAL SOLUTIONS FOR THE EFFECTIVE MANAGEMENT OF SMALL-SCALE INDUSTRIES (Swaziland 8 - 15 March 1984):

At this workshop, SIDO sent two staff members (Messrs. Sanyikosa and Kafwembe). One private entrepreneur, Mr. P. Moono, also attended. The UNIDO adviser also participated at the seminar and presented papers on:

1. Development and Planning Strategy for Small-scale Industries;
2. The Effects of Government Policies on Small-scale Enterprises;
3. Development of Small-scale Industries in Japan;
4. Entrepreneurial Development Programme among Women in India;
5. How to Avoid Mistakes in Running Small-scale Industries.

The UNIDO adviser also helped the participants in making suitable recommendations on policy programmes and industrial extension services for the development of small-scale industries.

THIRD INTERNATIONAL CONFERENCE OF WOMEN ENTREPRENEURS (31 January to 2 February 1984, New Delhi, India):

SIDO had sent four women entrepreneurs to New Delhi to attend the Third International Conference of Women Entrepreneurs. The seminar's main issues were to review the status of development of entrepreneurship amongst women in both developed and developing countries; to review handicaps, problems and constraints faced by women entrepreneurs in pursuit of their vocations and to suggest proper strategy for promotion of self-employment amongst women, particularly in developing countries.

2.21. UTILISATION OF COPPER AS RAW MATERIAL:

99,5 % of copper produced in Zambia is exported in the form of copper ingots. The Adviser prepared a list of 24 items which could be manufactured in the small-scale sector. The items recommended are:

- hot plates,
- electric motors up to 10 H.P.,
- electric table fans,
- thin copper wires, etc.

Many entrepreneurs have come forward with establishing such industries.

During the course of four years in Zambia, the adviser continuously rendered advice on various matters to the visitors who came to the Ministry of Commerce and Industry and SIDO in connexion with the development of small-scale industries.

CONCLUSION:

The development of small-scale industries fits both in the short-term and long-term strategy of Zambia's industrial development. Besides, small-scale industries permit greater distributive justice. For these reasons the policy paper prepared on small-scale industries development was accepted. This resulted in the preparation and enactment of Small-scale Industries Act in 1981. The Act also helped for the establishment of SIDO to carry out industrial extension services, such as techno-economic survey, technical guidance, preparation of model schemes, training of entrepreneurs, establishment of industrial estates, ancillary development etc. The Government of Zambia also provided more than K 1,25 million during 1982 and 1983 for SIDO's activities. SIDO was able to find its own permanent building and was able to appoint 52 technical and supporting staff. Thus SIDO became operational by the middle of 1983. In fact, this project was able to fulfill all the objectives originally entrusted to it.

III. ACHIEVEMENTS OF IMMEDIATE OBJECTIVES

3.1. SCHEDULE AND TARGETS OF WORK PLAN - COMPLETION OF ITEMS IN THE WORK PLAN:

Almost all the items listed as immediate objectives of the project and targets mentioned in the work plan were completed, though time taken to achieve some of the objectives was longer than expected. Since the passing of the Small Industries Act was the first of its kind and changing of the priorities from the capital-intensive to the small-scale sector required more time for consultation among various ministries and organizations like Chamber of Commerce. For some reasons the Chamber of Commerce was against the enactment of the Small-scale Industries Act and even setting up of an organization solely for the development of small-scale industries. After duly considering the views expressed by the Chamber of Commerce, the Ministry of Commerce and Industry overruled their objectives and finally decided that in the interest of the Zambian economy they should go ahead in the preparation of the Small-scale Industries Act and the establishment of the Small Industries Development Organization.

3.2. POLICY PAPERS ON SMALL-SCALE INDUSTRIES:

The Adviser prepared a detailed note on the policy paper for the development of small-scale industries. The various advantages that could be derived by developing small-scale industries was also brought out in the paper. Illustrations from other countries on the development of small-scale industries were also cited. The Ministry of Commerce and Industry, after considering the note in detail, approved the policy paper on small-scale industries development. Having agreed with the Policy to be adopted for the development of small-scale industries, the Adviser was directed to concentrate on the preparation of the draft Act on Small-scale Industry Development for their consideration.

3.3. PASSING OF THE SMALL-SCALE INDUSTRY DEVELOPMENT ACT:

In the middle of 1981, the UNIDO Adviser started drafting the Act. Various ideas in the Acts passed in the USA, Japan, Tanzania and other countries were considered. Having extensively toured the rural parts of Zambia, the Adviser also took various needs of the country in mentioning certain aspects in the Act. The draft Act was vetted by the Ministry of Commerce and Industry and finally it was circulated among the various Ministries, organizations, Chamber of Commerce, Banking institutions etc. A number of Ministries had agreed with the original draft but some had suggested certain modifications on certain clauses. Particularly, the Ministry of Finance which suggested that the punishment to be given to parties who misuse the provisions should be enhanced and this was accepted and incorporated in the Act. At a later stage, the Cabinet gave the approval for the introduction of the Small-scale Industries Act. Further detailed discussions took place with the Ministry of Legal Affairs, who finally clothed the Act in the legal language and submitted it to the Parliament. On priority basis the draft Act was taken up for discussions by the Parliament of Zambia and finally it was passed in the session of December 1981. The Adviser was present at the time of discussions in the Parliament to assist the officials of the Ministry by providing notes etc. on some amendments suggested by the Members of Parliament. The passing of the Small Industries Act resulted in a great

success, thus providing a legal basis for the promotion of small-scale industries developing in Zambia.

3.4. ESTABLISHMENT OF THE SMALL INDUSTRIES DEVELOPMENT ORGANIZATION (S I D O):

For the orderly development of small-scale industries, a comprehensive and integrated developmental organization was suggested to be set up. The organization was also asked to introduce various industrial extension services, such as economic investigation and intelligence, technical services and consultancy, training programmes, marketing, establishment of industrial estates, development of ancillary industries, establishment of regional offices etc. These suggestions were accepted by the Ministry of Commerce and Industry and the NCDP and a provision of K110,000 was provided in the budget in 1982 to carry out the activities of SIDO. The function and duties to be performed by the Director of SIDO and the Chairman of the Small Industries Board were suggested to the Ministry of Commerce and Industry. Finally, in November 1982, H.E. the President of Zambia appointed Dr. C. Ng'andwe, Head of the Economics Department of the University of Zambia, as the Director and Chief Executive of SIDO. Various other measures for the formation of SIDO were taken up, such as finding a permanent building to house the SIDO and obtaining the nominations of representatives from the Ministries and other organizations to serve as Board of Directors of the SIDO Office. The Board also met several times and gave valuable suggestions for the running of the SIDO Office. Job specifications for the various Zambian experts to work in SIDO were prepared and advertised for inviting applications. The Adviser also assisted the SIDO Management in interviewing and selecting suitable candidates in the field of mechanical engineering, chemical engineering, electrical engineering, economics etc. Three pamphlets were also prepared, explaining the extension services rendered by SIDO. Thus, by the middle of 1983, SIDO became operational with its own building; staff, vehicles and programmes to be followed. A well-knit SIDO with all the industrial services became a reality and thus fulfilled the main objectives of the project.

3.5. CREDIT POLICY AND CREDIT GUARANTEE SCHEME:

The required credit facilities have been lacking in Zambia. With a view to helping the small-scale units in obtaining short-term and long-term credits, a "Credit Policy Paper and the introduction of a Credit Guarantee Scheme" was prepared and this was accepted by the Ministry of Commerce and Industry. Finally, it was forwarded to the Ministry of Finance and they also blessed the idea of introducing the Credit Guarantee Scheme in the country. A largely attended seminar was organized by the Bank of Zambia in which representatives of various banks, other organizations and small-scale industrialists had taken part in the discussions. As a result of the seminar, a Standing Committee with the representatives from the various Ministries and organizations was constituted. The Committee finally recommended the introduction of the Credit Guarantee Scheme. The Adviser also helped the Senior Economist in the Bank of Zambia to undergo training in the Reserve Bank of India, as well as visit organizations in India to understand the working of the Credit Guarantee Scheme in depth. The draft Act is with the Ministry of Finance and it is yet to be introduced in the Parliament for consideration and approval. Unfortunately, in the absence of passing such an Act, small-scale units find it extremely difficult to get any financial help from the banks, thus preventing the real development

of small-scale industries in the country. However, it is gratifying to note that the credit policy and credit guarantee scheme have been appreciated in the country, thus fulfilling one of the objectives of the UNDP/UNIDO project.

3.6. POLICY PAPER ON INDUSTRIAL ESTATES:

Suitable factory accommodation for the new entrepreneurs to carry on their industrial activities is lacking in Zambia. The Adviser prepared a detailed paper on the Policy Programme for Industrial Estates. This was agreed to. Several visits were made to districts and discussions were held with the Governors and other district authorities on the advantages they would be deriving from the construction of industrial estates in Zambia. In several districts suitable sites were selected for the construction of the industrial estates. Negotiations are on hand with the credit organizations, such as Zambia National Provident Fund, Cooperative Credit Unions, Zambia State Insurance Corporation etc. to provide suitable loans to the district authorities for the construction of industrial estates. The Government of India has been approached to make available the services of a civil engineer with experience in the construction of industrial estates and suitable advertisements were issued in Zambia to recruit a Zambian civil engineer to work as a counterpart of the Indian expert. Two study teams were sent to study the industrial estates systems in India. Thus the SIDO is implementing the suggestions made in the policy paper on industrial estates.

3.7. ANCILLARY DEVELOPMENT:

In Zambia industrial development has been vertical, without the support of small-scale units in supplying parts and components to large industries. The country has no foreign exchange to provide sufficient funds for the import of parts and components. A policy paper on Ancillary Development was prepared and this was accepted by the SIDO Management and the Board of Directors. A delegation under the leadership of the Vice-Chairman of SIDO Board and representatives from the Zambia Congress of Trade Unions (ZCTU), ZCCM Ltd. and SIDO technical officers were sent to study the programmes of ancillary development in India. The second delegation to India was led by Mr. Francis Kaunda, Chairman of ZCCM Ltd. One of the Indian experts visited Chipata and identified some items that could be produced on ancillary basis to the bicycle factory there. Similarly, the SIDO officers and the UNIDO Adviser visited the Nkana Mines in Kitwe and listed items that could easily be taken up as ancillary items for the mines. The ZCCM Ltd. have agreed in principle to encourage ancillary units in Zambia. The further programme of work remains to be done in the future.

TRAINING OF COUNTERPARTS:

The UNIDO Adviser and the Indian experts are engaged in training counterparts in various industrial extension methods. Joint tours are undertaken by them, whereby the Zambian counterparts are able to carry on their work independently with confidence. A number of entrepreneur development training programmes were designed and conducted for training Zambian entrepreneurs all over the country.

APPROPRIATE INSTITUTIONAL ARRANGEMENTS FOR FACILITATING THE GROWTH OF SMALL-SCALE INDUSTRIES:

For the speedy development of small-scale industries the opening of raw material depots for supplying suitable raw materials to small-scale units and supply of machinery, plant and equipment has been appreciated by the Board and further executive actions are yet to be taken to make the scheme working. Unfortunately, inadequate financial help has come in the way of implementing this important scheme. The items mentioned in the work plan during 1981, 1982 and 1983 were accomplished though not within the time specifications mentioned against each item. In some cases, longer period was taken to implement them but this was inevitable.

IV. UTILISATION OF RESULTS

4.1. ENACTMENT OF SIDO ACT:

Despite many difficulties with the various organizations and ministries, the Ministry of Commerce and Industry with the assistance of the UNIDO expert could successfully pilot the enactment of an Act for the small-scale industry development in Zambia. The expert also prepared a number of drafts and speeches for the Ministers and others while proposing the Act. The expert also helped the Ministry in reaching a bilateral agreement with the Government of India through which 12 experts could be obtained, a soft loan of K 2 million and 50 fellowships to train Zambians in various small-scale industry schemes. The expert also assisted the Ministry in approaching other agencies, such as the CFTC London and the Embassies of the Netherlands and the Federal Republic of Germany.

4.2. THE SIDO OPERATION:

The expert made various suggestions and proposed various steps to be taken for the formation of SIDO as an organization to gradually develop the small-scale industries in Zambia. He also suggested the type of industrial extension services to be introduced for the benefit of entrepreneurs in Zambia.

4.3. STUDIES CARRIED OUT:

With the help of the Central Statistical Office, a sample study was carried out to find the number of small-scale units in Lusaka urban area, the type of industries they were engaged in and the nature of difficulties they were undergoing. The sample survey revealed that the small-scale industries were suffering for want of working capital, raw materials, marketing know-how etc. It was these findings that helped in suggesting improvements for the existing small-scale units as well as to guide the proposed entrepreneurs.

4.4. TRAINING OF ENTREPRENEURS:

The industrial development in Zambia is mostly in the hands of outsiders. Efforts were never made to induce the local Zambians to set up small-scale industries. A country-wide tour was undertaken to inform the public and the authorities of the type of facilities that existed for industries which could be developed in urban and rural areas with the utilization of local raw materials. This awareness helped many people in rural areas to come forward in setting up small-scale units.

4.5. STUDY TOURS:

With a view to get acquainted with the functioning of promotional agencies in Japan and India, three study tours at different periods were designed for the benefit of the Director, Vice-Chairman, Board Members and SIDO Technical Officers at different intervals. These study tours helped the management of SIDO and the Board of Directors to understand the policies and programmes that were being followed in other countries, which could be of some use to Zambia and could be adopted with modifications according to the local needs.

These study tours really helped the authorities in understanding the importance of establishing industrial estates and ancillary development.

4.6. TRAINING:

Utilizing the bilateral assistance available from the Government of India, nine officers (economists, engineers and technologists) from Zambia were sent for a period of three to four months training at SIET Hyderabad. After training, many of the officers were sent on study tours. This type of training helped the middle level officers in understanding the significance of industrial extension services and on their return they were able to carry out their activities with confidence.

4.7. COUNTERPART TRAINING:

The UNIDO Adviser had the unique privilege of directly working with the Director of SIDO and thus was able to help them in understanding the various types of duties which the Director as Head of the Organization was expected to carry out. This counterpart training has really helped the SIDO in its activities. Similarly, the Adviser and the Indian experts also trained various other officers in the work.

V. FINDINGS

5.1. SMALL-SCALE INDUSTRIES ACT:

The Small-scale Industries Development Act of 1981 gave a legal basis for an orderly development of small-scale industries in Zambia. According to the Act, the Directors have been appointed by the various Ministries and the board meets regularly three or four times a year. They review the work carried out, approve the budget as well as the programmes and monitor the work in progress. The Board Members take considerable interest in the deliberations. The Board Meetings are presided over by the Permanent Secretary in the Ministry of Commerce and Industry.

5.2. THE SIDO ORGANIZATION:

The Small Industries Development Organization has become operational for the development of small-scale industries and the various suggestions given by the experts, to make it effective, have been carried out. Nearly 52 staff members, technical, managerial and specialists, have been appointed and five Indian experts have been seconded to assist SIDO in its activities. In all, nine vehicles have been purchased so that the SIDO officers could visit rural areas frequently to propagate and carry out the investigations connected

with the elopment of small-scale industries. In spite of the financial difficulties felt by the other Government Departments, the Government of Zambia has been generous in providing adequate funds for SIDO's operations. During 1983 it provided K 1,2 million for recurring and non-recurring expenditure.

5.3. INADEQUATE INDUSTRIAL INTELLIGENCE:

Adequate statistics pertaining to small-scale industries are not available. This has come in the way of proper planning. A sample survey carried out in 1980 has revealed that the small-scale units in Lusaka urban area alone number at 3,500. Taking various factors into consideration, it could safely be said that nearly 35,000 small-scale units are engaged in the manufacturing activities. Efforts are therefore needed to collect the correct information on the number of units in existence, number of persons employed, the type of products manufactured and the difficulties faced by them in obtaining bank finance, raw materials etc. SIDO, having become operational, will have to make considerable efforts in collecting the required information for future planning and solving the problems of the small-scale units. Already 17 Zambian economists have been appointed and one qualified Librarian has been engaged who will be able to look after the follow-up work in the future.

5.4. LACK OF FINANCE:

Small-scale industries continuously are suffering for want of banking funds for their activities. Banks are insisting on obtaining adequate securities before loans are given. Zambian entrepreneurs are not in a position to provide adequate securities. If security alone were to become a major factor, then a new class of Zambian entrepreneurs will not come forward in Zambia for setting up of small-scale industries and thus they will be unable to help in creating additional employment opportunities and in utilization of local raw materials. It is most unfortunate that the Credit Guarantee Scheme has not been introduced, though recommended, by various agencies for the benefit of small-scale units. If more time is required for the amendment of the Banking Act, then at least the Government should introduce the Credit Guarantee Scheme through an ordinance.

VI. R E C O M M E N D A T I O N S

6.1. SIDO is doing commendable work in promoting projects based on locally available raw materials. The SIDO is also carrying out and conducting a number of entrepreneurial training programmes both in urban and rural areas. For the first time, the Zambian entrepreneurs have come to know the opportunities that exist in starting small-scale industries. The SIDO has already prepared 40 model schemes on suitable industries that could be developed in the country. Considering the vast variety of raw materials that are available in different parts of the country, the SIDO should make efforts to prepare 400 model schemes based upon these raw materials so that the public will have the opportunity to select suitable schemes for their ventures.

6.2. According to the decentralization scheme of the Government of Zambia, the District Councils have been asked to take up the economic activities, particularly in the field of small-scale industry development. SIDO therefore has to visit each district and explain to the District Authorities the types of industrial ventures the District Council should concentrate on for the production of consumer and industrial goods. If the District Councils are made to play an

important role, they will be able to create additional employment in rural areas, thus arresting the migration of rural population to urban areas. Water and electricity are available in almost all the districts.

6.3. SIDO should prepare a comprehensive scheme for the development of industrial estates in all the 55 districts. The estates may be built with minimum cost utilising local raw materials so that the rent to be paid by the entrepreneurs becomes less. The utility angle may be kept in view of taking into account the specific needs of small-scale entrepreneurs. Imposing buildings constructed on prestigious grounds have the danger of ultimately ending up as architectural monuments.

Depending upon the importance of the districts, 20 to 30 sheds may be constructed to start with, providing for future expansion. In the course of a five year period, between 1985 to 1990, many more industrial estates will have to be established throughout Zambia.

6.4. Even though the DBZ was established as a development Bank, its help has mainly gone to large and medium-scale industries. Even though the minimum lending amount has been reduced from K 25,000 to K 5,000, only eight persons have availed of the loan facilities in the small-scale sector. Considering the size of the country and the vast potential for developing small-scale industries, the loan sanctioned is very insignificant. Unless the DBZ changes its attitude and commits itself to help the small-scale sector, the small industries will not be benefitted by it. Though some of the international agencies are providing loans to DBZ at a lower rate of interest, this benefit is not passed on to the small-scale sector. If DBZ continues to maintain the present attitude then it becomes very necessary for the Government of Zambia to establish a separate development banking institution exclusively to help the small-scale sector as is being done in other developed and developing countries. Alternatively, DBZ may be asked to provide at least 20 % of their total loanable funds only for financing the small-scale sector. When once this is done, it will become obligatory on their part to see that a large number of small-scale units are able to get loans for purchase of equipment etc. If DBZ is really to play the role of a developmental bank, then it has to open at least four branches in different parts of the country. DBZ, being mainly owned by the Government, must take reasonable risk for development.

6.5. Among all the commercial banks in Zambia, the Zambia National Commercial Bank has sanctioned the maximum number of loans to the small-scale sector. Besides, they have more branches opened in different parts of the country. This bank is more sympathetic to the cause of the small-scale sector. With the introduction of the Credit Guarantee Scheme, the Government of Zambia will have to bring a little pressure on the other commercial banks to start financing small-scale units. In fact, foreign banks also have an obligation to help the economic development of Zambia through the small-scale sector.

6.6. The large-scale private sector and the parastatal organizations are in the habit of obtaining parts and components from abroad. In view of the shortage of foreign exchange, it has now become necessary for them to obtain parts and components from the existing or proposed small-scale industries. SIDO, with its technical staff, is in a position to assist the large units in the establishment of ancillary units. Parastatals have an obligation to the country in themselves in establishing the ancillary

units, thus setting an example to private large-scale industries. It will be advantageous to the Ministry of Commerce and Industry to provide necessary foreign exchange for import of capital goods required by the ancillary units rather than allowing the import of parts and components continuously from foreign countries.

6.7. The Party and the Government believe in the development of small industries. If small industries are to be developed in a big way in solving unemployment problems, then SIDO will have to open another nine branches in different parts of the country during the next five years. Additional funds spent on this is bound to be rewarded later on in terms of increasing employment, economic development and utilization of local raw materials.

6.8. A detailed systematic survey on available raw material in all the provinces has to be taken up on priority basis. So far only ad hoc surveys had been done and have not produced any concrete results. The purpose of such a survey would be to bring out the type of raw materials available, and based on the results the industries could be developed. Moreover, the nature of assistance to be rendered by the District Authorities could be identified. The economists from SIDO and other officers will be well trained before the work is entrusted to them. A purposeful and meaningful survey report will be very useful and it will be worth the money spent on such activities.

6.9. SIDO has been established only as an extension service organization for rendering various assistances to private entrepreneurs. It will be impossible for SIDO itself to set up its own production units to earn profit and to sustain its activities. If, by any chance, its purpose is deviated, the promotional aspects will be neglected and it will not succeed in becoming an effective development organization. Constant efforts will have to be made to upgrade the skill and knowledge among its technical staff so as to get the maximum efficiency for the small-scale units. An efficient staff is bound to render maximum benefit to the organization. Suitable training programmes are, therefore, a necessity for SIDO staff. SIDO officers must become committed officers to produce results. Their promotions should depend upon the work turned out by them.

6.10. Many developing countries have taken five to ten years to develop small-scale industries on a permanent footing. UNDP assistance during the Third Country Programme to Zambia has helped in the enactment of the Small-Scale Industries Act, establishment of a suitable organization, formation of policies and programmes, introduction of industrial extension services, promotion of a new class of Zambian entrepreneurs, ancillary industrial development, regional development etc. In order to consolidate the gains already achieved, it is strongly recommended that UNDP may kindly continue to help SIDO with its activities in the next Country Programme during 1987 - 1990. The continuous assistance from UNDP is bound to put SIDO on sound lines. Further, it may be pointed out that the Government of Zambia has given the highest priority to the development of small-scale industries next only to agriculture.

6.11. Periodical monitoring of SIDO's activities is very necessary to check up its activities for improvement rather than mainly depending on Evaluation Reports at the end of events, which tells the stories of mistakes but does not help to rectify events in time.

VII. ACKNOWLEDGEMENTS

The UNIDO Senior Adviser, during 1981, had the unique opportunity of being invited to the State House and to have an audience with H.E. Dr. K. Kaunda, the President of the Republic of Zambia. During the course of discussions he presented a number of books and reports pertaining to the development of small-scale industries, including his own books prepared in India on this particular subject, and they were appreciated. These discussions helped the early preparation of the SIDO Act.

The President was gracious enough to instruct the Adviser to continue to carry on the good work for the benefit of common people. The Adviser is gratefully indebted to H.E. the President for the opportunity provided to meet him. The dynamic personality of the President inspired the Adviser to concentrate on his work and to make the development of small-scale and village industries a success in Zambia. In the course of working in the Ministry of Commerce and Industry, the Adviser had the opportunity of meeting the late Hon. Remmy Chisupa, the Cabinet Minister, a number of times and received encouragement to carry on the work. In fact, it was magnanimity on the part of the Cabinet Minister to have made a reference about the Adviser at the National Assembly in the March session of 1980, as under:

"Zambia, Mr. Chairman, is fortunate that UNIDO has been able to second Mr. Nanjappa, the great pioneer of small-scale industries in India, to come and lay the foundation of small-scale industries development in Zambia."

The Adviser is most grateful to the Minister for all the help and encouragement extended to him. The Adviser is equally thankful to the present Cabinet Minister, Hon. Leonard Subulwa, for the constant encouragement and guidance given to him in discharging his duties. In fact, when Hon. Leonard Subulwa worked as Minister of State, he took keen interest in advocating the development of small-scale industries for three years all over Zambia from 1980 onwards. People came to know the importance of small-scale industries, mainly on account of the work done by him. The Minister of State was also kind enough in taking the Adviser with him when touring different regions of Zambia. In the course of these lengthy tours the Adviser was given opportunities to address meetings and to hold discussions with entrepreneurs, officials and other non-officials. The Minister always provided relevant information to people in rural areas and made the work easy for the Adviser. The Adviser is most grateful to the Minister for all the help and courtesy extended to him. The UNIDO Adviser is especially indebted to Mr. K.B.S. Nyirenda, the former Permanent Secretary, Ministry of Commerce and Industry, for all the help he rendered to him, particularly in getting the draft Act approved in the Ministry. His great qualities of leadership helped in processing the Act within the limited time. The Adviser feels that he will be failing in his duty if adequate thanks are not expressed to Mr. M.X. Muwaya, the Senior Under-Secretary in the Ministry of Commerce and Industry. Mr. Muwaya, having worked for a number of years with the National Commission for Development Planning and other Ministries, including the Ministry of Industry, always showed admirable maturity in solving various problems. Mr. Muwaya's confidence bestowed on the Adviser contributed a great deal to whatever success the project has been able to achieve. The Adviser is grateful to him for the unfailing kindness and encouragement extended to him.

Special thanks are also due to Mr. S.S. Banda and Mr. B.M. Daka, economists, who acted as counterparts in the early stages of the project.

During the course of four and a half years stay the Adviser had met Hon. Unia Mwila and Hon. Kebby Musokotwane who showed considerable interest in the development of small-scale industries and the Adviser is grateful to them.

For the first time in Zambia, major importance has been given to the development of small-scale and village industries by the National Commission for Development Planning. The Adviser had the privilege of meeting Dr. Leonard Chivuno, the former Director-General of the NCDP and received guidance in the development of small-scale and village industries. Being the author of the Third National Development Plan, Dr. L. Chivuno was able to advise on the lines in which the Adviser should develop small-scale industries. But for Dr. Chivuno's timely advice, the project would not have shown much progress. The great qualities of leadership of Dr. Chivuno always inspired the Adviser. The Adviser expresses his profound thanks to him. The Adviser is also thankful to Mr. Mwale and Mr. S.S. Verma, Senior Officers at NCDP, for extending all the help to him. The Adviser expresses his special thanks to the large number of Zambian officials and non-officials who gave him support and guidance during his 4 1/2 years stay. Last but not least, the Adviser was able to find a capable leader in Dr. Ng'andwe, Director and Chief Executive of SIDO. During the last 2 1/2 years of his working with him, the Adviser found him as a committed person dedicated to the cause of small-scale industry and received all the encouragement in carrying out the project activities. Dr. Ng'andwe is taking keen interest in SIDO activities. The Adviser expresses his special thanks to Dr. Ng'andwe and his officers in SIDO.

From UNIDO, Vienna, the Adviser had received guidance and advice on all matters. The Adviser is particularly grateful to Mr. Ch. Zimmermann, Senior Industrial Development Officer, for constantly helping and guiding him in his work. Mr. Zimmermann with his vast experience in the field of small industries development helped the Adviser in shaping the project and finally making it a success. The Adviser found Dr. D.P. Dragic, Resident Representative of UNDP Lusaka, sympathetic to the project and found him always helping. The Adviser expresses his special thanks to him. The Adviser is equally thankful to Mr. A.B. Dhakkar, former Deputy Resident Representative, Mr. Bekele SIDFA and Van Rijn JPO for various help received.

During the course of my stay, I had the unique privilege of visiting the Indian High Commission in Lusaka and requesting them to extend various facilities to the SIDO. Having worked as the Development Commissioner for Small-scale Industries with the Government of India, the Adviser had the added privilege of advocating certain types of assistance from the Government of India to the Government of Zambia in the field of small-scale industries. As a result of the humble part played by the UNIDO Adviser, bilateral agreements between the Government of India and the Government of Zambia resulted. The Adviser extends his warm and sincere thanks to H.E. A.N. Ram, the Indian High Commissioner, and Mr. S.S. Mukherji, the Acting High Commissioner, as well as Mr. Rajan, the former Deputy High Commissioner.

The Adviser expresses his special thanks to Mrs. J. Mapoma, Chairman of the Village Industry Service, for all the opportunities provided to him to work in her organization.

ANNEXURE I (CONTD)

TIME SCHEDULE OF ACTIVITIES

ACTIVITY	I M P L E M E N T S																																																
	MONTHS	1 9 8 0												1 9 8 1												1 9 8 2												1 9 8 3											
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9			
17. Pending advice on various matters to Village Industries Service.	<div style="border-top: 3px solid black; height: 10px; width: 100%;"></div>																																																
18. Participation in SIDO's seminar in different parts of Zambia.	<div style="border-top: 3px solid black; height: 10px; width: 100%;"></div>																																																
19. Preparation for opening a Regional Office at Kitwe.	<div style="border-top: 3px solid black; height: 10px; width: 100%;"></div>																																																
20. Discussions on Bilateral Assistance with West Germany CFTC, London, etc.	<div style="border-top: 3px solid black; height: 10px; width: 100%;"></div>																																																

DEVELOPMENT OF SMALL-SCALE INDUSTRIES IN ZAMBIA (DP/ZAM/80/005)

Work Plan from January to End of December 1982

The Work Plan was prepared in accordance with the duties entrusted to the Senior Adviser on Small-scale Industries under the above project, and also the additional duties to be carried out as a result of the Parliament's passing of the Small Industries Development Act in December 1981.

1. Assisting the Ministry of Commerce and Industry in the establishment of SIDO as the operating agency to carry out a comprehensive integrated development programme, and to prepare notes on various rules to be followed by SIDO in its activities.
2. Preparation of detailed study programmes for the Director and the Deputy Director of SIDO to acquaint them with the working of a comprehensive and integrated assistance programme in one or two developing countries.
3. Assisting the Ministry of Commerce and Industry and SIDO to obtain the services of foreign experts under the bilateral assistance programme to serve as a nucleus for training local officers in various methods of extension services (April to October 1982).
4. Assisting in the establishment of SIDO's regional office to carry out industrial extension services.
5. Assisting in the establishment of industrial estates.
6. Assisting SIDO to take follow-up actions on credit and financial policy of the Government of Zambia, and technical assessment of the prospects for projects as well as evaluation of the entrepreneurs' capabilities. Training of Bank officials in various aspects of small-scale industry programmes, particularly in technical aspects of the projects etc.
7. Touring:
 - (a) Visiting regions to advise District Councils on the advisability of establishing suitable small-scale industries as well as private parties in establishing small-scale units (June to December 1982).
 - (b) Propose suitable training programmes for motivating and mobilising entrepreneurship for village and small-scale industries development in rural areas and assist in their implementation.
8. Carry out the spill-over work from the previous programmes as well as to carry out additional assignments entrusted by the Government authorities which are within the framework of their overall and immediate objectives of the project.
9. To assist in the establishment of a special institution for small industries promotion (supply of machinery and equipment on hire-purchase basis and supply of raw materials to small-scale units).

10. Preparation of a final report setting out the findings of his mission and recommendations to the Government on further actions which might be taken.

POLICY SUPPORT FOR SMALL-SCALE INDUSTRIES

Development of Small-scale Industries are the best tools in the industrial development of Zambia

Development of small-scale industries requires policy support in a number of directions. First, by way of reorientation of industrial policy relating to ownership of small-scale industries; secondly, reservation of certain end-products exclusively for the small-scale sector; thirdly, development of ancillary small-scale units by making it obligatory on existing as well as prospective large-scale units to farm out the manufacture of certain parts and components to ancillary units; lastly, by way of reservation of certain items for the purchase by the Government and parastatal agencies exclusively from small-scale units.

The need to distinguish smaller units from their larger counterparts arises primarily for administering of a special assistance programme for small-scale industries to neutralise their handicaps, to enable them to play a role assigned to them in an industrial structure of a country, and also to protect them from their large-scale counterparts.

Before spelling out the role of small-scale industries, policy and organizational support needed for their development, it is in the fitness of things that small-scale industries are clearly defined as a first step in Zambia.

As the main purpose of distinguishing small-scale industries from large ones is to administer special assistance programmes for the farmers, it would be advisable to adopt a programme and flexible approach in defining small-scale industries. This in turn would call for a periodical revision of the definition as the country climbs higher on the ladder of industrial development; for instance, in many countries the definition of small-scale industries has been revised three or four times, thus removing several avoidable difficulties in the promotion of the small-scale sector. Even in Zambia, the accepted definition could be changed, if need arises, in future.

The rise of an industrial unit may be identified in terms of one or a combination of any of the three variables, viz output, employment and investment. In certain countries employment has been taken as a criterion for distinguishing small units from large ones. In some countries investment is used as the yardstick, and while in some other countries a combination of employment and investment limits are prescribed for categorising a unit as "small-scale". Whatever criterion is adopted for defining small-scale industries, it is essential that it is specific and unambiguous. All development agencies should follow one definition only.

Role of Small-scale Industries

Definition of small-scale industries fits both in the short-term and long-term strategy of any country's industrial development. Besides, small-scale industries permit greater distribution justice.

In the short term, small-scale industries help not only in conserving scarce inputs like capital, technical and managerial skills, but in fact also permit greater mobilisation of these scarce inputs. For instance, small capital cost. The objective of balancing the development of "capital heavy" large-scale industries with the development of "capital light" methods of production provides the sheet-anchor for development of small-scale industries. Furthermore, this sector requires comparatively lesser technical and managerial proficiencies which are scarce in Zambia. In fact, technical and managerial proficiencies required for this sector can be developed more readily and in relatively shorter period when compared to that required for large-scale industrial complexes.

Small-scale industries also help in mobilising untapped resources of capital and skill that may otherwise remain unutilized or under-utilized in any country. Besides, the small-scale units serve as a nursery for technical and managerial skill in the country. It may also be mentioned that small-scale units help in cultivating industrial culture and in creating a class of industrialists. Both of these factors are quite essential and conducive for the industrial growth in any country, more so in any developing country.

Small-scale industries is a very potent instrument for regional development and dispersing the benefits of industrial growth over a wider area. It helps taking the jobs to the people rather than people to the jobs since small-scale units, when compared to large-scale units, are more foot-loose and can be more widely dispersed. They have, therefore, a special role to play in Zambia where industrial activity has so far come up in a couple of cities and urban areas only. The need to eradicate this imbalance in the regional distribution of industrial activity so that benefits of higher income-earning activity like manufacturing are shared by the entire people of the country and are not restricted to a microscopic minority living in metropolitan or big cities, reinforces the case for development of the small-scale sector. In short, the small-scale sector ensures a more equitable distribution of national income through diffusion of productive industrial activity over a wider area and in a large number of hands and thereby counteract tendencies towards concentration of economic power in a few hands at a small number of places.

Small-scale industries require a very short gestation period when compared to that in case of their counterparts in the large-scale sector. As a result, investment made in the former sector creates quicker employment opportunities and comes to fruition in a shorter span of time. In the long run, small-scale units help in forging a competitive industrial structure through the establishment of both functional and spatial ancillary units when integrated with that in large industrial units results in considerable cost advantage. Likewise, spatial integration of industrial units may also lead to cost reduction and make competitive industrial production possible. It would also distribute benefits of industrial development over a wider area. For instance, a modern large-scale unit engaged in the manufacture of finished leather could be set up in a bigger urban location, smaller semi-processed leather units for feeding it could go to semi-urban and rural locations, while many tiny leather goods manufacturing units could advantageously be set up at many villages.

Similarly, spatial integration in respect of several other industrial product lines can also be conceived between large-scale units on the one hand and small industries on the other.

Even in the case of industrially advanced countries like the USA, it has been observed that small industries by no means disappear and, in fact, they take a more modern form. In the case of Japan, it is interesting to note that small industries, which were fostered in the thirties for the utilisation of abundant labour-force, have ever since undergone transformation and have adapted to the new situation of labour scarcity in that country. In fact, small-scale industries in India have flourished and grown in the face of severe competition from modern large-scale industries. Small industries in developed countries like Japan and developing countries like India have adopted modern methods of production and are, therefore, quite competitive vis-à-vis large-scale industries. The growth prospects of small industries exist not only in the initial stages of industrial development but also in the long run to support a competitive industrial structure in the country. In other words, in addition to the overriding social and economic objectives which underlines the need for development of small-scale industries in Zambia, there is also the consideration of competitive production which reinforces the need for development of small-scale industries.

If the small-scale industries are to play the role and achieve the economic objectives outlined above, it would be inevitable in Zambia to:

- (i) afford certain policy support;
- (ii) forge a comprehensive and integrated assistance programme; and
- (iii) strengthen substantially the existing organizational arrangements for rendering promotional and commercial assistance to them.

Comprehensive Nature of the Programme

Manufacturing activity and its efficiency in small-scale manufacturing units do not merely depend on a single production factor but on a combination and interaction of various inputs. To mention some of them:

1. Techno-economic advice for setting up a unit;
2. Industrial extension and research services;
 - (a) Technical services;
 - (b) Common facility centres and training;
 - (c) Industrial management and training services;
 - (d) Mobile demonstration workshops;
 - (e) Provision of institutional credit;
 - (f) Supply of machinery and equipment on hire-purchase basis;
 - (g) Marketing aids;
 - (h) Industrial estates;
 - (i) Supply of raw materials;
 - (j) Motivating of entrepreneurship and promoting dispersal of small-scale industries.

A "single" factor approach for a development programme designed to provide only one of these inputs will at best produce meagre results. On the other hand, a comprehensive and integrated programme intended to ensure and promote the supply of the entire set of inputs is expected to prove highly effective, for instance, a training centre set up for imparting training in modern labour skills, may be wasteful in the absence of trainees having the opportunities to apply their training because there are neither manufacturing units to offer them employment opportunities nor do the trainees have sufficient financial support to establish their own small firm. Similarly, provision of credit and finance may not lead very far in the absence of arrangements. Likewise, provision of certain inputs in the absence of requisite managerial and entrepreneurial skill as well as ignorance of new opportunities that could be exploited in the small-scale sector may also prove infructious.

The need for a comprehensive and integrated progress is particularly inescapable in Zambia where the modern small-scale sector has yet to make a start. In order to promote and mobilize latent entrepreneurial skill of many developing countries and to abridge the time span in the growth and establishment of small-scale units. It is inevitable that a comprehensive and integrated development programme having a bearing on the entire set of inputs is introduced in Zambia.

THE SMALL INDUSTRIES DEVELOPMENT ACT, 1981

ARRANGEMENT OF SECTIONS

PART I

PRELIMINARY

Section

1. Short title
2. Interpretation

PART II

SMALL INDUSTRIES DEVELOPMENT ORGANISATION

3. Establishment of SIDO
4. Composition of SIDO
5. Resignation of member
6. Functions of SIDO
7. Proceedings of SIDO
8. Disclosure of interest
9. Committees of SIDO
10. Director and Deputy Director
11. Secretary and other staff
12. Immunity of members and staff
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14. Funds of SIDO
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PART III

SMALL SCALE ENTERPRISES

18. Registration of small scale enterprise
19. Incentives
20. Cancellation of registration and withdrawal of incentives
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PART IV**VILLAGE ENTERPRISES***Section*

22. Registration of village enterprise
23. Incentives
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PART V**MISCELLANEOUS**

26. Maintenance of registers
27. Offences and penalties
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29. Regulations

GOVERNMENT OF ZAMBIA

ACT

No. 18 of 1981

Date of Assent: 16th December, 1981

An Act to foster and encourage the development of small industries; to provide for the granting of incentives to small industries; to establish the Small Industries Development Organisation; to define the functions and powers of the Organisation; and to provide for matters connected with or incidental to the foregoing

[18th December, 1981

ENACTED by the Parliament of Zambia.

Enactment

PART I

PRELIMINARY

1. This Act may be cited as the Small Industries Development Act, 1981.

Short
title

2. In this Act, unless the context otherwise requires—

Interpreta-
tion

“Chairman” means the person appointed Chairman of SIDO under section *four*;

“Director” means the person appointed Director of SIDO under section *ten*;

“enterprise” means an undertaking engaged in manufacture or in the provision of services;

“manufacture” means the commercial transformation of raw materials or semi-processed materials into finished or semi-finished products, and includes the assembly of inputs into finished or semi-finished products, and repairing and packing, but does not include mining or recovery of minerals;

- “member” means a member of SIDO;
- “Secretary” means the person appointed Secretary to SIDO under section eleven;
- “services” includes any service for the supply or provision of goods, commodities, facilities or amenities for reward, which is performed by physical or mechanical means;
- “SIDO” means the Small Industries Development Organisation established by section three;
- “small industry” means all the small scale and village enterprises registered under the provisions of this Act;
- “small scale enterprise” means an enterprise having capital assets not exceeding two hundred and fifty thousand kwacha or such higher amount as may be prescribed from time to time;
- “Vice-Chairman” means the person elected Vice-Chairman of SIDO under section four;
- “village enterprise” means an enterprise in respect of which SIDO is satisfied that such enterprise—
- (a) is located in a village, rural or semi-urban area;
 - (b) uses labour intensive processes as far as is practicable; and
 - (c) uses local raw materials as far as is practicable.

PART II

SMALL INDUSTRIES DEVELOPMENT ORGANISATION

Establishment of SIDO

3. There is hereby established the Small Industries Development Organisation which shall be a body corporate with perpetual succession and a common seal, capable of suing and of being sued in its corporate name, and with power, subject to the provisions of this Act, to do all such acts and things as a body corporate may by law do or perform.

Composition of SIDO

4. (1) SIDO shall consist of the following members—
- (a) a Chairman, who shall be appointed by the President on such terms and conditions as the President may determine;
 - (b) the chief executive officer of the Village Industry Service, a service registered under the Societies Act;
 - (c) a representative of the Ministry responsible for national development planning;
 - (d) a representative of the Ministry responsible for finance;
 - (e) a representative of the Ministry responsible for industry;
 - (f) a representative of the Ministry responsible for agriculture and water development;

Cap. 105

- (g) a representative of the Zambia Industrial and Mining Corporation Limited, a company registered under the Companies Act; Cap. 686
- (h) a representative of the Bankers' Association of Zambia, an association registered under the Societies Act; Cap. 105
- (i) a representative of the Zambia Federation of Employers established under the Industrial Relations Act; Cap. 517
- (j) a representative of the Zambia Congress of Trade Unions established under the Industrial Relations Act; Cap. 517
- (k) a representative of the House of Chiefs;
- (l) a representative of the Small Scale Industries Association of Zambia, an association registered under the Societies Act; Cap. 105
- (m) two persons, appointed by the Minister, who shall have had experience in matters relating to small industries.

(2) Subject to the approval of the Minister of any particular nomination, the members other than those referred to in paragraphs (a), (b) and (m) shall be nominated by their respective Ministries or organisations.

(3) A member referred to in subsection (2) may be withdrawn—

- (a) on the request of the Minister made in writing to the Ministry or organisation which the member represents; or
- (b) on the request to SIDO made in writing by the respective Ministry or organisation;

and in either case the respective Ministry or organisation shall, subject to the approval of the Minister, replace such member.

(4) SIDO shall elect a Vice-Chairman from amongst its members who shall discharge the functions of the Chairman whenever the office of Chairman is vacant or the Chairman is absent or is for any other cause unable to discharge the functions of his office.

5. A member may resign by giving one month's notice in writing—

Resignation
of member

- (a) in the case of the Chairman, to the President;
- (b) in the case of a member referred to in paragraph (m) of subsection (1) of section four, to the Minister;
- (c) in any other case, to the Ministry or organisation which such member represents.

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

Functions
of SIDO

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

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

Proceedings
of SIDO

7. (1) Subject to the provisions of this section, SIDO may regulate its own procedure.

(2) One half of the members holding office at any time shall form a quorum at any meeting of SIDO.

(3) For the transaction of its business, SIDO shall hold meetings at such places and at such times, being not less than once every six months, as SIDO may determine.

(4) A meeting of SIDO may be called by the Chairman or in his absence by the Vice-Chairman, and shall be called if not less than five members so request in writing, upon giving fourteen days' notice:

Provided that if the urgency of any particular matter does not permit the giving of fourteen days' notice, a special meeting may be called upon giving a shorter notice.

(5) There shall preside at any meeting of SIDO—

- (a) the Chairman; or
- (b) in the absence of the Chairman, the Vice-Chairman; or
- (c) in the absence of the Chairman and the Vice-Chairman, such member as the members present and voting may elect for the purpose of that meeting.

(6) Subject to the provisions of subsection (7), a decision of SIDO shall be by a majority of the members present and voting at a meeting and, in the event of an equality of votes, the person presiding at the meeting shall have a casting vote in addition to his deliberative vote.

(7) Where any member referred to in paragraphs (b) to (d) inclusive, of subsection (1) of section four is for any reasonable cause unable to attend any meeting of SIDO, his Ministry or organisation, as the case may be, may, in writing, nominate another person to attend such meeting in his stead and such person shall be deemed to be a member for the purpose of such meeting.

(8) SIDO may invite any person, whose presence is in its opinion desirable, to attend, and to participate in the deliberations of, a meeting of SIDO, but such person shall not be entitled to vote.

(9) The validity of any proceedings, act or decision of SIDO shall not be affected by any vacancy in the membership of SIDO or by any defect in the appointment of any member or by reason that any person not entitled so to do took part in the proceedings.

(10) SIDO shall cause minutes to be kept of the proceedings of its meetings and of every meeting of any committee established by it.

8. (1) If a member is present at a meeting of SIDO at which any matter is the subject of consideration in which matter the member or his spouse is directly or indirectly interested in his private capacity, he shall as soon as practicable after the commencement of the meeting, disclose such interest and shall not, unless SIDO otherwise directs, take part in any consideration or discussion of, or vote on, any question touching such matter.

Disclosure
of interest

(2) The provisions of subsection (1) shall apply, *mutatis mutandis*, to a member of a committee of SIDO.

(3) A disclosure of interest made under this section shall be recorded in the minutes of the meeting at which it is made.

9. (1) SIDO may establish committees for the purpose of performing any of its functions under this Act and may delegate to any such committee such of its functions as it thinks fit.

Committees
of SIDO

(2) SIDO may appoint as members of a committee established under subsection (1) persons who may or may not be members of SIDO, and such persons shall hold office for such period and on such terms and conditions as SIDO may determine.

(3) Subject to any specific or general direction of SIDO, any committee established under subsection (1) may regulate its own procedure.

10. (1) The President shall appoint a Director who shall be the chief executive officer of SIDO, and may appoint a Deputy Director, on such terms and conditions as the President may determine.

Director
and Deputy
Director

(2) The Director, or in his absence the Deputy Director, shall attend meetings of SIDO and may address such meetings, but shall not vote on any matter:

Provided that the person presiding at any meeting of SIDO may, for good cause, require the Director or the Deputy Director, as the case may be, to withdraw from such meeting.

(3) The provisions of section eight shall apply, *mutatis mutandis*, to the Director and the Deputy Director.

Secretary
and other
staff

11. (1) There shall be a Secretary to SIDO who shall be appointed by SIDO on such terms and conditions as SIDO may determine.

(2) The Secretary shall be responsible for the administration of the day-to-day affairs of SIDO under the general supervision of the Director.

(3) SIDO may, on such terms and conditions as it shall determine, appoint such other staff as it considers necessary for the performance of its functions under this Act.

Immunity of
members and
staff

12. No action or other proceeding shall lie against any member, member of a committee of SIDO or member of the staff of SIDO for or in respect of any act or thing done or omitted to be done in good faith in the exercise or purported exercise of his duties under this Act.

Seal

13. (1) The seal of SIDO shall be such device as may be determined by SIDO and shall be kept by the Secretary.

(2) SIDO may use a wafer or rubber stamp in lieu of an embossed seal.

(3) The affixing of the seal of SIDO shall be authenticated by the Chairman or the Director and the Secretary or one other person authorised in that behalf by a resolution of SIDO.

(4) Any document purporting to be a document duly executed or issued under the seal of SIDO or on behalf of SIDO shall be received in evidence and shall be deemed to be a document so executed or issued, as the case may be, without further proof, unless the contrary is proved.

(5) Any contract or instrument which if entered into or executed by a person not being a body corporate would not be required to be under seal, may be entered into or executed without seal on behalf of SIDO by the Secretary or any other person generally or specifically authorised in that behalf by SIDO.

Funds of
SIDO

14. (1) The funds of SIDO shall consist of such moneys as may—

(a) be appropriated by Parliament for the purpose of SIDO;

- (b) be paid to SIDO by way of grants or donations;
 - (c) vest in or accrue to SIDO.
- (2) SIDO may—
- (a) accept moneys by way of grants or donations from any source in Zambia and, subject to the approval of the Minister, from any source outside Zambia;
 - (b) subject to the approval of the Minister, raise by way of loans or otherwise such moneys as it may require for the discharge of its functions;
 - (c) charge and collect fees in respect of programmes, seminars, consultancy services and other services provided by SIDO.
- (3) There shall be paid from the funds of SIDO—
- (a) the salaries, allowances and loans of the staff of SIDO;
 - (b) such reasonable travelling, transport and subsistence allowances of members or members of any committee of SIDO when engaged on the business of SIDO at such rates as the Minister may determine;
 - (c) any other expenses incurred by SIDO in the discharge of its functions.
- (4) SIDO may invest in such manner as it thinks fit such of its funds as it does not immediately require for the discharge of its functions.

15. The financial year of SIDO shall be such period of twelve consecutive months as may be determined by SIDO. Financial year

16. SIDO shall cause to be kept proper books of account and other records in relation thereto. Accounts

17. (1) As soon as practicable, but not later than six months after the expiry of each financial year, SIDO shall submit to the Minister a report concerning its activities during such financial year. Annual report

(2) The report referred to in subsection (1) shall, among other things, report on the financial affairs of SIDO and there shall be appended thereto—

- (a) a balance sheet;
- (b) an audited statement of revenue and expenditure during the year; and
- (c) such other information as the Minister may require.

(3) The Minister shall, not later than seven days after the first sitting of the National Assembly next after the receipt of the report referred to in subsection (1), lay it before the National Assembly.

PART III

SMALL SCALE ENTERPRISES

Registration
of small
scale
enterprise.
Cap. 707

18. (1) An enterprise shall not be registered as a small scale enterprise unless—

- (a) it complies with the provisions of the Trades Licensing Act; and
- (b) it is approved in writing by SIDO as a small scale enterprise.

(2) Application for registration under this Part may be made to SIDO and shall be in the prescribed form.

(3) An appeal against refusal to register any small scale enterprise may be made to the Minister in the manner prescribed, and the decision of Minister shall be final.

Incentives

Act No. 18
of 1977

19. (1) Any small scale enterprise registered under the provisions of this Part may apply in the prescribed manner for any incentives under the Industrial Development Act.

(2) The Minister may in writing approve any application made under subsection (1) and may in like manner grant to such applicant any incentives applied for.

Cancellation
of
registration
and
withdrawal
of
incentives

20. (1) The registration of a small scale enterprise shall be deemed cancelled from the date it ceases to be qualified for registration under the provisions of this Part; and any incentives granted pursuant to such registration shall be deemed withdrawn from such date.

(2) If a small scale enterprise is found to have obtained its registration through fraud or mistake or in contravention of any provision of this Act or of any regulations or orders made hereunder, then the registration shall be void.

(3) If a small scale enterprise is convicted of any offence under any written law, the Minister may, depending on the nature of the offence, cancel the registration and withdraw any incentives granted under this Part.

Re-registra-
tion or
restoration
of
incentives

21. Where the registration of any small scale enterprise has been cancelled or any incentive withdrawn, the small scale enterprise affected may apply for re-registration or restoration of the incentive, as the case may be, and if the Minister is satisfied that the circumstances which led to such cancellation or withdrawal no longer apply he may in writing grant such application.

PART IV

VILLAGE ENTERPRISES

22. (1) Subject to any specific or general directions of the Minister, SIDO shall register every enterprise which SIDO approves as a village enterprise.

Registration
of village
enterprise

(2) Every enterprise registered under subsection (1) shall be exempt from the provisions of the Trades Licensing Act.

Cap. 707

23. Upon application made in the prescribed form by any registered village enterprise or by SIDO on behalf of any such enterprise, the Minister responsible for administering any incentive under the Industrial Development Act or this Act may in writing grant, in respect of such applicant, subject to such terms and conditions as he thinks fit, any of the incentives prescribed under the provisions of this Act or of the Industrial Development Act.

Incentives

Act No. 18
of 1977

Act No. 18
of 1977

24. The provisions of section *twenty* shall apply, *mutatis mutandis*, to a village enterprise.

Cancellation
of
registration
and
withdrawal
of
incentives

25. The provisions of section *twenty-one* shall apply, *mutatis mutandis*, to a village enterprise.

Re-registra-
tion or
restoration
of
incentives

PART V

MISCELLANEOUS

26. (1) SIDO shall maintain separate registers of—

Maintenance
of
registers

(a) all small scale enterprises registered under the provisions of section *eighteen*; and

(b) all village enterprises registered under the provisions of section *twenty-two*;

which shall contain such information, including information relating to incentives, as the Minister may prescribe.

(2) The registers referred to in subsection (1) shall be kept at such centres as the Minister may determine and shall be open to inspection by the public at such times and on such conditions, including the payment of any fees for inspection, as the Minister may prescribe.

27. Any person who—

Offences and
penalties

(a) wilfully furnishes the Minister, a member, a member of any committee of SIDO or a member of the staff of SIDO with any information or explanation knowing it to be false in any material particular;

- (b) fails to comply with any order or demand lawfully made under this Act;
- (c) obstructs a member, a member of a committee of SIDO or a member of the staff of SIDO in the exercise of his functions under this Act; or
- (d) contravenes any provision of this Act;

shall be guilty of an offence and shall be liable, upon conviction, to a fine not exceeding five thousand kwacha or to imprisonment for a term not exceeding three years, or to both such fine and imprisonment.

Prohibition
of
publication
or
disclosure
of
information
to
unauthorised
persons

28. (1) No person shall, without the consent in writing given on behalf of SIDO, publish or disclose to any person, otherwise than in the course of his duties, the contents of any document, communication or information whatsoever, which relates to, and which has come to his knowledge in the course of, his duties under this Act.

(2) Any person who knowingly contravenes the provisions of subsection (1) shall be guilty of an offence and shall be liable, upon conviction, to a fine not exceeding five thousand kwacha or to imprisonment for a term not exceeding three years, or to both such fine and imprisonment.

(3) If any person having information which to his knowledge has been published or disclosed in contravention of subsection (1) unlawfully publishes or communicates any such information to any other person, he shall be guilty of an offence and shall be liable, upon conviction, to a fine not exceeding five thousand kwacha or to imprisonment for a term not exceeding three years, or to both such fine and imprisonment.

Regulations

29. The Minister may, by statutory instrument, make regulations prescribing all matters which by this Act are required to be prescribed, or which are necessary or expedient for the proper carrying out of the provisions of this Act.

GOVERNMENT OF ZAMBIA

ACT

No. 19 of 1981

Date of Assent: 16th December, 1981

An Act to amend the Prices and Incomes Commission Act

[18th December, 1981

ENACTED by the Parliament of Zambia.

Enactment

1. This Act may be cited as the Prices and Incomes Commission (Amendment) Act, 1981, and shall be read as one with the Prices and Incomes Commission Act, 1981, hereinafter referred to as the principal Act.

Short title

Act No. 9
of 1981

2. Section *ten* of the principal Act is amended in subsection (1)—

Amendment
of
section 10

- (a) by the deletion in paragraph (b) of "supervise the execution and" and the substitution therefor of "evaluate and report to the Government on the";
- (b) by the deletion in paragraph (c) of "supervise the execution and" and the substitution therefor of "evaluate and report to the Government on the"; and
- (c) by the deletion in paragraph (f) of "supervise the administration and" and the substitution therefor of "evaluate and report to the Government on the".

GOVERNMENT OF ZAMBIA

ACT

No. 20 of 1981

Date of Assent: 16th December, 1981

An Act to amend the Control of Goods Act

[18th December, 1981

ENACTED by the Parliament of Zambia.

Enactment

1. This Act may be cited as the Control of Goods (Amendment) Act, 1981, and shall be read as one with the Control of Goods Act, hereinafter referred to as the principal Act.

Short title.
Cap. 690

2. Section *two* of the principal Act is amended by the insertion in the appropriate place of the following definition:

Amendment
of
section 2

“Commission” means the Prices and Incomes Commission established by section *four* of the Prices and Incomes Commission Act, 1981.

Act No. 9
of 1981

3. Section *three* of the principal Act is amended in subsection (1)—

Amendment
of
section 3

(a) by the deletion of paragraph (b) and the substitution therefor of the following paragraph:

(b) to control the distribution, disposal, purchase or sale of any commodity or animal and the charges which may be made—

(i) for the services relating to the distribution, disposal, purchase or sale of such commodity or animal, as the case may be; or

(ii) for the delivery of any commodity or animal; or

(b) in paragraph (c) by the deletion of “and”; and

(c) by the deletion of paragraph (d).

4. The principal Act is amended by the insertion after section *three A* of the following section:

Insertion of
section 3B

Regulations
for the
control of
prices

3B. (1) Whenever it appears to the President necessary or expedient—

(a) to control the purchase, sale, wholesale or retail prices of any goods, commodity or animal and the charges which may be made for the services relating to the distribution or delivery of such goods, commodity or animal, as the case may be; or

(b) to regulate the charges for any controlled services; he may, by statutory instrument, make such regulations as appear to him to be necessary or expedient for such purposes.

(2) Regulations made under this section may empower the Commission to make statutory orders—

(a) for determining, to such extent and in such manner as may be specified in such orders, price levels for any controlled goods, services, products or commodities, including price levels of agricultural produce and livestock; and

(b) for evaluating and reporting to the Government on the implementation of price control.

(3) The provisions of subsections (2), (4) and (5) of section three shall apply, *mutatis mutandis*, to regulations and orders made under this section.

GOVERNMENT OF ZAMBIA

ACT

No. 21 of 1981

Date of Assent: 16th December, 1981

An Act to amend the Legal Practitioners Act

[18th December, 1981

ENACTED by the Parliament of Zambia.

Enactment

1. This Act may be cited as the Legal Practitioners (Amendment) Act, 1981, and shall be read as one with the Legal Practitioners Act, 1973, hereinafter referred to as the principal Act.

Short title.
Act No. 22
of 1973

2. Section *thirteen* of the principal Act is amended in subsection (2) by the insertion, immediately after "petition to the Chief Justice", of "and shall include an undertaking in writing as to requisite practical experience,".

Amendment
of
section 13

3. The principal Act is amended by the insertion, immediately after section *thirteen*, of the following new section:

Insertion of
section 13A

13A. (1) An applicant to whom section *thirteen* applies shall be deemed, in his undertaking as to requisite practical experience, to have undertaken—

Undertaking
as to
requisite
practical
experience

(a) that he shall not, until he has satisfied the Association that he has gained the requisite practical experience—

(i) set up a legal practice, open a law office or in any way practise law on his own account;

(ii) establish, or become a partner in, any firm of lawyers; or

(iii) appear before the Supreme Court; and

(b) that if he violates any of the terms of the undertaking, he shall, in addition to being in contempt of court, be deemed to be guilty of professional misconduct.

(2) In this Part, "requisite practical experience" means such active employment for a continuous period of, or for periods amounting in all to, three years as shall have been certified as being satisfactory by the relevant practitioner of the prescribed standing or head of the relevant department, as the case may be, in—

- (a) the office of a practitioner of the prescribed standing;
- (b) a firm of practitioners where at least one supervising partner was, throughout the period of such employment, a practitioner of the prescribed standing;
- (c) a judicial or legal capacity in the Judicial Department, the Attorney-General's Chambers, the Directorate of Legal Aid, the Lands Department, the Chambers of the Director of Public Prosecutions, the Administrator-General's Department, or any other department of the Government which may be approved for the purpose by the Chief Justice in consultation with the Attorney-General;
- (d) the legal department of a district council, a statutory corporation, a company or organisation, where at least one supervising officer was, throughout the period of such employment, a practitioner of the prescribed standing; or
- (e) such other capacity or office as the Chief Justice may, in consultation with the Association, approve for the purpose.

Amendment
of
section 36

4. Section *thirty-six* of the principal Act is amended—

- (a) in paragraph (a) of subsection (1)—
 - (i) by the re-numbering of sub-paragraphs (i) and (ii) as (ii) and (iii) respectively; and
 - (ii) by the insertion, immediately after "practising certificate shall—", of the following new sub-paragraph:
 - (i) obtain from the Association a certificate showing that he is a member in good standing of the Association;
- (b) in subsection (5) by the deletion of "the sum of twenty kwacha" and the substitution therefor of "a fee not less than thirty kwacha".

Amendment
of
section 40

5. Section *forty* of the principal Act is amended in subsection (3) by the deletion of "twenty kwacha" and the substitution therefor of "such sum as may be prescribed or, if no sum is prescribed, of not less than fifty kwacha".

6. Section *sixty-nine* of the principal Act is amended—
- (a) by the re-numbering of subsections (3), (4) and (5) as (6), (7) and (8) respectively; and
 - (b) by the insertion, immediately after subsection (2), of the following new subsections:

Amendment
of
section 69

(3) The provisions of subsections (4) and (5) and of the Third Schedule shall apply in relation to any practitioner who—

- (a) dies;
- (b) abandons his practice;
- (c) is adjudged bankrupt or makes a composition or arrangement with his creditors; or
- (d) is prevented, for any other reason, from performing his functions as a practitioner;

and in relation to whom the Association is satisfied that his clients are likely to suffer due to his failure to make such suitable arrangements as are referred to in subsection (2).

(4) On an application of the Association in relation to a practitioner to whom subsection (3) applies, the High Court or a Judge thereof may, in addition to any other order made under the provisions of the Third Schedule, order that all sums of money held by or on behalf of such practitioner or his firm which are or are deemed to be clients' money in accordance with the provisions of Part VIII, or which are so held in connection with any trust of which he is or formerly was a sole trustee, and the right to recover or receive such sums, shall vest in the Association.

(5) Where any sums of money vest in the Association by virtue of the provisions of subsection (4), the Association shall—

- (a) maintain a separate account for such sums;
- (b) hold such sums on trust for the persons beneficially entitled thereto; and
- (c) deal with such sums in accordance with any rules which may be prescribed.

A N N E X U R E I I I

PRINTED PUBLICATIONS ON EXTENSION SERVICES OF SIDO

1. SIDO Helps in Starting Different Types of Small Scale Industries in Zambia.
2. Development of Small Scale Industries in Zambia.
3. Government Assistance to Small Scale Industries in Zambia.
4. Rural Small Scale Industries.
5. Industrial Extension Services.
6. First Annual Report 1982/83 and Functional Programme.

A N N E X U R E I V

T I T L E O F R E P O R T S , P A P E R S , E T C

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| 1. Policy Paper on Small Scale Industries Development in Zambia. | In view of foreign exchange shortage, there is considerable scope to manufacture parts and components by the small scale units. Negotiations with ZCCM Ltd has started. This work will be taken up with other parastatal organisations in the near future. |
| 2. Policy Paper on Establishment of Industrial Estates | There is good scope to develop small scale units through the establishment of Industrial Estates. Discussions are going on with Lusaka District Council, Kitwe District Council and Mongu Rural District Council. Besides parastatals are being urged to set up their own estates. |
| 3. Government Assistance Programmes and
4. Rural Industries Development | Helped SIDO in preparing pamphlets on SIDO's aims and objectives and the scope for starting rural industries in Zambia. |
| 5. Paper on Entrepreneur Development | As desired by the University of Zambia, prepared a paper for discussion at the First National & Regional Appropriate Technology Seminar to be held on 22nd June, 1983 in Lusaka. |
| 6. Paper on Advantages of Starting Small Scale Industries | For the Annual House of Chiefs' Meeting this paper was prepared, to bring out as to how by developing SSI units unemployment could be solved in rural areas. |
| 7. Lecture Note | For the benefit of local Government Association of Zambia, annual conference, this note was prepared and lecture delivered. |
| 8. Skills Training and Job Placement, the role of the Informal Sector Generally and SIDO in Particular | As desired by the Ministry of Youth & Sport this paper was prepared to show how unemployed youths could take up to SSI units. |
| 9. Copper Based Industries | Today the bulk of copper is being exported as raw material. This paper was prepared to show as to how 24 items could be manufactured by small scale units by utilising the copper. By doing it, the country will get the added value and additional employment will be created. |

10. Number of Model Schemes
As desired by entrepreneurs, a number of model schemes on various industries were prepared on the line of Indian Schemes.
11. Various Notes on Various Subjects
As desired by the Director, notes etc., were prepared and given for publication. Similarly, number of notes were prepared for the Ministry of Commerce & Industry.
12. Policy Paper on Credit Facilities and on Credit Guarantee Scheme
Providing various types of loan to small scale industries and policy decision to be taken on the introduction of Credit Guarantee Scheme.
13. Small Business Scheme in USA
To explain how small businesses are helped by the Government.
14. Small Industries Development in Japan
Detailed narration on Government Policy and types of assistance rendered for small scale units.
15. Types of extension services needed for small scale industries.
Note prepared at the time of NCDP organised "Manpower Development" during August, 1983
16. A note on the type of assistance to be obtained from CFTC London.
As desired by the Ministry of Commerce & Industry 4 pages required were prepared.
17. Development of Village Small Scale Industries under the theme "Rural Development".
As desired by NSCR 5 pages note was prepared for discussion at the sub-regional meeting of Southern African Governments on Technical Cooperation among African countries. (TCDC) held at Zimbabwe in 1981.
18. How village and Small Industries can contribute to Economic Development in Zambia.
7 pages were prepared for discussion at the Economic Symposium organised by the Prime Minister in Lusaka 25-28th November, 1981.
19. How to Motivate Entrepreneurship in Zambia.
7 pages paper prepared for the training course jointly organised by the Ministry of Commerce & Industry and MBA.
20. List of tentative Village & Small Scale Industries that could be developed in Zambia.

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| Development and Planning Strategy for Small Scale Industries | 12 pages note prepared for Pan-African Institute for Development - East and Southern Africa. |
| 21. Guide for Entrepreneurs | 5 pages note |
| 22. How to Avoid Mistakes in Running a Small Scale Industry | 2 pages note |
| 23. Small Industries Development | 22 pages Draft Act |
| 24. You May Choose any Small Scale Industry | 133 Industries suggested |
| 25. Role of Women in the Development of Small Scale Industries | Paper prepared for African Regional Workshop held at Harare. |
| 26. Policy Support for Small Scale Industries for Women Entrepreneurs | - do - |
| 27. Suitable organisational set up for the Development of Small Scale Industries for African Countries and present constraints | 17 pages paper prepared for discussion at the English Speaking Countries. |
| 28. Development and Planning Strategy for Small Scale Industries | 12 pages paper prepared for discussion at Pan-African Institute for Development - East and Southern Africa, at Swaziland. |

International

K.L. Nanjappa (India)	Senior Adviser on Small-scale Industries to Ministry of Commerce and Industry, and SIDO	20 Dec. 1979 to Oct. 1983
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Counterparts

Mr. M.X. Mufwaya (Zambia)	Senior Under-Secretary Ministry of Commerce and Industry	20 Dec. 1979 to Dec. 1982
Dr. Ng'andwe (Zambia)	Director and Chief Executive SIDO	Dec. 1982 to Dec. 1984

