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Zambia.

Small Industries Development Organization (DP/ZAM/82/013)
from October 1983 to December 1984

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DRAFT TERMINAL REPORT

Prepared for the Government of the Republic of Zambia

by

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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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I. INTRODUCTION

PROJECT BACKGROUND:

In its development plans, the Government of Zambia has given great emphasis on the development of small-scale industries, in fact it has been given second highest priority next only to agriculture.

In 1981 Parliament passed the Small Industries Development Act which provides the legal basis for an organized development of small-scale industry in the country and for the establishment of Small Industries Development Organization (SIDO). Towards the end of 1982 the SIDO Director was appointed, the Board held several meetings and following the recruitment of staff the organization became fully operational.

At the present stage of economic development of Zambia and the serious financial situation, especially in foreign exchange, the promotion of small-scale industries using local raw material as much as possible and producing products for import substitution has a strategic and crucial role to play. In addition the small-scale industry is able to create employment at a much lower capital cost than large-scale industry and can be viably established in rural and remote areas, giving employment to people in their areas where they live and thereby decrease the drift to the large cities. Small-scale industries can furthermore be a means for decentralization of industries. Small-scale industry development will mobilize resources of capital and skills for productive purposes, which would otherwise remain idle or would be inadequately utilized.

The Small Industry Development Organization is expected to provide a comprehensive package of industrial services to small-scale industries in Zambia. This package of industrial services should consist of assistance to existing small-scale industries and assistance in the creation of new units. Special emphasis should be given to those units in the areas away from the developed line of rail. (In this respect close co-operation will be necessary with the Village Industry Service.)

In September 1983 a second phase of UNDP/UNIDO assistance was approved (project DP/ZAM/82/018 - Small Industry Development Organization) at an envisaged UNDP input of US\$ 389.800.

The Small Industries Development Organization, although formerly established, required assistance in its first stage of operation in order to achieve the capability of rendering efficiently and effectively the required services to the small-scale sector, with special emphasis on fostering small-scale industry development in the less developed areas of the country. Moreover, the UNDP/UNIDO project was expected to also activate bilateral assistance for the small-scale industry sector, which was regarded as an important supplementary and complementary element of the overall development programme for small-scale industry in Zambia. SIDO was entrusted with the co-ordination of the anticipated bilateral assistance.

SIDO'S BUDGET FROM 1981 TO 1984:

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	K 110,000
1983	K 1,4 million
1984	K 9,0 million

In spite of the general economic difficulties, the Government was generous in providing funds to SIDO, as they believe that the organization'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.

UNDP/UNIDO ASSISTANCE TO SMALL-SCALE INDUSTRIES:

Following the preparation of the Third National Development Plan (1979 - 1983), the Government of Zambia approached the UNDP/UNIDO for assistance to the country in the development of modern small-scale industries. On the basis of this request UNIDO formalized a project for assistance in the setting up of the proper institutional infrastructure for the promotion of small-scale and rural industries.

The preparatory project SI/ZAM/79/802 suggested the appointment of a Senior Adviser in Small-scale Industries.

In order to carry out the spill-over work from the aforementioned preparatory project, a new project came into existence, project DP/ZAM/80/005 with an initial duration of approximately one year (13 September 1980 to September 1981). The project was finally extended till end September 1983.

At that time, in accordance with the new Country Programme Cycle, project DP/ZAM/82/018 came into effect, which is still ongoing.

For detailed information on the activities, findings and recommendations pertaining to project SI/ZAM/79/802 and DP/ZAM/80/005, please refer to the terminal report by K.L. Nanjappa, Senior Adviser on Small-scale Industries.

II. PROJECT ACTIVITIES

PROJECT OBJECTIVES:

As stated in the project document, the project's objective is to develop the capacity of the Small Industry Development Organization Lusaka, as well as the capacities of the regional offices, to foster the existing and potential small industries on a continuous and systematic basis.

IMMEDIATE OBJECTIVES:

Following functions are to be performed by SIDO at headquarters and at the regional offices:

1. Programming of national strategy for small-scale industry development, including
 - planning and implementation of an industrial estate programme;
 - assessment of performance of industrial co-operatives with a view to improving their efficiency.
2. Identification of economically viable projects.
3. Identification of suitable male and female entrepreneurs.
4. Industrial extension services to existing as well as new small-scale industry units.
5. Identification of financial needs of entrepreneurs and assisting them to obtain bankloans.
6. Co-ordination of bilateral assistance provided for the development of small-scale industries.

PROJECT IMPLEMENTATION AND ACTIVITIES:

(1) Appointment of a full-time Chairman for SIDO

The Act prepared by the UNIDO Senior Adviser provided for a post of Chairman for the SIDO Board. The Ministry of Commerce and Industry had appointed the Permanent Secretary in the Ministry to work as ex-officio Chairman of the SIDO Board. This arrangement had continued over a period of two years, by November 1984, the Government appointed Mr. M. Banda, a non-official, as a full-time Chairman of the Board. He assumed charge in the early part of December 1984.

The UNIDO Senior Adviser, who had prepared the plan and involved himself in SIDO activities continuously since its inception in 1980 until the end of his assignment in December 1984, was called upon to brief the new Chairman on a number of occasions, the aims and objectives of SIDO and the duties to be carried out by the Chairman. The Chairman also took keen interest in getting to know the various activities, particularly the Proceedings of the Board meetings held from time to time during the years 1983 and 1984. With a view to acquaint the Chairman of SIDO about how the developing and the developed countries were framing the policies and programmes for the development of small-scale industries, a familiarization tour programme was drawn up and handed over to the Board's Secretary for transmission to the United Nations Office in Lusaka, to facilitate allocation of funds from the project for financing the tour of the Chairman to India, Kenya and Tanzania. The proposals had included visits to a number of industrial estates, discussions with various authorities concerned in their respective countries on policies and programmes for small-scale industries development.

(2) Preparation of draft Five-Year Plan

In the First and the Second Five-Year Plans, the Government of Zambia gave importance to the development of capital-intensive large-scale industries. This experiment proved costly and failed as it did not create employment opportunities in the country. In order to mitigate such a situation, the National Commission for Development Planning in their Third Five-Year Plan suggested the creation of a suitable organization to draw up and implement programmes for the development of small-scale industries. The Government of Zambia had approached the United Nations to make available the services of an experienced international expert to visit Zambia and to carry out the recommendations made in the Five-Year Plan. Accordingly, in 1980, the UNIDO Senior Adviser took up his assignment and first of all toured the country in detail. As a result, he prepared a draft Act which was accepted by the Ministry of Commerce and Industry and finally received the approval of the Parliament in 1981. By the end of 1982, the SIDO was set up to carry out the various activities, as recommended in the Five-Year Plan. The SIDO came into being as a promotional agency, mainly to provide industrial extension services to entrepreneurs in starting small-scale industries. By the middle of 1984, the SIDO became fully operational in the country.

The SIDO Director requested the UNIDO Senior Adviser to help the Organization in preparing the draft Five-Year Plan for his Organization, which could be incorporated in the Country's Fourth Five-Year Plan. Under the Chairmanship of the UNIDO Senior Adviser a committee was formed. In the earlier Plan, no separate and concrete programme with physical targets for the development of small-scale industries were drawn up. With the result that there was no action plan to achieve the targets. The UNIDO Senior Adviser particularly suggested that the new Plan with specific targets be drawn up so that the SIDO could direct its activities in order to achieve results.

It was suggested in the draft Five-Year Plan that SIDO should open three more Regional Offices, in addition to the one functioning in Kitwe, for spreading the message of development through industrial extension service in the rural areas.

Importance was also given in the Plan for imparting training to Zambian entrepreneurs, which was very essential. The function of training was also made very important in the scheme of SIDO's activities. Unless a country had well-trained entrepreneurs any amount of assistance rendered in the form of industrial sheds or credit facilities, supply of raw materials etc. would go waste.

With a view to help the entrepreneurs in obtaining adequate and timely supply of raw materials, it was suggested that SIDO should have one raw material depot at Lusaka and also its branches in three or four places. Depending upon the requirement of raw materials, SIDO would purchase and stock the right kind of both indigenous and imported raw materials and make them available to the small-scale units as and when required. Without such an assistance, it would be a difficult task for each entrepreneur to obtain particularly the imported raw materials, as the procedures were cumbersome and costly.

In the Plan, it was also suggested that the SIDO Staff be trained as committed officers to carry out industrial extension service. The SIDO officers should work with zeal and enthusiasm in producing results. For this purpose, it was suggested that periodically they be sent to other developed and developing countries to see things for themselves so that on their return they could emulate the industrial culture they had observed in other parts of the world.

(3) Government Stores Purchase Programme

Marketing was not a problem in Zambia. In view of the general shortages of goods and services, whatever was produced with reasonable quality could easily be marketed. However,

with a view to give an assured market to the small-scale sector, the UNIDO Senior Adviser suggested that Zambia should adopt a Government Stores Purchase Programme on the lines prevalent in USA and India so that the Government Departments could obtain products produced in the small-scale sector for their routines. Since the quality and the cost have to be kept in view, the UNIDO Senior Adviser suggested that in the course of the next five years, the SIDO should make attempts to identify at least 30 products which could satisfy the good quality specifications and standards whereupon the Government might consider including them in its regular purchase programme by means of reservation.

(4) Statistics

It was difficult to obtain statistical data from the small-scale units with regard to production, number of workers employed, the type of products produced etc. Realistic statistics despite their importance in decision-making process were simply not available. It was therefore suggested that the SIDO should have a Statistical Cell to collect and interpret the statistics pertaining to small industry development. The National Commission for Development Planning was having a Planning Cell in almost all the districts. It was suggested that the Statistical Cell in the SIDO Office should closely work with the Planning Cell at District Authority-levels for obtaining the required information and build up a sound economic data base for future planning and development of small-scale industries.

(5) Model Schemes

With the assistance of Indian experts and Zambian officials, the UNIDO Senior Adviser prepared 60 model schemes of a number of agro-based industries so that the local entrepreneurs could come forward to take up such ventures. Each model scheme provides information on the scope of a particular industry, the investment

required, the number of workers to be engaged, the approximate profit that would accrue etc. With a view to help the entrepreneurs visiting the SIDO Office, cyclo-styled model schemes were prepared for distribution.

(6) Briefing the Chief Executives of the Banks

Though the introduction of the Credit Guarantee Scheme was accepted by the Bank of Zambia, necessary amendment to the Banking Act was yet to be approved by the Parliament of Zambia. In the absence of the Credit Guarantee Scheme, the Commercial Banks were finding it difficult to sanction loans to entrepreneurs as the entrepreneurs were not in a position to provide adequate security. For example, manufacture of special leather articles, such as shoes, hand bags etc., required very nominal capital and simple technology. The UNIDO Senior Adviser and the Director of SIDO requested the Chief Executives of a number of Commercial Banks to visit SIDO in order to get to know the organization's activities. With a view to show them the potential that existed in the manufacturing fields, the Chief Executives were also taken round the City and shown five factories which are engaged in the manufacture of soaps, shoes, leather articles, candles, shoe polish etc. At each of the factories, the Chiefs of Banks themselves used to make enquiries from the entrepreneurs as to how they borrowed money, how they were managing the working capital and what arrangements they had made for repayment of the loan etc. When their visit was over, all of them were convinced of the fact that the small-scale industries could be developed for utilising the local raw materials and they did contribute to the economic prosperity of the country, besides creating more employment opportunities and therefore the SIDO's mission was justified. They promised further help to similar units in future.

(7) Establishment of 55 Industrial Estates

Ever since the UNIDO Senior Adviser joined the SIDO, the importance of an industrial estate programme was advocated and this concept was accepted by the Board and the Government. In fact, in the middle of 1984,

a conference was specially held at Kitwe, which was inaugurated by the Prime Minister of Zambia who strongly advocated the establishment of industrial estates and commended it as the only instrument which could confer various benefits. Hence, in the Fourth Five-Year Plan, it was suggested to establish 55 industrial estates during the Plan period, namely 1986 and 1990. It was envisaged in the programme to construct one industrial estate in each District, with 15 - 20 industrial sheds. The small industries to be set up in these sheds would on an average provide employment to 10 workers each. Based on a survey conducted in a number of districts, it was suggested that industries to be set up in such industrial estates should be based on the raw materials that were available in the area. In order to keep the construction cost well under control, it was suggested that the building materials, such as timber etc., which were available in the areas, should alone be used and the construction of sophisticated buildings be avoided as they would benefit neither the country nor the entrepreneurs. It was also suggested that SIDO will appoint 55 engineers and economists who would be working in each of the 55 industrial estates. The total expenditure towards appointment of experts, construction of factory buildings and purchase of plant and machinery was worked out to be 150 million Kwacha. The work of establishing the industrial estate was to be carried out in a phased programme over a period of five years.

Administration of the industrial estate:

According to the decentralization policy and programme followed by the Government of Zambia, the Districts were told to take up economic activities to generate funds for their own District Council's activities by utilising the local raw materials for the benefit of the people in the area. Keeping this aspect in view, the UNIDO Senior Adviser suggested that the construction and management of industrial estates be looked after by the District Councils. Being the local authorities, it was considered that the District Councils were well-equipped to look after the industrial estates effectively as they are nearer to the people and it was easy for them to manage the local entrepreneurs. This would not be possible in the

case of anyone central authority or agency located in Lusaka. This concept was accepted by many District Councils. Since the District Authorities were in charge of providing water, electricity, formation of roads etc. it will be much easier for them to provide all these facilities in the industrial estate. The SIDO would confine itself to providing technical guidance and rendering other industrial extension services to the District Councils and to the entrepreneurs for promoting small-scale industries. Though, at one stage, some of the SIDO officers were very keen to shoulder the task of constructing the industrial estates and managing them, the UNIDO Senior Adviser, with his vast experience, convinced them that it would be too difficult for SIDO officers to implement such works and therefore it would be much better to leave such tasks to the District Authorities who were better equipped.

Funds for the Construction of Industrial Estate:

A number of Urban District Councils had money and not ideas about economic activities to be promoted. A few District Councils have been running a number of industrial activities in their respective areas, earning reasonable profits. Since SIDO came into existence it should be able to provide technical guidance to the District Councils not only for improving the old ones, but also to launch new industrial activities. Besides, the District Councils were in a position to provide adequate securities to the Commercial Banks and this factor would enable the banks to make available the necessary credit for the construction of industrial estates. The SIDO Director and the UNIDO Senior Adviser had detailed discussions with a number of credit organizations in the matter of financing the District Councils for the establishment of industrial estates or for starting small-scale industries. Many organizations welcomed this idea and expressed their willingness to provide credit facilities to the District Councils if suitable schemes were drawn up and submitted to them for consideration. Therefore, the 150 million Kwacha programme envisaged in the Fourth Five-Year Plan for the construction of 55 industrial estates would easily be carried out without the risk of getting bogged down under financial stringency.

The World Bank also in their report have appreciated the establishment of SIDO and they have liked the idea of developing small-scale industries with the local raw materials. They also expressed their willingness to provide grants and loans for the development of small-scale industries in Zambia, as was being done in other developing countries. Besides, a number of friendly countries have also expressed their willingness to help SIDO with financial support for the development of small-scale industries. So, there were three sources, viz. Commercial Banks, World Bank and bilateral assistance to mop up the finance to the tune of 150 million Kwacha for implementing the industrial estate programme.

It may also be pointed out that the total investment of 150 million Kwacha in the small-scale industry sector was also considered quite within the economic means of the country. In conclusion, it may be mentioned that the targets of employment and investment envisaged in the draft Fourth Five-Year Plan for the small-scale industry sector were considered to be consistent with the financial resources of the country and capable of being achieved. Considering the overall economy of the country, the small-scale industry sector deserved such a priority position in the development plan, particularly the investment and employment targets suggested.

The draft prepared was considered in detail by the staff and when the Senior Adviser left the country by the end of December 1984 its typescript was being prepared.

(8) Ancillary Development

Closer integration between the large-scale and small-scale sector through Ancillary Development efforts was advocated by the UNIDO Senior Adviser in the Fourth Five-Year Plan. In accordance with his earlier suggestion, the Chairman of Zambia Copper Consolidated Co. Ltd. had visited a number of large-scale

industries in India and had appreciated the advantage of developing ancillary industries. On his return to Zambia, he had shown keen interest in the development of ancillary industries and also the development of industrial estates by his Company. The Senior Adviser had suggested to work out an integration plan between the large and small-scale sector through ancillary development within the Fourth Five-Year Plan frame. The Senior Adviser felt that development of ancillaries would augment indigenous supply of spare parts and components which would result in foreign exchange savings.

Development of ancillary small-scale units relates to the most promising and prospective lines for the growth of small-scale units. At present the large-scale units in Zambia are mainly importing parts and component but in view of the foreign exchange shortage the large units are unable to get parts and components required by them. Realising the importance of the ancillary development, the UNIDO Senior Adviser prepared a Policy Paper on Ancillary Development which was accepted by SIDO.

The Director of SIDO and the UNIDO Senior Adviser visited Kitwe three times to negotiate with the senior officials of the ZCCM Ltd. and the Trade Union Workers Congress. The concept of ancillary development was explained and the Management as well as the Trade Union Workers Congress agreed to implement the ancillary development. A visit to Nkana Copper Mine in Kitwe was made and after touring the stores a list of items that could easily be produced in Zambia was prepared, including production of electric bulbs and leather gloves.

With a view to get acquainted as to how small-scale units are manufacturing items required by the large-scale units, a study tour under the Chairmanship of the Vice-Chairman of the SIDO Board was undertaken with the approval and support given by the Indian High Commission in Zambia. A delegation consisting of the Vice-Chairman, two senior technical officers from ZCCM Ltd. and two representatives from the Trade Union Workers Congress as well as one mechanical

engineer from the SIDO Office visited a number of large-scale units at Bangalore and Madras. The team prepared a report in which they strongly recommended the development of ancillary industries with a proper programme in Zambia.

During the reporting period SIDO sent a proposal to the Ministry to call a meeting of all the large-scale parastatal organizations to discuss the area of ancillary development and to take necessary steps.

(9) Export Promotion

Zambia has enough potential for exporting items made of copper. The UNIDO Senior Adviser had suggested for manufacture 24 copper-based items which Zambia could export to a number of African countries in view of certain privileges.

(10) Guidance to Entrepreneurs and Extension Service

The UNIDO Senior Adviser was continuously engaged in advising a number of entrepreneurs on starting suitable industries, whenever they visited the SIDO office. He also attended a number of meetings arranged by the National Commission for Development Planning dealing with the development of small-scale industries.

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. 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 the Small-scale Industries Association of Zambia presented papers.

The following extension activities were carried out:

- The Ministry of Commerce and Industry issued 129 manufacturing licences in eight provinces, in the trades of ready-to-wear garments, bakery products, fruit and vegetable products, mechanical and woodbased, electrical and electronics, chemicals and allied industries, animal feeds etc.
- SIDO recommended a number of applications to DBZ, a great number of enquiries received from parties for financial help are being processed in the SIDO Office.
- SIDO issued and is in the course of processing a number of certificates.
- Model Schemes in various trades were finalized. They will be printed and sold to entrepreneurs at a cost of K 1.00 each.
- A survey is carried out in Luapula Province on industrial potentialities. For the purpose of compiling the necessary data 81 units were visited during a tour lasting 26 days.

In all, 69 technical and clerical staff and five Indian experts are in position in the SIDO office. They are engaged in rendering various extension services to small-scale entrepreneurs. In August 1984 one more UNIDO expert joined the project for a duration of one year.

(11) 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 instal costly equipment in their respective units. These services would also help in conserving scarce resources of capital and skills, 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 intended common facility workshop could also be utilized to provide opportunities for on-the-job training to the workers.

Realising the importance of the common facilities workshops, SIDO approached the Indian High Commissioner in Lusaka to make available necessary funds for the purchase of equipment. The UNIDO Senior Adviser during his homeleave also negotiated with Hindustan Machine Tools (International) Ltd. - HMT - to prepare a detailed project report for setting up of a common facility centre for SIDO in Zambia. HMT accordingly prepared a project profile giving 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.

(12) Starting a Training-cum-Demonstration Centre for Tanning

The UNIDO Senior Adviser, with the help of an Indian expert in tanning, advised the Lusaka Urban District Council to set up a training-cum-demonstration centre for leather tanning in Lusaka. A number of places were inspected and finally one building in the Industrial Area was selected for the purpose. The building was remodelled and a number of pits were constructed for tanning leather and hides. The Lusaka Urban Development Council provided the required finance for remodelling this Training Centre. To start with, it was envisaged to tan about 50 pieces of hides and skin with provision to increase the quantum when experience is gained. For want of certain chemicals to be imported from Tanzania, the work had not been started when the UNIDO Senior Adviser left Zambia. Most probably the Centre might now be working in full swing. It was also suggested to Lusaka Urban District Council to train about 30 entrepreneurs drawn from all the districts in Zambia so that when they go back after receiving the training, they would be in a position to open similar Training Centres in their respective places. Since Zambia produces fine leather, there is good scope for developing this industry in Zambia. This was particularly advocated, because it was employment-oriented in nature and the raw materials were available in the country.

(13) Bilateral Assistance

In addition to the assistance obtained from the Government of India for SIDO's activities, the Director and the UNIDO Senior Adviser carried on negotiations with the West German Embassy and Netherlands Embassy as well as the Swedish Embassy.

The Netherlands Embassy agreed to make available some funds for the establishment of an industrial estate provided that such an estate is built at Mongu. The Netherlands Embassy has agreed to developing the Western region only.

The Swedish Authorities agreed to make available funds provided that a request is submitted through the NCDP. Accordingly, a suitable Note was prepared and sent to NCDP.

The Embassy of West Germany regretted their inability to provide any funds for small-scale industry development though earlier they had agreed to set up a regional office at Choma under the overall supervision of SIDO for the development of small-scale industries there.

On the lines of bilateral arrangement between India and Zambia for obtaining various assistance for SIDO's activities, the UNIDO Senior Adviser suggested to the Director of SIDO the need for approaching the Japanese Embassy in Lusaka. As a result the Director and the UNIDO Senior Adviser visited the Japanese Embassy and met the senior officials to acquaint them with the aims and objectives of SIDO. Assistance from Japan was being sought, particularly the services of a mechanical engineer for a period of two years. Following the submission of a job description to the Japanese Embassy, upon request, the services of an expert could be secured. It can be expected that once the Japanese expert starts working in SIDO, he would himself come up with certain other requests for assistance, such as soft loan facility from Japan for purchase of plant and machinery etc.

Training of SIDO Officers in India:

Under the bilateral arrangement between the Government of India and the Government of Zambia, among other things, the Government of India had included a clause to train 50 Zambians in various aspects of small-scale industries development. Taking advantage of such a provision, the UNIDO Senior Adviser prepared a training programme for the Secretary of the Board, one electrical engineer and three economists to be undertaken at the Small Industry Extension Training Institute in Hyderabad for a period of ten to twelve weeks. The UNIDO Senior Adviser had further discussions with the batch of officers who were trained in India and asked them to initiate follow-up action in their respective fields.

III. RECOMMENDATIONS

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. 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.

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 on which the District Council should concentrate 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.

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 a few 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 continued 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.

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.

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.

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 other branches in different parts of the country during the next few years to come. 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.

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.

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.

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.

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.

IV. ACKNOWLEDGEMENTS

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The Senior Adviser found Dr. D.P. Dragic, Resident Representative in Lusaka, sympathetic to the project and found him always helping and understanding in whichever problem cropped up. The Senior Adviser expresses his special thanks to him.

During the course of my assignment in Zambia, I had the unique privilege of visiting the Indian High Commission in Lusaka to request them to extend various facilities to the SIDO. Having worked as the Development Commissioner for Small-scale Industries with the Government of India, the Senior 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 Senior Adviser, bilateral agreements between the two Governments resulted. The Adviser extends his warm and sincere thanks to the Indian High Commission in Lusaka.

Finally, the Senior Adviser would like to thank Ms. J. Mapoma, Chairman of the Village Industry Service, for the opportunities given to him to work in her organization.