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**USAID/Zambia Country Training Strategy
for Human Resources Development
in Support of the Private Sector**

Prepared for

The United States Agency for International Development/Zambia

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Acronyms

ADS	Afro Development Services
CIDA	Canadian International Development Agency
DMDT	Directorate of Manpower Development and Training
EC	European Community
FNDP	Fourth National Development Plan
GRZ	Government of the Republic of Zambia
HRDA	Human Resources Development Assistance Project
INDECO	Industrial Development Corporation
MSB	Management Services Board
NCDP	National Commission for Development Planning
NIPA	National Institute of Public Administration
PFP	Policy Framework Paper
PIP	Public Investment Program
SAP	Social Action Program
SIDA	Swedish International Development Agency
SIDO	Small Industries Development Organization
SSIAZ	Small Scale Industries Association of Zambia
UNDP/DMP	United Nations Development Program/Development Management Program
UNIP	United National Independence Party
USAID/Zambia	United States Agency for International Development/Zambia Mission
WID	Women In Development
ZACCI	Zambia Confederation of Chambers of Commerce and Industry
ZEDB	Zambia Export Development Board
ZIM	Zambia Institute of Manpower
ZIMCO	Zambia Industrial and Mining Corporation Limited

I. USAID/Zambia Country Program Objectives

The goal of the USAID strategy in Zambia for FY 1991-95 reflects the opportunities presented by current positive political trends in the country by:

To assist Zambia in transforming its economic development efforts into a process of market-oriented, sustainable development based on a growing, more influential private sector.

The mission believes that USAID has a unique opportunity to assist Zambia in capitalizing on those processes of economic reform that have already begun, which have good potential for success if certain risks and constraints are addressed.

In pursuit of the above goal, the mission will implement actions designed to achieve the following purposes:

(goal through actions designed)

- a. To facilitate broad public/private sector dialogue on social, economic, and political decisions;
- b. To assist the government in reducing the involvement of the public sector in the production of goods and services;
- c. To help facilitate an increase in numbers, size, and viability of Zambian-owned businesses;
- d. To assist the government in improving its policies that support the growth of the private sector; and
- e. To enhance commitment to and implementation of economic reforms.

These purposes correspond well with the objectives of the DFA Action Plan:

1. To improve the management of African economies by increasing the efficiency of the private sector, and re-defining and reducing the size and role of the public sector
2. To encourage a healthy environment for private sector growth by strengthening competitive markets
3. To develop the potential for long-term increases in productivity in all sectors
4. To improve food security

II. Economic Overview

A. Background

Zambia's economy is characterized by:

1. Underdeveloped Agriculture: Agriculture is the main livelihood of over 50 percent of the population but accounts for only 12 percent of the nation's GDP, and roughly one percent of total export earnings.

Zambia produces tobacco, cotton, beef, poultry, wheat, sugar, sunflower, rice, and groundnuts. Arable land and sufficient water are not constraints to increased production; only a small portion of the 50 percent of the nation's total arable land is under cultivation.

Agricultural growth has suffered from (1) distorted pricing policies and resource allocation, and (2) poor infrastructure facilities such as transport, storage, and marketing.

2. Heavy Dependence on Copper: Strong revenues due to high copper prices in the late 1960's and early 1970's were the engine for growth in the Zambian economy. Since the mid-1970's, however, copper prices have declined sharply and remained low.

3. An Urban/Rural Dualism: The proportion of Zambia's population living in urban areas is approximately 50 percent, higher than in any other African country. The urban sector is dominated by publicly owned, capital-intensive, high-wage activities, most importantly mining. There is also a large, lower-income informal sector.

4. Dualism within the Rural Sector: The Zambian agricultural sector can be divided into two distinct subsectors. On the one hand, there are large state-owned and commercial farms that produce mainly cereals, beef, poultry, and tobacco. Most of the commercial farms are owned by white Zambians and expatriates. On the other hand, there are smaller farms, owned mostly by black Zambians, producing mainly food crops.

Among the smaller farmers is a class of emerging commercial farmers who are expanding the scale of their production through the adoption of improved agricultural practices.

5. Dominance of the Parastatal Sector: Parastatal firms dominate Zambia's economy in all sectors except construction and agricultural production. The vast majority of the parastatal firms fall under one umbrella state company called the Zambia Industrial and Mining Corporation Ltd. (ZIMCO). The most important component of ZIMCO is Zambia Consolidated Copper Mines (ZCCM), which was officially formed in 1982 when the Zambian government merged Nchanga Consolidated Copper Mines with Roan Consolidated Mines into one company. ZIMCO also includes most energy industries, such as the TAZAMA pipeline, Indeni Refinery, Shell/BP, and power generation and distribution companies. ZIMCO has a significant presence in the transport industry, owning Zambia Railways, Zambia Airways, and several bus and truck transport firms. ZIMCO owns Zambia's major hotels, the Zambia State Insurance Corporation, a commercial bank, wholesale and retail food and drug distributors, the country's fertilizer plant, breweries, saw mills, plantations, car assembly and spares plants, glass works, and companies in many other industries.

Many of these firms were private companies that the government nationalized following independence in 1964. Most have a de facto monopoly status over the Zambian market. Where the private sector is allowed to compete with the Government, it is often at a disadvantage vis-à-vis the treatment accorded parastatal firms.

6. Substantial Private Ownership in the Banking and Financial Sectors: The banking system in Zambia consists of the Central Bank (Bank of Zambia) and ten commercial banks. Six of the commercial banks are foreign-owned, two are owned by the Government, and two by indigenous Zambians. In total, commercial banks operate more than 100 branches, 25 percent of which are in rural areas.

The Bank of Zambia is the early and last resort lender to the Government. In addition to providing the normal traditional central banking services, it actively participates in the economic development of the country by organizing and facilitating the flow of financial resources to priority sectors as laid down in the Government's National Development Plans. The Bank of Zambia also from time to time uses its instruments of credit to control the direction of credit by commercial banks to major sectors and to establish interest rate changes and bank reserve and liquidity requirements.

In addition to the banking system is the nonbanking financial sector comprised of seven financial institutions including development banks, building societies, insurance corporations, and savings and credit institutions. With one exception, all of these institutions are Zambian-based.

7. Economic Stagnation and Decline: Drawing on the revenues from copper exports while prices were high, the Government of Zambia established a complex system of state-run enterprises and administered prices. Markets were controlled by state-owned monopolies and most private sector activities were circumscribed. Although, over time, Zambia's large public sector proved to be highly inefficient, the Government failed to make real adjustments to the economy. The result has been serious imbalances in the external account, mounting budget deficits, high inflation, a chronic drop in investment and savings, a crippling shortage of foreign exchange, and an external debt of more than 6.5 billion U.S. dollars, which on a per capita basis, is one of the highest in the world.

The stagnant economy, coupled with rapid population growth (3.6 percent annually), has reduced real per capita GDP by more than 30 percent since independence.

B. Economic Performance Before 1982

1. Industrial Output: Zambia's current economic problems began in the mid-1970's with the decline of copper prices, the erosion of export earnings, and the increase of oil prices, which contributed to increased import prices. Table 1 shows estimates of the value of copper earnings in 1982 dollars.

Table 1. Estimates of Copper Revenues

Year	Current Prices	1982 Prices	Total Exports	Revenue
1973	81	169	670	2,491
1975	56	82	641	1,156
1977	59	79	667	1,159
1979	90	91	652	1,305
1981	79	77	552	935
1983	72	74	551	896
1985	64	61	479	643
1987	78	74	484	788

These estimates show that the actual purchasing power of copper exports declined by over two-thirds in the twelve years between 1973 and 1985. During this period, the population continued to grow at approximately 3.1 percent per year. Thus the per capita purchasing power of copper exports in 1985 was less than one-quarter of what it had been in 1973.

While the purchasing power of copper exports dropped sharply, Zambia borrowed from abroad in an attempt to maintain import levels for consumption and production. This borrowing helped finance balance-of-payment deficits which mounted steadily, and which by 1980-82 were 20 percent of GDP. By 1981, an estimated 25 to 30 percent of Zambia's foreign exchange earnings were necessary to service existing debt. When in 1982, fiscal deficits grew to 18 percent of GDP, Zambia found that it could no longer meet its debt service obligations.

Because of an increasingly overvalued exchange rate and tariff policies, the country's industrial base became more capital intensive and heavily dependent on imported raw materials. Pricing policy favored subsidies to the urban consumer at the expense of the agricultural sector, and the country gradually shifted from being nearly self-sufficient in food grains, to being a food importer.

This situation was unsustainable, and as the level of external credits began to fall, so did Zambia's ability to import supplies and raw materials. Consequently, the country's utilization of industrial capacity dropped to below 40 percent.

2. Employment and Manpower Development: The general decline in the performance of the economy has seriously affected its capacity to generate employment, as shown in Table 2.

Table 2. Estimates of Formal Sector Employment

Year	Total	Private	Public	Parastatal
1966	313,400	70.6	N/A	N/A
1970	337,100	60.1	N/A	N/A
1975	398,500	34.4	32.2	33.4
1980	381,500	24.7	37.3	38.0
1985	361,500	20.5	39.9	39.6

The situation has been worsened by the rapid growth of the labor force resulting from the high population growth rate. Consequently, the incidence of unemployment has increased dramatically, necessitating a substantial proportion of the population to seek means of survival in the informal sector.

At the same time, the decline of real incomes has resulted in the emigration of professionals and skilled manpower, causing increased reliance on expatriate personnel and thereby defeating the Government's policy of Zambianization.

3. Economic Outlook: Zambia is presently experiencing serious economic and financial problems. Due to a number of external and internal factors, Zambia is in the midst of an inflationary recession characterized by depressed export earnings (especially for copper), growing budget deficits, rising unemployment, and increasing foreign debt. Zambia's immediate economic prospects are heavily dependent on a recovery in the price levels of its mineral exports, especially copper, which in turn depends on a worldwide recovery in the demand for housing, automobiles, and electrical equipment.

Zambia's short-term economic outlook will be enhanced by favorable weather for agricultural production, relative stability in the Southern African region, and improved financial discipline by the Zambian Government. The medium- to long-term outlook will depend on Zambia's ability to develop its agricultural potential and labor-intensive, domestic resource-based manufacturing, while reducing its dependence on mining. The improvement of parastatal efficiency and the use of greater incentives (or fewer disincentives) for private sector development will also be key elements in the economy's future outlook.

C. Initial Attempts at Reform: 1981-87

In May 1981, Zambia and the International Monetary Fund (IMF) agreed on a three-year, \$1 billion program intended to promote greater financial discipline and reduce foreign payment arrears. By early 1982, however, the agreement was suspended, and in December, the Government, with few development options left, embarked on another program of policy reforms that started with the deregulation of retail price controls on a broad range of products. This initiative came as a result of the recognition that previous price controls were not working.

1. Objectives of the Reforms: The basic thrust of the reform program was a series of measures, included in three agreements with the IMF, that would result in market prices becoming the driving force behind the economy. Some of the objectives of the program were:

- To allow a more realistic mechanism for pricing and allocation of foreign exchange

- To allow more autonomy in parastatal management
- To allow increases in agricultural producer prices
- To rehabilitate copper mines
- To decrease budgetary outlays for subsidies
- To decrease the deficit in government spending
- To re-establish control over the supply of money
- To allow market determination of interest rates

The reform program did not succeed. It suffered from the unrealistic assumption that once it was established, markets would be competitive and be allowed to operate without administrative intervention. In hindsight, this assumption was optimistic and perhaps naive—to believe that the Government would not intervene to save some of the parastatals threatened by the reform program.

The government supported some parastatals, for example, Zambia Airways, with large transfers and cushioned some others from market discipline by using credit guarantees and cross-subsidization through their holding companies.

Each of the three agreements with the IMF was eventually suspended because of nonperformance in one or more key areas. The Government of Zambia itself terminated support for the reform program on May 1, 1987.

2. Management of the Reforms: Inadequate implementation of reforms exacerbated the costs of the adjustment. Policy changes were poorly or inadequately carried out on a number of critical points, making it difficult for supporters to withstand growing political opposition, as the economic environment rapidly deteriorated with accelerating inflation and the devaluation of the kwacha. In addition, if the reform program had been continued, some parastatals would have faced insolvency and by market criteria should have been closed.

Other reasons for the Government's failure to implement the reform program more successfully were:

a. The government was not organized to handle the demands of the reform process. There were few mechanisms for coordination among central units responsible for defining economic policy. Most government activities were done within separate ministries, with few linkages among them. Management procedures for handling routine matters of governance were inadequate. In addition, the government had limited analytic capacity for independent policy analysis and negotiation with international organizations.

b. Decision-making style and ideology in some cases ran counter to the reforms. Zambian leaders were not always comfortable with free market mechanisms of resource allocation and often preferred interventions that were more politically acceptable.

c. Reforms were too often flawed by the omission of critical elements of an interrelated package, as, for example, when private traders would not participate in the marketing of maize because they had to pay high decontrolled prices to farmers, but sell at low subsidized prices to consumers.

d. Skilled personnel to administer and manage the program was lacking. The civil service is a very "bottom heavy" bureaucracy. Managers spent a large amount of their time supervising low-skilled personnel, while the GRZ policy of narrowing the remuneration gap reduced incentives for those at higher levels in the government.

During the reform process, donors undertook a number of activities to improve the implementation process. Technical assistance offered by the World Bank and other donors was intended to support the reforms and was designed to increase the government's capacity to implement them. It appears, however, that donors underestimated the extent to which they were promoting radical changes in central governing institutions, and the extent to which they were seeking to change long-established decision-making patterns, power relations within the bureaucracy and linkages with constituencies. In the end, the donors offering the technical assistance were unable to create a demand for the kind of changes they were promoting.

D. Current Economic and Financial Policy Framework: 1991-1993

Toward the latter part of 1988, after many years of state control, Zambia has begun to open up opportunities for private initiative. The Government has re-adjusted exchange rates, de-controlled some prices, reformed tariffs, and is now in the process of formulating a new investment code. The breadth and depth of these efforts is impressive. The following section looks more closely at the efforts being planned.

1. Overview of the Policy Strategy: The policy strategy is embodied in the GRZ's Policy Framework Paper (PFP) for the period 1989-93. The adjustment strategy for the target program period recognizes that economic diversification, structural reform, and growth can only take place within a sound and stable financial environment. A fundamental requirement is a significant and rapid reduction in the rate of inflation through fiscal and monetary constraint. To confront the downturn in copper production, alternative sources of foreign exchange earnings, budgetary revenues, and growth will have to be developed. Substantial progress has been acknowledged by the World Bank and the IMF, but they caution that much more is required.

The overall policy strategy is embodied in a number of important medium-term structural reforms, notably: (1) further liberalization of agricultural pricing and marketing; (2) the privatization and restructuring of parastatals; (3) trade and tariff reform; (4) strengthened budgetary control; and (5) rationalization of the mining sector. Implementation of these reforms has already begun.

2. Incentives for Restructuring and Growth: The most pressing task facing the adjustment program is to arrest the slippages in financial policies that have taken place in the second half of 1990. However, lower inflation and greater savings through tighter demand management will not be sufficient to bring about the diversification of Zambia's productive base that is needed to achieve sustained growth. Economic restructuring can only proceed successfully with a further strengthening of price incentives through market signals, notably in the key areas of the exchange rate, interest rates, and the tariff structure. The Government is committed to expanding the role of the private sector through the privatization of certain parastatal enterprises, and is taking steps to improve the efficiency of those parastatals that remain in the public sector. Monitoring agencies conclude that considerable progress has already been made in improving incentives for restructuring and growth, but they note that the momentum must be sustained and in some cases accelerated.

3. Short-Term Policy Objectives: 1991-93: To rapidly bring down inflation and to create a stable financial climate in which diversification and growth can proceed, the Government has committed to a

comprehensive program of fiscal reforms. The key fiscal policy goals of the program include: increasing the revenue/GDP ratio; reducing the real level of expenditure and restructuring public expenditures in favor of productive purposes; and improving the management of public finances by strengthening the monitoring and control of the financial operations of the central Government.

On the monetary policy front, the main challenge facing the Bank of Zambia is to continue in its efforts to reduce the rate of growth of the money supply to levels consistent with the inflation objectives, and in doing so to ensure that adequate bank credit is made available to the nongovernment sector.

4. The Role of the Private Sector: Economic growth and efficiency in Zambia requires a vital private sector. It is important, therefore, that private entrepreneurs be encouraged to participate freely in the economic activity of their choice and that competition be promoted.

The government has already introduced several reform measures that will contribute to a more efficient and dynamic private sector. The decontrol of prices, including reducing informal controls, is perhaps the most important of these. Others include the elimination of export restrictions, granting liberalized access to foreign exchange for imports, and maintaining competitive exchange rates.

In a further move to promote private participation in the economy, the government announced in May 1990 that it was prepared to sell up to 49 percent of its holdings in most parastatals. This alone would mean giving up majority ownership in these parastatals in which it owns less than 100 percent. An inter-ministerial committee has been established to develop a privatization plan and to work out the rules for its implementation.

5. Priority Enterprises: The Government has established priorities for private sector development. Priority enterprises are those which satisfy one or more of the following criteria:

- a. Manufacturing enterprises that maximize the utilization of domestic raw materials and promote import substitution;
- b. Manufacturing enterprises that produce intermediate goods that will be used by other Zambian industries;
- c. Manufacturing enterprises that diversify Zambia's industrial structure;
- d. Enterprises that create permanent jobs for Zambians, especially through the development of small- and medium-scale industries;
- e. Enterprises that are located in rural areas of Zambia;
- f. Enterprises that lead to improvement of domestic industrial skill or development of domestic, labor-intensive technology; and
- g. Enterprises that will help Zambia regain food self-sufficiency.

6. Parastatal Reform: Extensive privatization of the parastatal sector is a major element of the GRZ's program to transform the economy to one based on free-enterprise principles. Measures to achieve this goal include:

- Identifying the initial list of parastatals to be privatized;
- Establishing mechanisms for valuing parastatals and rules under which they are to be sold; and
- Establishing a stock exchange or other mechanisms to permit orderly resale of equity.

Even with the privatization program and the enhanced role of the private sector, parastatals will continue to play a main role in many sectors of the economy, particularly since the privatization program will take time. The GRZ plans continued efforts to improve the financial and economic viability of parastatals, to eliminate any special advantages that may inhibit private competition, to increase the parastatal contribution to government revenues, and to strengthen their ability to compete in foreign and domestic markets. To these ends, GRZ plans to implement the following measures:

- a.* Efficiency audits, leading to financial and organizational restructuring and discontinuation of certain product lines;
- b.* Price decontrols to allow parastatals to charge prices that reflect a fair return on their investments; and
- c.* Strengthening technical and managerial performance as part of formulating ownership diversification programs.

7. Public Service Reform: Although Zambia's public service has suffered from the loss of skilled personnel as a result of a large decline in real wages, the size of the public service sector has grown excessively large—not only surpassing the number of established positions, but also outstripping the capacity of the government to provide a sufficient operation budget to make the public service productive and efficient.

To address these public service issues, the government has embarked on a concerted program of improving efficiency in the public service without raising cost. It plans to achieve this objective by:

- a.* Enhancing incentives to motivate and retain key personnel in technical and managerial positions;
- b.* Identifying high priority Government functions and efficiently implementing programs to improve performance of these areas;
- c.* Reducing the size of the public service in low priority, nonessential functions of the government;
- d.* Improving the public service capacity for project planning, appraisal, and monitoring, with special emphasis on expenditure planning and budgetary control; and
- e.* Restructuring early retirement incentives.

E. Public Investment Program

1. Public Expenditure Policy: The Government's public expenditure policy involves restructuring recurrent expenditures with the goal of improving the delivery of public services, and re-orienting public investment to focus investment on the highest priority activities. The objective is to substantially increase both the efficiency and effectiveness of public expenditure programs. Actions already initiated are: reducing the budgetary burden of subsidies; increased funding of recurrent

departmental charges; strengthening expenditure controls and improving the efficiency and morale of the civil service through enhanced remuneration and benefits.

2. Public Investment Program: 1990-93: In preparation of the Public Investment Program (PIP), priority consideration was given to the Social Action Program to complete ongoing productive projects, as well as projects aimed at the maintenance and rehabilitation of infrastructure and public sector productive assets. In addition, priority has been afforded to projects producing for export and those with high labor, low capital and import intensity. Sectoral priorities include:

a. Agriculture: Agriculture is expected to play a critical role in Zambia's economic growth and restructuring program. Not only is it an important sector in the economy, accounting for about 20 percent of GDP, employing two-thirds of the labor force, and providing a living for 60 percent of the population, it is the sector with the best growth and diversification. The export potential in agriculture is large and there is much room for crop and livestock expansion, given the country's considerable under-utilization of arable land resources. To realize this potential, GRZ plans to implement the following measures:

- Permit private trading in maize and fertilizer;
- Remove controls on domestic prices of fertilizer and maize;
- Phase out subsidies for maize and fertilizer;
- Encourage private maize milling to stimulate competition in the milling industry; and
- Establish priority expenditure programs for the agricultural sector emphasizing research, extension services, and rural transportation.

b. Transportation and Communications: The Government recognizes that an efficient transportation system is necessary for stimulating agricultural production and is, therefore, a requirement for a healthy economy. The measures chosen to improve the system include:

- Giving high priority to maintenance, rehabilitation, and repair of existing road and rail transport systems; and
- Devoting adequate resources to the rehabilitation and maintenance of feeder roads.

c. Energy: Zambia is nearly self-sufficient in energy resources, except for petroleum, which is imported primarily for use in transportation and mining activities. The sector, which has been largely in the hands of parastatals for much of the country's existence, has been subjected to a serious neglect of facilities, machinery, and equipment maintenance. Thus, the policy objective for this sector is to provide adequate and economically priced energy to industrial and household users. Measures to achieve this objective include:

- Providing funds for the maintenance, repair, and rehabilitation of existing infrastructure; and
- Establishing and maintaining prices of petroleum products at economic levels.

d. Mining: Although it is the Government's intention to diversify away from the heavy dependence on copper, mining will continue to be the mainstay of Zambia's economy for the foreseeable future.

Accordingly, the GRZ's policy is to improve competitiveness by formulating detailed cost reduction and performance improvement programs.

e. Manufacturing: Manufacturing has good potential for growth. However, major constraints impede development of this sector and must be overcome if the potential is to be realized. These impediments include: shortages of foreign exchange for inputs, very low capacity utilization, high unit operating costs and managerial deficiencies. The current GRZ policy for this sector is to encourage both domestic and foreign investment by:

- Reaffirming Zambia's commitment to a market-based free enterprise system;
- Removing the excessive protection of domestic industry;
- Revising the investment code to enhance incentives through streamlining procedures and liberalizing treatment of foreign investment.

f. Export Promotion: Mineral exports constitute 90 percent of total export earnings. The sector accounts for nine percent of GDP and fifteen percent of formal sector employment. The program's strategies are geared toward the generation of a new export base to replace foreign exchange earnings lost from copper, and reducing the country's vulnerability to external factors because of a high dependency on a narrow base of exports. The Government is giving high priority to strengthening institutional support for exporters.

g. Small Scale Enterprises (SSEs): The GRZ policy statements recognize that the development of SSEs, including smallholder agricultural enterprises, offers particular promise for economic growth and employment creation. The policy direction for this sector creates a more conducive small business environment by:

- Adequately funding organizations that promote SSEs;
- Providing entrepreneurial training, inputs, and support services; and
- Establishing more industrial sites.

h. Women In Development: Placing women in the mainstream of development is a major objective of the Zambian Government. To this end, the nation's current development plan directs approximately K240 million toward programs for women, which will be aimed at:

- Raising awareness in financial institutions of the special needs of women in productive activities;
- Reducing barriers to the access that women have to agricultural production inputs;
- Increasing the participation of women in cooperative development;
- Reducing barriers to the participation of women in the informal sector, particularly in trading and marketing; and
- Ensuring that women have opportunities for entrepreneurial participation in the production of intermediate goods, especially in agro-based industries.

III. Public Sector Training Needs

A. Background

The Government of Zambia is actively immersed in an economic adjustment program to provide incentives for productive investment and growth. In overall thrust of the reforms is the creation of a market driven economy. Within the context of this new policy orientation the roles of the public, private, and parastatal sectors are dramatically changing. It has been mutually agreed upon by USAID/Zambia and the GRZ that the Regional Human Resources Development Assistance (HRDA) project can assist institutions cross-sectorally to re-define their roles and build their skills base to meet the challenges that arise in the structural adjustment program.

The development of HRDA training program for Zambia unfolded in three stages. The first two steps entailed the determination of a potential need for local human resources training, parameters for training assistance eligibility, and a detailed market survey of private sector training needs. The third and final program design stage required completion of sector assessments and the development of a training project implementation plan. The component of the study, herein, is denoted to assessments of public sector training needs and special issues that pertain to parastatal human resources management and women in development.

The report is organized in three major sections. The first substantive section presents a review of the programs that together constitute the economic reform efforts and that influence the broader policy environment. The third section examines the targeted ministries and their changing institutional needs. The remaining sections explore human resources development training needs and delineate strategies, actions, and activities to alleviate said needs and to enable HRDA to achieve its fifty percent training participation target for the public sector.

B. Objectives of Training Assistance

HRDA training assistance will aim to address human resource constraints so as to:

- Improve the management of the Zambian economy by strengthening the formulation and implementation of policies and operational activities that support private sector-led economic growth;
- Strengthen competitive markets by providing a healthy environment for private sector-led growth;
- Develop the potential for long-term increases in productivity in all sectors; and
- Improve the absorption capacity of the GRZ to effectively utilize donor funds.

C. Policy Environment

The Government of Zambia embarked upon an economic adjustment and restructuring program in 1989 to arrest the nation's rapidly accelerating economic decline. The reforms under way are designed to remove the structural imbalances that were regarded as major impediments to the maintenance of a viable and healthy economy.

The strategies that form the backdrop for a dramatically changed political and economic environment are set forth in the Fourth National Development Plan (FNDP). The FNDP is distinguished by the indications given of a significant shift in policy direction. Herein the Government announces its intentions to move the nation away from the established centrally planned system in which the economy is dominated by parastatals, to an open, market economy. Two of the most critical cornerstones of the new economic thrust are price liberalization and privatization.

The comprehensive economic and social package that has unfolded over the past three years has the endorsement of the donor community. The economic reform program is comprised of the following three components:

1. **Zambia—Economic and Financial Policy Framework, 1991-1993.** The policy framework paper (PFP) outlines measures intended to correct distortions in the economy and provide incentives for productive investment and growth. Initiated originally in 1989, the current PFP reflects phase two of the program.
2. **Public Investment Program (PIP).** PIP is the public expenditure component through which essential public services and investments are provided to support the economy.
3. **Social Action Program, 1990-1993.** Unveiled in June 1990, SAP forms a social corollary to the economic reforms. It is designed to alleviate some of the adverse consequences of adjustment on social services and the most vulnerable groups in society.

A summary overview of each program is presented below. Highlighted are those elements that underpin basic changes in the policy environment and coincide with the areas of interest targeted by the HRDA program.

D. Institutional Priorities: Public and Parastatal Sectors

1. The Target Audience: The process of the identification of potential beneficiaries for training assistance was guided by HRDA objectives and training selection criteria, the mission's overall country strategy, and priorities of the GRZ. After careful deliberations, there was surprising unanimity on the choices of ministries to be targeted for assistance. They fall into two general categories: central support institutions (NCDP and DMDT) and key economic and functional ministries (Commerce and Industry, Finance, Agriculture, Tourism, Mines and Power, Transport and Communications).

The discussion that follows endeavors to highlight the objectives and responsibilities of targeted ministries and parastatal holding companies that are critical to the economic reform program and that coincide with HRDA priority area for assistance. Among the ministries, it is the team's recommendation that special consideration be given to the development of a multifaceted training program for the Ministry of Commerce and Industry. It is the public institution with the greatest amount of direct contact with the business community, and its needs for organizational performance improvement and skills upgrading appear to supersede those of any other public sector entity with critical economic reform implementation responsibilities. This case in point presents a unique opportunity for a concentrated effort to reduce human resources constraints to restructuring. It also lends itself to measurable indicators of project impact.

The special requirements of Commerce and Industry notwithstanding, the public sector is skilled human resources. Some disciplines and management areas have experienced critical shortages

throughout the life of the nation, for example, accounting, finance, economics, and management development.

2. National Commission for Development Planning (NCDP): The National Commission for Development Planning has responsibility for national planning and allocation of public investments. The nature of specific tasks will more than likely change, but even in a liberalized economy there is a continuing need for the development of research and data to underpin policy analysis, formulation, and implementation. Structural adjustment has the net effect of intensifying the occasions for institutional guidance in the areas of human resources development, technical cooperation, sectoral redefinitions, and coordination of donor assistance.

3. Directorate of Manpower Development and Training (DMDT): DMDT coordinates manpower development and training activities for the nation. It has traditionally served as a repository of data on training needs and a central disbursement source of scholarships. The latter function is gradually being reduced because of the overall decline in available training offers and a greater linkage of existing opportunities to donor sponsored projects. An invaluable service may be rendered to the Directorate through strengthening its capacity to inculcate civil service managers with an appreciation of the value of training.

4. Ministry of Commerce and Industry: Of all the key economic ministries, the Ministry of Commerce and Industry is organized to have the greatest amount of interaction with members of the private sector. It is responsible for policy analysis and formulation; data generation and storage; export promotion; management of mechanisms to encourage trade, investment, and manufacturing. Many of the Ministry's practices and procedures pertaining to matters such as licensing and business registry have recently been streamlined. Removal of certain bottlenecks have been welcomed by the business community, but the transition process has clearly just begun. The ability of the Ministry to make additional appropriate changes in its business support management services and to convey a new, more effective organizational image based on commitment and understanding of private sector needs will directly impinge upon how the success of privatization will be rated.

The portfolio for Commerce and Industry is extensive. By way of illustration, several high Ministry priority concerns are noted. The lack of adequate institutional support for exporters has long been recognized as an obstacle in promoting nontraditional exports. The Export and Import Bank established in 1987 to facilitate international trade activity is not yet fully operational because of lack of funds. The Export Board of Zambia, potentially an important vehicle for export promotion, still struggles with mission definition and divergent views on implementation activities. A third institution under the Ministry's aegis is the Bureau of Standards. The Bureau operates, but under severe constraints of limited professional training and inadequate machinery, equipment, and so forth. The Bureau requires strengthening so that it can assist the business community in standardization and quality control, factors critical to successful exporting.

Looking inward, management has determined that a complete review of the Ministry's critical management practices and service delivery systems is necessary. There is expressed interest in strengthening the policy analysis process long-term strategic planning; improving business registry; developing a comprehensive program for small and medium-scale enterprises; devising a business outreach and communities mechanism; and team building. In essence, the Ministry would like to embark upon an organizational performance improvement program.

5. Ministry of Finance: The Ministry of Finance is the key public sector institution responsible for national finance, budgeting, and fiscal policy. As managers of the country's treasury, the Ministry is

not only impacted by economic policies, it is a prime participant in the fiscal policy development process. To expand its capacity to play its assigned roles in the economic recovery program, the Ministry itself is targeted for assistance under PIP. Efforts have already begun to strengthen expenditure control and budget implementation through improved systems of financial planning, programming, and monitoring, including the integration of the planning and budgeting functions.

Routine expectations for the Ministry to provide public sector leadership is heightened during times of significant change such as the present. The shift to a market driven economy and simultaneous management of ever dwindling resources dictate that this key economic Ministry acquire more efficient management and communications systems, new human resources skills, and effective strategies and methodologies for systemic re-invigoration and raising civil servant morale.

6. Ministry of Agriculture: The Ministry of Agriculture of necessity, and in this instance by design, plays a crucial role in effecting structural transformation of the economy and fostering economic growth through its policies and programs. The agricultural sector has extensive potential for the development of nontraditional exports, increased employment projects for rural dwellers, and expansion of an array of domestically produced agro-products.

National privatization objectives hold particular implications for the agriculture sector. Expansion of both commercial and smallholder agricultural production requires that the private sector take a much more active role in production, marketing, and input supply. The achievements of the Government's objectives to ensure food security, raise efficiency and productivity, maximize production growth, create new income opportunities, and compete effectively internationally, calls for a public-private sector partnership.

The expanded institutional terms of reference, emanating from structural adjustment, suggests a new role for the Ministry as facilitator rather than participant and a need for entrepreneurial skills expertise, refocused management systems and extension services, and previously unexplored areas of policy analysis.

7. Ministry of Power, Transport, and Communications: An effective transportation and communications system is pivotal to any nation's development. Requisite efficient operations require a well-developed infrastructure, reliable equipment, and effective management. Zambia's landlocked position, heavy dependence on external trade, large land areas, and geopolitical position have caused great pressure to be placed on the development of the country's transport and communications systems.

Under the control almost exclusively of parastatals, the sector has been characterized by serious neglect of the maintenance of roads, rail-lines facilities, and equipment. These factors have translated into higher customer costs and systemic bottlenecks. A significant revitalization of the sector and infrastructure enhancement are essential for a private sector-led economic growth and recovery program. The extent of new future demands on the Ministry are momentarily incalculable, but many will, without question, pertain to needs for redefined cross-sectoral relationships, management improvements, strategic planning, investment incentives, and physical infrastructure enhancements.

8. Ministry of Tourism: The Ministry has responsibility for creating an environment that encourages and enables the tourism industry to develop into a revenue-producing sector of the economy. The Ministry's Zambian National Tourist Board is charged with promoting tourism. Hampered perennially by inadequate funding, ZNTB engages in what may be described as "selective promotion," that is, it maintains offices in only two or three cities abroad.

Tourism in Zambia inherently offers impressive possibilities for economic diversification and the generation of foreign exchange. The Ministry presently is unable to provide leadership to the industry. Understaffing, limited technical expertise, and weak management systems constrain its operations severely. The rhetoric of support for tourism by the Government has yet to be matched by appropriate funding levels.

Spectacular Victoria Falls, national parks with diverse bird- and wildlife, cultural festivals, and so forth, provide Zambia with unique attractions and the potential for enormous tourism. Many countries with well-developed tourist industries are less fortunately endowed.

9. Ministry of Mines: One of the greatest challenges facing the Ministry is the provision of ongoing policy development and services to support copper production, while expanding its management development portfolio to permit active private sector involvement in small-scale mining. The requisite adjustments that must accompany these activities, such as having to adapt to an industry populated by a proliferation of small-scale business operations, in contrast to functions in a sector that had been dominated by a giant parastatal will be complex and time consuming. In the mining sector, as is true across all sectors of the economy, new policies, systems, and technologies will have to be devised to facilitate small-scale enterprise development.

10. Parastatals: Industrial development in Zambia is dominated by parastatal enterprises that account for approximately half of the country's GDP and about one-third of total wage employment. The sector, comprised of companies created by parliamentary statute with varying degree of Government control of shares, is a prime focus of the nation's privatization program. The leading business activities engaged in by the community of industrial, commercial, and services enterprises are to be found in mining, energy, communications, transportation, tourism, finance, agriculture, trade, industry, and construction. Zambia Industrial and Mining Corporation Ltd. (ZIMCO) is the major holding company of the parastatal enterprises. Under it are subsidiary companies, some of the major ones being Zambia Consolidated Copper Mines (ZCCM), Industrial Development Corporation (INDECO), and National Import and Export Corporation (NIEC).

The actual training needs of the targeted subsidiary parastatal firms are examined in detail in the training strategy document in conjunction with the private sector. The reason for inclusion in the discussion of key ministries is that public sector entities, most notably NCDP and DMDT, are required to interface with parastatals in the economic planning and policy analysis and implementation processes, and in the rationalization of national human resources development. Communications between sectors and management of the attendant processes are eased by the fact that managerial, technical, and professional level training for parastatal companies are coordinated through centralized training functions of the major holding companies, namely for project purposes ZIMCO and INDECO.

E. Women in Development

1. Women in Zambian Society: Historical Overview: Women in Zambia constitute slightly more than 50 percent of the population, with the majority living in rural areas. Whereas a few women have attained some element of success in various fields, the majority continue to lag behind men generally in all fields of development. This situation is partly due to the fact that historically most development programs were designed with the underlying assumption that they would cater to the needs of all people. The prevalent view was that no special attention should be devoted to the needs of any one group. If women in Zambia had been fully incorporated into all aspects of society and held comparable status as men, they would have benefited equally from development programs, but this is not the case. Longstanding socio-economic circumstances have, in effect, served as a deterrent to

women realizing their full potential, and hence less than maximization of human resources development for the nation.

Zambia women, not unlike women throughout the Third World, are a tremendously disadvantaged segment of society. Some of the barriers to full integration include social attitudes. Negative images of women have evolved due in part to the reality of female subordination in Zambian society. These images of women as inferior and their work as being of low value are variously reinforced by national policies as well as traditional and social practices.

2. Upgrading the Status of Women: The 1980's witnessed a gradual growing awareness within selected spheres of officialdom that particular gender-related matters were not being adequately attended to, if at all. During this period, an individual was added to the staff of the National Commission of Development Planning to handle Women in Development (WID) issues. It was also not unusual to have women's issues discussed in a variety of public fora, but the actions were primarily ad hoc in nature.

The FNDP, which has broken new ground in several major policy areas, was again the vehicle employed by Government to announce its new stand in support of women and recommend concrete action. The FNDP chapter on Women In Development focuses specifically on the full integration by women in development as part of the overall national effort to ensure the fullest possible participation of women in all sectors and communities in the country.

The position elaborated clearly denotes new thinking on the part of Government toward a significant segment of its populace. It is noteworthy that the WID agenda is being approached, for the very first time, systematically. Programs and discrete activities are backed, at least at this stage, by resources. For example, the Social Action Program, previously discussed in the context of economic reform and structural adjustment, gives the highest priority to women. Amid considerable recent media coverage, SAP has been inviting applications from women for the development of social and economic projects.

In the push toward institutionalization of women's development requirements, it is significant that the WID office at NCDP has been elevated to a full-fledged Department. This action puts in place a mechanism that can accommodate the development of a systematic approach to women in development issues, as well as provide for the advocacy of women in the civil service.

Concurrently a review of laws, policies, and programs is under way. A public awareness program has been proposed and numerous activities are in the formative stages. To its credit, the Government appears to be engaged in concerted endeavors to make certain that women are both participants and beneficiaries of the nation's development programs in all sectors.

3. Critical Data: A Selected Synopsis: The efforts, described herein, are set against a societal background where women account for 7.3 percent of the wage labor force, 65 percent of the illiterate population, 30 percent of secondary school leavers and less than 20 percent of university and technical college graduates. At present, it is estimated that 30 percent of the households are headed by women. Women have inadequate access to credit and extension services and have the highest levels of food insecurity and malnutrition in rural Zambia. Lack of employment opportunities in the formal sector have led women to turn to the informal sector, where they are vulnerable and exploited. These are but a few of the ramifications of the historical socio-economic traditions and practices.

F. Public Service Management Capacity Review

1. The Current State of Affairs: Zambia is a society in transition. Almost every aspect of national life is touched by the structural adjustment program. The reform efforts in process to transform a centrally planned economy dominated by public enterprises into one that encourages competition and permits market forces to operate freely, hold particular implications for persons who man the machinery of government. The multiplicity of new demands tax heavily a public service system that is already overburdened. The civil service system, as a consequence, is required to function under a dual agenda: it must implement economic reforms, while simultaneously putting its own house in order. The task is formidable.

a. Reform of the Public Service: Civil Service reform is an integral part of the adjustment program. Overall objectives are to reduce the size of the public service, and to improve efficiency and performance. The prelude to retrenchment and anticipated budget reduction was a physical survey of public service pay recipients to ensure that only bona fide workers are being paid. This exercise is nearing completion. In parallel with the initial focus on reducing employment in lower priority subsectors, the Government has committed to a restructuring of the public service in high priority areas to increase productivity and strengthen management development. The centerpiece of the public service reform program is the enhancement of incentives to motivate and retain key personnel in technical and managerial positions.

Corrective action is warranted to reverse the growing ineffectiveness of Zambia's public service. The downward spiral of civil service performance emanates considerably from the loss of skilled personnel due in large part to unprecedented declines in real wages. Even after recent pay increases, the average salary of the most senior civil servants is still no more than it was in 1980. Not surprisingly, the problem of low morale has reached critical depths. These factors, among other system shortcomings, make it difficult to attract and retain trained and competent civil service employees. Personnel who have remained out of a high sense of national service are inevitably overburdened with work and responsibility.

b. Implementation of Structural Adjustment: Requirements and Constraints: There is an enduring, systemwide dearth of management capacity. At almost every step of the adjustment process, formulation and implementation of reform policies that promote renewed economic growth and development result in increasing demands in managerial and technical areas. Government is being strained to try and provide appropriate levels of skill and institutional supports. There appears to be a paramount need to strengthen the Government's ability to manage the implementation process, as well as strengthen individual organizations that shape the responsibilities for economic restructuring. Experience has taught that sound policy initiatives have faltered in the face of ineffective implementation. Success, conversely, requires dynamic, insightful leadership, and well-coordinated management skills, systems, techniques, information, and attitudes.

The compilation of any cataloging of systematic constraints to be surmounted by the public service, in its pursuit of economic revitalization, would include but not be confined to the following:

- Weak human resource base
- Weak management systems, practices, and procedures
- Low morale
- Critical skills shortages
- Weak data management and information systems
- Weak budget and program monitoring, control, and evaluation

- Ad hoc policy analysis processes
- Weak public parastatal sector linkages
- Nearly nonexistent public-private sector linkages.

2. Management Development—Introspective: The problems enumerated above when taken in totality are daunting. But despite these circumstances, the mood encountered during the HRDA program design process can best be described as guardedly optimistic. Without exception, all of the officials interviewed held out a sense of hope that the political and economic changes taking place would, in time, improve the state of national well-being and produce benefits for the populace.

Well into the public sector training needs assessment, it became readily evident that certain themes have become pervasive in the thinking of top and middle management civil servants systemwide. Most often heard were expressions of commitment to a nation in transition and the desire to contribute meaningfully to successful outcomes. There seems to be general agreement and support for the position that Government must lessen its direct involvement in economic activities. The only areas of discussion were on the matter of to what extent Government should pull back.

On the question of public service management, general consensus converged on the need for substantive changes in the behavior of Government. It was strongly proffered, time after time, that the public sector must find new and more professional ways of conducting business. Internally, management systems need to be redesigned to reflect the new visions and to institutionalize professionalism in service delivery systems. On the larger environment, a need is recognized for Government to strengthen linkages to other sectors.

Cumulatively, a solid cadre of public officials are striving to motivate demoralized workers, energize the public service sector, improve performance, and provide enlightened leadership during this transition period fraught with economic hardships and uncertainty. The unfolding mandate heightens requirements for new skills, knowledge, systems, and the cultivation of new attitudes.

G. Priority Training Needs

The new opportunity presented by HRDA to support human resources training is wholeheartedly embraced. Taking cognizance of the fact that the monumental management development needs of the public section far exceed the resources and scope of any one project, training needs have been prioritized based on their potential for improving management of the economy, strengthening competitive market forces, increasing productivity, and strengthening the national human resource base. Additionally, weight is given to training activities that have applicability across ministries and sectors and that enhance communications and linkages throughout all subsectors in the economy.

1. Proposed Activities: Since the approach to training under HRDA is fully integrative across sectors, proposals of specific activities for the public sector are incorporated in the comprehensive HRDA training implementation plan in the main project design document.

Indicated below are selected examples of training activities that address human resource constraints to improving management of the economy and strengthening competition and private sector activities.

- One- and two-day policy dialogue/consensus building workshops for top and middle managers of targeted Ministries, and representatives of parastatal land private sector organizations. The objectives would be to foster cross sector fertilization (that is, communications, linkages), and to

provide a forum for the discussion of national policy issues relative to privatization and democratization.

- Short-term in-country management development training workshops for upper management from public, private, and parastatal organizations in critical management areas, for example, organization performance improvement, financial management, leadership, team building, and group motivation. Such horizontally integrated workshops would provide skills upgrading, as well as increase awareness of shared responsibilities.
- Short-term workshops for upper and middle public-selected managers to redefine role of civil service and individual ministries, to assess needs for operational changes, and to devise plans of action for increased responsiveness to “re-orientate” thinking to build new attitudes.
- Short-term training activities for professional and technical personnel across sectors in critical skills shortage areas: economics, finance, computer science, accounting, management information systems, business administration, marketing, and so forth.
- Support long-term academic training in the critical skills shortage areas.
- A series of short-term business development workshops to cater to the diverse needs of potential and existing entrepreneurs and service providers. Possible topics: developing entrepreneurial skills; how to start a business; strategies for achieving profitability; special needs of small-scale enterprises; how to remove public sector bottlenecks to business productivity; export promotion; and marketing and the role of governments.

2. Illustrative Institutional Training Plan—Ministry of Commerce and Industry: As previously stated, a case can be made for a comprehensive approach to organizational development and human resources training for the Ministry of Commerce and Industry. More than any other, it is the public entity that is critical to Zambia’s ability to achieve long-term sustainable private sector economic activity. With this in mind, an illustrative organization plan is offered for consideration.

Ministry of Commerce and Industry

Phase I: 2- to 3-day workshop for PS, policy analyst, department heads, et al., to review organizational objectives, redefine mission, identify internal performance and service delivery system constraints, and develop implementation plan for organizational performance improvement.

Phase II: (a) Short-term caucuses for key managers and technicians in general management, information systems and substantive technical areas (that is, export promotion, import substitution, SMEs, licensing, standards and quality control, and assessing private sector data needs).

(b) Long-term post-graduate degree training in, for example, business administration, marketing, international trade, economic statistics.

Phase III: Study/Observational Tours

One- to two-week study tours to regional countries and the United States for Ministry and private and parastatal counterparts to examine export and business development and policies

and to gain first-hand knowledge of experiences of other countries in managing Commerce Ministries, Export Boards, Quality Control Units.

Phase IV: Outreach Seminars

One- to two-day dialogue workshops hosted by Ministry for private sector and parastatal representatives.

(a) **Operational Workshop Topics:** review of constraints to economic growth and expansion of private businesses; improvement of services to clientele; development of mechanism and strategies to accommodate input of and feedback on views of entrepreneurs in policy planning processes.

(b) **Business/Market Development Workshop Topics:** export marketing; financing exports; identification of new business opportunities; small and medium-scale enterprises; expansion of women entrepreneurial skills; accessing credit; expanding markets for nontraditional exports; locating new market outlets.

IV. Private Sector and Parastatal Training Needs

A. Private Sector Needs

After the 1968 Economic Reforms, all major industrial and commercial concerns in Zambia were at least partially nationalized. The Government arbitrarily took over ownership of 51 percent of the shares in these formerly private companies. The only exception was the commercial banking sector, where the Government established its own commercial bank to compete with the foreign-owned ones. Beyond these takeovers, the Government established new parastatals in the industrial and commercial sector and declared that the parastatals will be the dominant force in economic development.

This policy of nationalization and the emphasis on parastatals discouraged fresh foreign investment, and led to further capital flight from Zambia. Since 1968, most Government policy pronouncements have discouraged large foreign investment because of their nationalizationistic overtones.

Zambia has experienced the problem of economic instability. Although there has been relative political stability, for example, one president since 1964, economic policies have changed drastically. While the economic policies generally need improvement, the instability in economic policies rather than the substance of these policies may have done more to discourage not only foreign but local investment.

The general policy of Zambia has, however, remained one of mixed economy in which parastatals coexist with the private sector. The uncertainties in economic policies have particularly discouraged large western multi-nationals. Among the small and medium-scale investors, the majority have been Asians. There are also a few Zambian large and medium businesses mainly run by those who have acquired management experience from parastatals.

The private sector faces a number of problems, which include the following:

- The underdeveloped financial system
- Discrimination in favor of parastatals in access to foreign exchange, and Government and parastatal markets
- General shortage of foreign exchange
- Policy weaknesses and policy instability
- Poor economic and social infrastructure
- Shortage of skilled personnel, especially in technical fields and accountancy at all levels.

Because of the general policy uncertainties, most private sector firms, both local and foreign, do not have a strong incentive to invest or expand their operations in Zambia. They tend to take a short-term view of their investment. Thus, they do not typically invest much in human resource development.

In recent years, partly due to unsatisfactory performance of the parastatals, there has been a general acceptance in government circles that sustained economic development requires that the private sector

replace the parastatals. With the return of plural politics, the national emphasis on the private sector has become very pronounced, and is likely to remain so in the future.

The specific features of the private sector are outlined in the following sections sector by sector.

1. Agriculture: Since 1964, agriculture has enjoyed top priority in national policy pronouncements. Agriculture has been the national base for the desired diversification of the economy away from copper. However, in spite of special policy focus, agricultural development has not been very dramatic. Indeed, sluggish growth in agriculture has often caused distractions from other economic programs as resources have been diverted to import food that could otherwise be produced locally.

During the colonial period, African commercial agriculture was deliberately discouraged through both the educational and personal poll tax policies, to ensure that African labor was available to the mines and other settler businesses.

Immediately before Independence in 1964, many expatriate commercial farmers left the country due to apprehensions about the future. There was a significant decline in agricultural capacity and output. Between 1965 and 1970, agricultural share of GDP was stable at around 13.7 percent. This rose marginally to 14.2 percent at the end of the Second National Development Plan (1972-1976).

For some time, indeed even today, agricultural work in Zambia has not enjoyed the respect accorded other jobs. Thus, in spite of active support services in the field of agriculture, many Zambians still do not take full advantage of easily available agricultural land and other facilities in rural areas. It is significant that in spite of extensive support to peasant farmers between 1965 and 1976, the commercial farmer's share of GDP rose from 2.6 percent to 5.5 percent while that of the subsistence sector declined from 11.1 percent to 8.7 percent.

Significant success between 1972 and 1976 included the increased crop range and output of maize, sugar, and poultry. Also by 1975, the share of marketed maize by traditional farmers had risen from 40 percent during the Transitional Development Plan (1966-1970) to 50 percent. This was partly a reflection of large commercial farmers switching from maize to other more complicated crops for which the traditional skills were not adequate. The crop range diversification policy had encouraged such shifts in production among commercial farmers.

Current policies aim at encouraging regional self-sufficiency in the staple crop, maize, while encouraging regional specialization based on natural advantages. These policies, if successfully implemented, will lead to national and household food security and a steady growth in agricultural exports and regional income distribution.

To achieve these objectives, liberalization of marketing and pricing system, will be encouraged. Already most agricultural products, with the notable exception of maize meal, are traded on a free market basis. Maize meal subsidies are expected to be phased out by 1993.

In order to realize maximum improvements in agriculture output, additional incentives are required to encourage the emergence of peasant farmers into commercial farming and indeed to encourage additional investment in agriculture where the land is still available.

Agricultural credit and skills are the major constraints to be tackled in any efforts to strengthen or broaden the agricultural base. Another constraint is the overdependence on rainfall, especially among emergent and small commercial farmers. It is clear that widespread irrigation can raise productivity of

many farms. The problem here is the high cost of irrigation equipment, and of course foreign exchange shortages. The current plans of INDECO and a local private company to set up a manufacturing plant for irrigation pipes will go a long way toward improving the situation. Marketing and pricing systems also need some attention. The lack of electric power in most rural areas is also affecting commercial farm investment in many rural areas.

At present, commercial agriculture is dominated by expatriate farmers due to historical circumstances. The numbers of Zambian commercial farmers is rising steadily, and the capacity of emergent and peasant farmers is rising. Because agricultural land is freely available to Zambians in their rural communities, agriculture has been a source of self-employment for many who cannot find alternative employment. Thus there are many peasant and emergent farmers and commercial farmers who are in farming because of easy entry who lack the necessary technical or organizational skills for farming. It is significant to observe that many Zambians have gone into commercial farming after retiring from other lines of activities. The productivity of these farmers can rise significantly with improved technical and management skills.

Most private commercial and emergent farms are run by families or owners without formal organizational structures. Parastatal farms, however, do have formal management structures.

The typical private owner/manager will not have much time to spare for training. The top management of large established farms will normally have basic technical skills, but not formal management skills.

The smaller commercial and emergent farms, especially those owned by Zambians, will not generally have technically skilled management, although they may have some general management experience.

In general, there is a shortage of both technical and management skills at top management, middle management and supervisory levels which can be addressed by an appropriate training programmes. For general workers emphasis should be on the on-the-job training given by supervisors. For peasant farmers training courses appear to be needed.

Training Needs:

Top Management

(a) Management Skills

- Financial Management
- Budgeting
- Strategic Planning
- Personnel Management
- Special Farm Management Topics
- Computer Appreciation

(b) Technical Skills

- Animal Nutrition
- Breeding and Genetics for Crops and Livestock
- Pasture Improvement
- Farm Machinery
- Technical skills in tobacco and other specialized crops

Middle Management, Supervisors, and Emergent Farmers

(a) Management Skills

- Farm Accounting
- Business Methods
- Marketing
- Computers

(b) Technical Skills

- Animal Nutrition
- Breeding and Genetics for Crops and Livestock
- Pasture Improvement
- Farm Machinery
- Technical skills in tobacco and other specialized crops

Methods of Training

Various approaches should be encouraged to accommodate the special circumstances of various types of farmers. Weekend workshops could be encouraged for owner/managers who cannot leave their operations for extended periods. One- to three-week intensive training programs can be mounted for other top managers, middle managers, and supervisors. Study tours can expose emergent and even commercial farmers to agricultural techniques and methods especially in new productions or specialized crops.

2. Banking and Finance: The banking and financial sector in Zambia is relatively underdeveloped. In the absence of a stock exchange and other specialized financial institutions, the commercial banks try to provide a broad range of services that tend to compensate for some inadequacies in the financial system. Most financial institutions and commercial banks are in urban areas, while the rural areas are poorly served by any financial institution. The only significant financial service assumed at all district centers is the savings facilities of the postal Credit and Savings Bank. The Credit and Savings Bank does not, however, offer credit facilities at the district level, as the credit function of the bank is not yet active and only a few loans have been sanctioned at its head office.

Recently, Parliament passed a bill that will enable the establishment of a stock exchange. In addition, regulations governing the Insurance and Building Societies, which have been state monopolies by legislation since 1968, have now been liberalized.

The commercial bank sector has experienced rapid growth in the last few years. Three indigenous banks opened and two more are due to open shortly. It is anticipated that with the liberalization of Insurance and Building Societies Act, some private insurance companies and building societies will be opened soon—most likely by local investors—as the general atmosphere may still be too uncertain for foreign investors.

The current financial system comprises the following major financial institutions:

- 1 Central Bank (Bank of Zambia)
- 12 Commercial Banks
- 1 Building Society (Public Monopoly - ZNBS)

- 1 Insurance Company (Public Monopoly - ZSIC)
- 1 Specialized Pension Fund (ZNPF)
- 1 Development Bank (DBZ)
- 1 Agricultural Bank (Lima Bank)
- 1 Investment Bank (Manifold)
- 2 Leasing Companies
- 2 Investment funds
- 1 Postal/Savings Bank
- 3 SSI Specialized Institutions (SIDO, VIS, SEP)

Monetary Policy: The major challenge facing the Central Bank is to control inflation by reducing the money supply while permitting adequate bank credit to the productive sector. Plans are to reduce money supply growth to 25 percent in 1991, 15 percent in 1992, and 10 percent in 1993. It is hoped that Government resorting to Central Bank borrowing will effectively be reduced.

Unfortunately, the private sector is facing a credit squeeze through high interest rates (40 percent to 50 percent) and actual commercial bank liquidity problems arising from high statutory Central Bank reserves (30 percent). Most businesses are finding it difficult to maintain their operations, let alone expand at current interest rates. The small businesses are particularly hard pressed.

In terms of financial services to large business, emphasis is on commercial banks and other financial institutions. With regard to strengthening small businesses, emphasis should be on specialized SME institutions like SIDO, VIS, and SEP. With the rapid expansion of commercial banks and the anticipated increase in commercial banks and other financial institutions, there is a current shortage of manpower with appropriate technical and management skills, which could hinder smooth growth of the financial sector.

There is a chronic shortage of trained manpower in the banking sector. Due to this shortage, some employees have been put in management positions without adequate managerial development. Training is required for all levels of managers and supervisors. Technical skills upgrading is required for all levels, while top management additionally require management skills upgrading. There is a need for the following training areas among financial institutions.

Technical Courses for Various Levels

- Credit Administration
- Foreign Exchange Operations
- Treasury Fund Management
- Accounting
- Marketing
- Computer

Top Management Skills for Top Management

- Strategic Planning
- Personnel and Industrial Relations
- Financial Management
- Communications
- Leadership skills

Methods of Training and Development

(a) Collective training programs for banks:

- (i) Joint training programs by the Bankers Association or the Zambia Chapter of the Bankers Institute
- (ii) Human and other resource support for the local Bankers Institute

(b) Training of supervisors and clerical staff in their individual institutions.

Training Courses for SME Institutions That Offer Credit

Technical Skills for Project Officers

Credit administration
Accounting skills
Marketing
Engineering-specific skills
Project appraisal
Computer

Management Skills for Top and Senior Managers

Financial Management
Personnel and Industrial Relations
Strategic Planning
Leadership skills
Computers

Methods of Support

- (a) Emphasis should be on short courses for trainers who train the entrepreneurs
- (b) Short one-week specific skills upgrading courses for regional managers
- (c) Short courses for top and senior managers
- (d) Study tours for various levels of staff

3. Manufacturing: Manufacturing has for a long time been considered together with agriculture as an area needing to be developed as the economy attempts to diversify away from copper. From 1964 to 1972, there was rapid growth in the manufacturing sector mainly due to import substitution policies. Up to 1972, manufacturing output rose by at least 16 percent annually due to new factories and full utilization of installed capacities. Employment was also rising until 1976, which marked the beginning of the present recession. Since 1972, the manufacturing sector has not grown significantly, mainly because of foreign exchange difficulties. Moreover, because of the high capital intensity of the manufacturing industries that were established between 1964 and 1972, the capacity utilization of these industries has fallen significantly due to their heavy dependency of imported raw materials and spare parts and replacement equipment. In 1975, manufacturing output fell by 3.9 percent, mainly due to

capacity underutilization, and employment in the manufacturing sector did not show any increase between 1971 and 1976. In the 1980s capacity utilization has been around 40 percent. The total share of manufacturing in GDP has decreased from 19.2 percent in 1984 to around 15 percent today.

Under the current Recovery and Restructuring Program, it is hoped that a more efficient manufacturing sector will develop with reduced dependency on imports. The necessary macroeconomic policies being adopted for this will provide greater freedom of action for managers and entrepreneurs. Additional measures are those related to easier procedures for obtaining manufacturing and export licenses. The Fourth National Development Plan (1989-1993) puts top priority on increased capacity utilization, and increased labor productivity, and increased dependency on indigenous technology and raw materials. It also emphasizes quality control and raising of standards, local manufacture of capacity goods and spares while developing manufactured goods for export, and the promotion of small-scale industries. The basic strategy for this will include reforms of the Finance and Banking Acts to promote a greater flow of credit to the manufacturing sector, and also an emphasis on industrial training.

To facilitate diversification and growth of the country's industrial export base, the Government has established the Export Promotion Board and the Export and Import Bank. These organizations are expected to be strengthened with human and other resources. To promote foreign investment, the Government has raised the level of permitted dividend remittances from 15 percent to 20 percent of paid-up foreign capital for new investments.

The manufacturing sector has a big parastatal component. Policies of the parastatal holding companies, for example, ZIMCO and INDECO, have been reviewed to give top priority to the maintenance and rehabilitation of economically efficient units, while new business will only be undertaken after satisfactory economic and financial rates of return are assured. Following the successful performance and restructuring review of some INDECO subsidiaries, efficiency audits of their major parastatal manufacturing units will be undertaken with a view of streamlining and raising efficiency of these parastatals.

The major constraints facing all manufacturing sectors (parastatal and private) include inadequate access to foreign exchange, poor economic and social infrastructure, and high credit interest rates. The paucity of economic and social infrastructure has led to a high concentration of manufacturing activities in the urban areas where these facilities are relatively better. This concentration has created pressure on the urban centers' services for land and utilities, leading to an artificial shortage of industrial land for manufacturers.

Indeed, this relative concentration in urban areas leads to a high cost structure of business operations as competition becomes severe for the limited resources required directly by the company, and also indirectly by the labor forces. This puts upward pressure on wages.

There is also a general shortage of skilled manpower, mainly of engineers and lower technical grades including craftsmen. There is also a shortage of accountants and accounting staff at all levels, and other professionals such as marketing personnel. These inadequacies in manpower reflect both the shortage of training facilities as well as lack of commitment to training, especially by the private sector. Indeed, the typical manufacturing sector company does not generally have middle managers, as these are hard to find in the market. People with engineering and accounting or professional certificates are usually immediately promoted into top management positions without adequate experience. Thus the general situation appears to be that of senior managers who may have basic technical or professional skills, but who may not have general management skills.

The parastatals may be a little better because of their training programs, which develop senior managers and middle management as well as supervisors. In both parastatal and private sector organizations, most senior managers require continuous upgrading of technical and professional skills, as well as general management skills, while at the supervisory level, there is strong need for specific technical skills upgrading. Most private sector companies are not keen to release their staff for long-term training, but they are willing to release them for shorter periods of less than three months.

In the survey of Zambia's private sector training needs, the demand for sales and marketing training was very pronounced. This is understandable given the competitive situation of the manufacturing sector. Although the Zambian economy has serious supply difficulties, sales and marketing are very important especially for the small businesses that are trying to penetrate markets dominated by large companies.

The survey also shows that as the company grows bigger, its needs for improved personnel management skills rise. Indeed, for large companies, personnel training appears to be of top priority, reflecting the increasing pressure of personnel and industrial relations problems for large companies. Sales and marketing and financial management have top priority among small manufacturing units, especially those in the most competitive fields such as clothing and furniture manufacturing. Stock feeder manufacturers who are faced with a very good market appear to put emphasis on such technical skills as equipment repair and maintenance.

Required Training Program for Supervisors

Specific Training Skills:

- Accountancy
- Personnel Management
- Leadership
- Production Management

Required Training for Senior and Top Management

General Management Development Programs:

- Financial Management
- Personnel and Industrial Relations Management
- Leadership and Communication
- Marketing

4. Tourism: Within the region, tourism is a principal foreign exchange earner in Kenya and a significant source of foreign exchange in Zimbabwe and recently in Tanzania. The decline in the foreign exchange generation capacity of the mining sector has encouraged Zambia since 1975 to look at tourism as a potential alternative source of foreign exchange. In 1979, a Ministry of Tourism was created, and the Tourist Board was strengthened as the principal arm for tourism promotion. Apart from creating a ministry for this sector, tourism has been given strong public attention—occasionally being accorded second priority after agriculture.

The principal tourist attractions of Zambia are the Victoria Falls, game-viewing, and conference facilities. The Victoria Falls lies on the border with Zimbabwe. Because of comparable views from either side, there is stiff competition between Zambia and Zimbabwe for the tourists attracted by the

Falls. At present, it appears Zimbabwe has better overall tourist infrastructure near the Falls than Zambia.

The types and quantity of Zambia's wildlife is competitive to that of other countries within the region. The only country with better wildlife in the region is Tanzania. Like in Tanzania, Zambian infrastructure—roads, communications, and hotels—for enjoying sights of wildlife remain underdeveloped relative to Kenya and Zimbabwe.

By its central location in this region, Zambia has potential to be a natural venue for regional conferences and seminars. Apart from limitations in air traffic connections, this conference potential has not been fully marketed.

In spite of comparable tourist products and policy support, Zambia's tourist industry remains underdeveloped. The annual volume of visitors has only risen from 87,000 in 1980 to 132,000 in 1986. The total hotel and lodges beds rose from 4,000 in 1980 to 8,000 in 1991.

The major problems facing the tourist industry during the Third National Development Plan were identified by NCDP as:

- (a) Inadequate internal air and ground transport communications
- (b) Inadequate organizational and functional structures
- (c) Lack of trained manpower at all levels of tourist industry
- (d) Poor marketing
- (e) Inadequate hotel accommodation

These problems continue to hamper tourist development today. Transport and communications difficulties continue to be a major constraint. It is not easy to travel from one point to another in Zambia by any public transport—that is, air, train, or by road. Hotel accommodation and service also need quantitative and qualitative improvements if Zambia is to attract tourists.

The objectives of the current (4th) Development Plan include:

- (a) Generation of foreign exchange
- (b) Promotion of employment
- (c) Rural development through construction of lodges and camps
- (d) Encouragement of public and private investment in the tourist industry
- (e) Manpower development

The strategy of this Plan includes:

- (a) Training of personnel that deal with tourists, including immigration and customs officials, police, and taxi operators

(b) Professional and skills development of the tourist core personnel

The Plan's emphasis on training is most appropriate, as the industry suffers from a severe shortage of technical skills among all levels of tourist personnel. Indeed, even most entrepreneurs in this sector do not appear to have the benefit of training. This problem is particularly severe among tour operators and small hotel proprietors. Some of these entrepreneurs manage their own businesses without requisite technical and management skills.

The problem of severe skills inadequacies are mainly the result of a lack of a proper tourist training center in the country. The only training center is the College Hotel, which covers very basic catering courses. The College was recently transferred from the Ministry of Higher Education to the Ministry of Tourism and has been transformed into a Tourism Institute that can offer a broader spectrum of tourist training courses. The institute needs urgent support to realize these broader objectives.

Tourism in Zambia has also been discouraged or hampered by inappropriate handling of tourists by immigration and customs officials, police, and others who deal with tourists. Because of historical geopolitical tensions in the region during the liberation wars of the Southern African countries, these public officials were trained to treat every visitor as a potential terrorist. In view of changed regional political circumstances, there is need to retrain these officials to deal with tourists with a more open attitude.

It is apparent that training is key to the development of a conducive environment for tourists.

Top Management Training Needs

- General Business Management (especially for owners/managers)
- Financial Management
- Marketing
- Technical tourist skills e.g. catering, tour packaging

Middle Management Training Needs

- Finance and Accounting
- Tourist Marketing
- Tour Packaging
- Office Management
- Technical skills—ticketing, guiding tours, and so forth
- Foreign Languages

Training Needs for Immigration, Customs Officials, and Others

Basic Appreciation of Tourist Industry

Specialized Procedures, for example, processing tourists, conducting searches without causing undue offense, and so forth.

5. Transport: Since independence, Zambia has developed an extensive network of transport facilities, particularly roads and railways, in response to regional conflicts and the need to ensure reliable transportation for its international trade. However, expenditures on maintenance and repair have tended to be neglected. Over the years the sector's infrastructure has deteriorated badly, causing high transport costs and serious delays.

Zambia is connected by rail to the Tanzanian Port of Dar-es-Salaam and through Zimbabwe, to South African and Mozambican ports. Zambia is also connected, through Zaire, to Angolan ports. Unfortunately, due to regional and domestic conflicts in the neighboring countries, only the rail line to Dar-es-Salaam Port has been fully utilized. The other rail lines to the ports have either been politically unacceptable or have been rendered impassable by civil disturbances. The Dar-es-Salaam harbor unfortunately was not originally developed to handle the international trade traffic of Zambia and consequently the overdependence on Dar-es-Salaam has created serious difficulties for the exports and imports of Zambia. Indeed, the rail capacity itself has not been adequate for the new demands. Thus there has been increasing dependence on road transportation. The performance of Zambia Railways has for some time been quite poor due to the deteriorating conditions of locomotives and track, caused by lack of maintenance. Moreover, Zambia Railways has a heavy debt burden, which will continue to hamper its operations and financial performance. There has, therefore, been increasing reliance on road transportation. Thus the share of road transportation for the total international freight has risen from 25.6 percent in 1972 to 61.3 percent in 1976 for exports; and 33.2 percent in 1972 to 54.3 percent in 1976 for imports.

Road transportation has been dominated since 1968 by two parastatals: United Bus Company of Zambia (UBZ), which deals with bus services throughout the country and internationally, and Contract Haulage, which deals with commercial freight within the country and internationally. Recently, the ZCCM Subsidiary, Mulungushi Investment, has gone into intercity bus services on the Copperbelt only. The Lusaka District Council is offering commuter bus on some routes.

Within the cities, however, the commuter service is generally dominated by private companies, mainly using minibuses and taxis. Between 1974 to 1976, the private sector accounted for 59 percent of vehicles and 62 percent of the total capacity of the buses and taxis operating. The share of the private sector in the road freight services was 70 percent of total vehicles and 68 percent of total freight capacity.

Unfortunately, the private sector transporters have been particularly constrained by the shortage of foreign exchange so that they are unable to replace their vehicles on time or to maintain their fleet. The parastatals have been favored by the state with reasonably easy access to foreign exchange, and government subsidies or grants which have enabled them to bring in new vehicles and spare parts. Unfortunately, despite this special support, the United Bus Company of Zambia and Contract Haulage have not made good use of their favored position, which tends to be accompanied by paternalism on the part of the State.

Many United Bus Company of Zambia and Contract Haulage vehicles have had a useful life of only two to three years, while those of private sector firms extend well beyond six years. The biggest problem facing the private sector in both freight and passenger transport is the overaging of vehicles. Due to the shortage of foreign exchange and the devaluation of the kwacha which has led to high increases in motor vehicle prices, most private operators have not been able to replace vehicles in the last five years. The private sector firms have also been hampered by arbitrary directives from the government regarding maize haulage at controlled tariffs.

Under the current general liberalization of the economy, it can be expected that the transport rates of maize and fertilizer will be decontrolled, at least for private sector's participation. The tariffs for cooperative transport units may be negotiated between the Co-operative Movement and the Government. Given the Government's recognition of the important role of the private sector in the transportation system in both the Third and Fourth National Development Plans, the private sector is

likely to be put on a comparable footing with the main parastatals. Indeed, the Government has already made foreign exchange provisions for private truckers who wish to replace their fleets.

In view of the high cost of vehicles and spares, there is also need to examine the credit facilities of this sector. Another problem which needs to be addressed as a general remedy to the transport sector is the improvement of roads. At present, because of the bad roads, most truckers need to replace tires and other spares too regularly, making some truckers shy away from otherwise profitable routes.

In the transport sector, there are only a few large private companies, mainly in the trucking industry and a few medium-sized firms handling passenger transport. It is the large trucking companies which participate regularly in the international freight business together with parastatals. Otherwise the small trucking operators (1 to 5 vehicles) normally operate on domestic routes with occasional ad-hoc international business. The large companies will tend to have some formal management structures while the small operators usually are owner-managers of their own enterprises. This also includes management by family members, the majority of whom have gone into transport without necessarily having requisite technical and management skills.

Small operators usually do not have their own maintenance workshops and have to depend on commercial workshops to maintain their vehicles. However, in order to avoid the high cost of repairs and maintenance charged by the commercial companies, these operators often tend to do some of the repairs and maintenance work on their own without the necessary skills. This is especially so in remote rural areas where it would be very expensive to take vehicles to distant repair facilities.

The repair of vehicles by unskilled people adversely affects the long-term life of these vehicles. Training of these operators in basic maintenance would, thus, help promote the operational life of the vehicles. Additional training in basic business skills, road traffic regulations, and transport market analytical skills would improve the overall operational efficiency of these small transportation enterprises.

According to the training needs survey, priority demand is for business management and technical skills. Unlike the manufacturing sector where demand for personnel management training rises with the size of company, the demand for personnel management training in the transport sector appears relatively low. This is perhaps a reflection of the dominance of the transport sector by small operators with rather personalized employment relations. Otherwise, the large transport companies need formal management structures with the full complement of management skills and personnel.

For large companies who have their own workshops, there is need to strengthen the technical capabilities of mechanics and other maintenance staff. Otherwise, the transport sector faces a general national problem of inadequate skills. The following training needs are apparent for the transport sector:

Large Companies, Top Management

Financial Management and Accounting
Transport Management
Budgeting-National and Regional Road Traffic Laws
Personnel Management
Computers

Large Companies, Middle Management, and Supervisors

(a) Management Skills

- Financial Management
- Marketing
- Accounts and Budgeting
- Personnel Management
- Transport Management

(b) Technical Skills

General workshop management and specific motor mechanics skills and other specific technical skills, for example, welding

Small Operators (Owner/Supervisor)

- Basic Business Skills
- Accounting and Budgeting
- Road Traffic Laws
- Basic Motor Vehicle Maintenance
- Personnel Management

Methods of Training

For technical courses, emphasis should be on supervisors of large companies and owner/managers of small companies who can train other staff in their respective enterprises. For management courses, short-term workshops should be encouraged.

6. Small-Scale Enterprises and the Informal Sector

Historically, Zambia has not developed an entrepreneurial spirit. African entrepreneurship was officially discouraged during the colonial period to ensure that African labor was cheaply available to the mines and settler farmers. After independence, the socialist policies that started in 1968 did not give much encouragement to the Zambian entrepreneur. The new policies rested heavily on the parastatals and cooperatives as the principal Zambian vehicles for economic development.

The cooperatives failed completely at an early stage, while the parastatals continued to play an expanding role, but without much operational efficiency. Due to generally good economic circumstances, however, there was rapid growth in Zambia's industrial capacity between 1964 and 1972.

The industrial firms that started after 1964 were, by Zambian standards, large industrial concerns which were highly capital intensive considering the country's low technological base. This pattern of industrial development meant a heavy dependence on imported machinery as well as spare parts. Moreover, most of these industries were also import oriented even in terms of raw materials. Thus, Zambia's import substitution policy was not free from heavy foreign exchange outlays. By 1975, Zambia had a deficit of foreign assets of K75 million, and since then Zambia's foreign exchange account has usually been in deficit.

This negative foreign exchange situation has made it difficult for the manufacturing industry and other sectors to continue productive operations, let alone to expand. Indeed, most Zambian industrial plants have been operating well below capacity because of insufficient imported raw materials and spare parts. Thus, the Zambian economy and the manufacturing sector in particular has been experiencing a recession since 1975.

Another major problem that emerged in the 1970s is that of unemployment. While more people have entered the labor market from secondary schools and colleges, the industrial sector (which is supposed to absorb these people) has not been in a position to do so.

For policy considerations, however, most significant is the potential of large industrial plants to generate employment if those industries were operating at full capacity. Because they are capital intensive, however, their capacity for generating employment is very low.

The significance of employment in Zambia lies both in the economic as well as the social and political spheres. Like in most other countries with unemployment problems, it is the youth who make up the biggest portion of the unemployed. By virtue of their energy, enthusiasm, and sometimes training, this category would be the most productive human resource of the labor force. Beyond economic considerations, the social problems created for the youth and the sense of hopelessness that is imposed on this volatile section of the community has totally unwelcome effects. There is no doubt that the current crime wave in the country can only be brought under control if economically worthwhile productive opportunities are available to the young adults.

It is with this background that there has been a fundamental change with regard to the strategy for economic restructuring. The diversification policy regarding industrial development was originally based on import substitution, and involved large-scale industrial plants. This contrasted with the agricultural policy which had put emphasis on peasant and small-scale farming units.

The new industrial strategy was adopted in December 1981, when the Small Industries Development Organization (SIDO) was formed by an act of Parliament. The fundamental objective of SIDO was to spearhead the economic structural change aimed at industrial development through increased reliance on small-scale industries. The significance of small-scale industries lay in the capacity of these industries to generate employment and to prosper with minimum foreign exchange outlay. Zambia has a reasonable supply of mineral and other raw materials which can form a stable raw material base for a vigorous industrial development program. Unfortunately, most of these resources have been, to a large extent, exported in their raw form.

Another significance of small-scale industries is the role that these units can play in controlling price levels. At present the few industrial concerns operating in the country have monopolistic tendencies, which are often reflected in high prices and real or artificial shortages. The supply and price problems are particularly pronounced for imported goods. It is hoped that a planned development of small-scale industries can stimulate healthy competition in terms of both quality and prices, which will eventually eliminate shortages and induce a downward trend in price levels. It is also significant to note that the small-scale industries, mainly because of their low overheads, can keep operating costs very low. This situation, combined with healthy competition, will enable the small-scale industry sector to pass the benefits of their production cost to the consumer in form of low prices.

In terms of size, the informal sector is generally comprised of small businesses that fall in the general category of Small and Medium Enterprises (SMEs). However, the informal sector specifically covers those enterprises that do not observe any Government regulations and obligations, for example,

licenses, taxes, statutory registration, and so forth. In terms of size and complexity of operations, an informal enterprise may not be different from another small business that follows some Government regulations. In this report—as is general practice in Zambia—the distinction is made between the informal sector as described above and the other SMEs that conform to one or more Government regulation. In this context, the term SMEs will refer only to this narrower category.

In practice, although both the informal sector and SMEs face similar severe general problems, the informal sector has a few peculiarities that reflect both its legal status as well as its practical circumstances. Entry and exit are very simple for the informal sector. It is generally a breeding ground for the SMEs in that the dynamic informal enterprises will eventually require adherence to some legal formalities to operate effectively. The combination of a capital base, organizational know-how, and general education level of the typical informal enterprise operator will generally be lower than that of the formal small enterprise. According to the Afro Development Services survey, the general characteristics of the informal sector are as follows:

Characteristics of the Informal Sector

- (a) Easy entry into business
- (b) Most businesses run by owner/manager: 90 percent for manufacturing; 100 percent for others
- (c) Low level of formal education/training among owners/managers and workers
- (d) Sources of funds for starting the business are usually personal or family funds, while the source of funds for general operations and expansion is retained earnings
- (e) Lack of access to institutional credit
- (f) Low turnover (average K50,000 in 1989)

Apart from easy entry, the other characteristics apply to the SMEs, albeit with differences in degree. The two categories also face similar constraints with variations in degree of severity.

Constraints of SMEs and Informal Sector

- (a) Poor technical management skills
- (b) Poor access to credit
- (c) Poor access to foreign exchange
- (d) Inadequate production and distribution premises
- (e) Unconducive legal and administrative environment, for example, industrial zoning regulations, trades licensing laws, and municipal regulations
- (f) Technological inadequacies
- (g) Lack of operational linkages between various sectors of the economy, especially between large and small businesses

(h) Availability and cost of transport

(i) Availability and cost of raw materials

According to the survey in Appendix A, 23 percent of informal sector operators consider the lack of technical skills to be a major constraint compared to 15 percent who consider inadequacies in management skills to be a serious constraint. This is a reflection of the low level of operations which may not need complicated skills or sophisticated management.

While only 34 percent of informal sector operators surveyed considered foreign exchange as a major constraint, 66 percent of the formal sector firms (large and SMEs) consider it to be a major constraint. The problem of foreign exchange is not as severe on informal and even SMEs as it is on large industries with high capital-intensive production systems.

The informal sector and SMEs tend to depend significantly on local raw materials and, to a lesser extent, on locally fabricated equipment. Thus, with regard to raw materials only 29 percent consider availability a major problem although 50 percent consider the high cost of raw materials a major constraint.

In spite of serious difficulties, the informal sector provides more than 80 percent of Zambia's employment. Most of the household equipment in low income homes such as furniture, kitchen utensils, charcoal stoves, pots, and so forth, come from the informal sector. Similarly, a good amount of clothing comes from this sector and SMEs.

The SMEs and informal sector do not appear to be significant generators of foreign exchange, but they have been very useful in conserving foreign exchange by producing some items that compete with imports. They also stimulate the use of local raw materials.

Access to Credit

Generally small businesses have practically no access to commercial bank credit facilities. Most commercial banks do not want to face the high credit administration costs involved in lending to small businesses. Another constraint is the lack of suitable security that can be pledged as collateral by small business borrowers. The problem of security was removed by the establishment of the Bank of Zambia Credit Guarantee Scheme (CGS) in 1987, which guarantees 70 percent of the bad debts of small business. But even with the CGS, most credit to SMEs only comes from specialized SME agencies, SIDO, SEP, and VIS. Indeed, in spite of CGS, the large, mainly foreign banks have not extended credit to SMEs.

The full burden of SME credit really falls on specialized SME agencies. At present SIDO is the biggest and has a centralized structure to reach small entrepreneurs in all districts. However, neither SIDO nor VIS, the second largest SME agency, have adequate financial resources to meet the credit needs of the sector. SEP, which has a relatively better financial base, does not have the organizational structure to administer credit beyond the Lusaka and Copperbelt areas.

Institutional Setting of SMEs and Informal Sector

The recent growth of the informal sector and SMEs reflect survival tactics of people in a hostile economic environment. Thus, some of the informal sector activities reflect disguised unemployment in the sense that the absence of such activities will not seriously affect the flow of goods and services in

the economy. Most of the disguised unemployment is found in petty trading and petty services. Otherwise, most of the manufacturing and other productive activities of the informal sector do make a significant contribution to the flow of goods and services.

Some people operate in the informal sector to avoid the bureaucratic delays involved in processing registrations, and so forth. With improved licensing procedures, more people could shift from the informal to SMEs sector.

In spite of official support for small enterprises and the informal sector, there has not been corresponding institutional support for the sector. SIDO became operational in 1983 as the principal public agency for supporting small enterprises. But SIDO has not been properly funded partly because of the general financial difficulties of the Government, and consequently its capacity to assist SMEs remains well below the demands of the sector. Since commercial banks generally shy away from SMEs and the informal sector due to high credit administration costs, the critical responsibility of credit is now generally seen as falling on SIDO, which can absorb the credit administration costs from an administrative grant from the Government.

Unfortunately, SIDO has not enjoyed systematic funding, especially for on-lending purposes. Thus, the small business sector has very little access to commercial credit.

SIDO now has nine regional offices from which it can easily reach small enterprises in all parts of the country. Another major support institution is Village Industry Service (VIS), which operates as an NGO but with substantial Government support. VIS supports small enterprises at lower levels of operations than those generally supported by SIDO. VIS is also in the process of establishing regional offices throughout the country. The financial base of VIS is equally weak relative to demands of its target group.

Both VIS and SIDO provide a wide range of support services in the form of credit, technical and management guidance, industrial sheds, training, and so forth. Another important support institution is Small Enterprises Promotion Limited (SEP), a joint undertaking of a German Foundation and the Development Bank of Zambia. SEP operates from the centralized position in Lusaka and is consequently unable to service clients outside Lusaka and Copperbelt. Its emphasis is on credit rather than other services. There are also churches and NGOs involved in training and supporting small enterprises.

The SMEs and informal sectors need to be supported to raise productivity. While credit today is perhaps the binding constraint, improvements in productivity and general efficiency can be achieved through training. For the informal sector, training should focus mainly on the potential trainers of this sector, that is, the various support institutions including charitable organizations and NGOs. Most of the specialized training for the SMEs is done by SME support institutions, while training of the informal sector is shared by the SMEs support institutions and NGOs.

The ADS survey shows that past training of informal sector personnel in technical and sales/marketing skills have helped develop productivity and operational efficiency of the enterprises. Special demands for training included technical skills, general business management, and financial management. Among technical skills, special demand appears to be for carpentry, fashion design, panel beating, and cookery. This reflects the dominance of these activities in the productive spheres of the informal sector. The following pattern of training programs would help SMEs and the informal sector:

Entrepreneur/Supervisor

Basic business skills
Financial Management
Bookkeeping
Sales and Marketing
Personnel Management
Technical Skills

Support Institutions' Field Officers and Middle Management

Project Appraisal and Management
Sales and Marketing
Accounting
Financial Management
Technical Courses
Computer

Support Institutions' Top/Senior Management

Financial Management
General Management Development Programs
Computers

B. Parastatal Training Needs

In many countries, parastatals are established to provide goods and services that may not easily attract private sector investment. Thus, there is a general acceptance of a need for parastatals in the strategic sectors of the economy rather than in the ordinary commercial industrial sector. In Zambia, the political and economic circumstances have propelled the growth of parastatals far beyond this general consideration.

At the time of independence in 1964, major industrial and commercial activities were dominated by foreign corporations while trading was dominated by Asians. Black participation in the economic activities of the country was confined to petty trading and minor jobs.

The commercial uncertainties that followed independence caused most companies to invest their profits outside Zambia. Thus, continued dominance of the economy by foreigners was associated with slow economic growth at a time when the government was anxious to have rapid economic growth to address some of the social and economic demands that followed Independence.

Foreign firms responded rather cautiously to the government's policy of giving Zambians better job opportunities. This was mainly due to inadequate skills and to the colonial legacy of racist tendencies among the foreign-owned companies. Beyond any economic considerations, the continued foreign domination of the economy was politically embarrassing to the new government.

The government's efforts to ensure rapid economic growth and an increase in the standard of living for Zambians, culminated in the Economic Reforms that started in 1968. To counter the re-investment policies of foreign companies and indeed, for symbolic reasons, the government restructured and

expanded the Industrial Development Corporation (INDECO), a government agency for industrial and commercial undertakings, to make it a major vehicle for domestic investment.

Under the 1968 Economic Reforms, most retail trading of general goods was reserved for Zambians. Competition was allowed only in a few major towns where retail trading traditionally involved big shops. The Zambians were not immediately ready economically or otherwise to compete with these shops. Because most Zambians simply did not have the necessary capital to run their businesses effectively, this policy did not succeed in promoting Zambian entrepreneurs' sustained participation in retail trading. Indeed, this policy only managed to consolidate the control of retail trading by non-Zambians, mostly Asians. This situation continues today.

Another feature of the 1968 Economic Reforms was the government acquisition of 51 percent of the shares of every major commercial and industrial undertaking except the mines and banks. The mines came under this arrangement the following year. Since then, this trend has affected every firm of any significance except the commercial banks. In the commercial banks sector, the government established its own commercial bank to compete with foreign-owned banks.

In addition to these acquisitions, the government established several other parastatal agencies in the industrial and commercial sectors. The Zambia Industrial and Mining Corporation (ZIMCO), under the Chairmanship of the Head of State, was established as a holding company for these enterprises. The Chief Executives of major subsidiaries are generally appointed by the Head of State. In these appointments, political considerations sometimes outweigh technical or professional competence.

The growth of the ZIMCO group of companies has led to rapid growth in visible Zambian participation in the economy. The ZIMCO group accounts for at least 80 percent of the economic activities in the formal sector. They have been very effective in the import substitution programs and the general restructuring of the economy. Another major contribution of the parastatals is the development of indigenous technical and managerial capabilities. However, most ZIMCO operating companies are marred by inefficiencies.

After the 1972 political changes that led to the one-party system of government, the original economic goals of parastatals became increasingly subordinate to political expediency. The parastatals were seen as providing employment opportunities for Party functionaries who could not be accommodated in the Party of Government wage bill. This trend tended to frustrate the effectiveness of technical and professional staff and consequently had a significant negative impact on the general performance of parastatals.

For some time now, the dominant role of parastatals in the economy has been questioned in both the political and intellectual circles. There is a general acceptance that the current national economic difficulties cannot be solved until the private sector becomes the dominant engine of development. Thus, even during the one-party system of government, the principle of privatization was generally accepted. The delay in privatization policy and program implementation has been due to political and economic maneuvering.

The recent return to plural politics has raised the tempo for privatization. Already privatization is a key element in the political and economic platform of the major opposition party, MMD, and is under active discussion by the ruling party and the Government. Regardless of which party forms the government after the planned October elections, there is likely to be active privatization in the near future, but for various practical considerations it is likely to take some years to complete the privatization process. Meanwhile, continued efforts will be needed to improve the operational and

financial viability of parastatals. Performance audits have already been done (1989) for 13 of INDECO's 42 subsidiaries, which have since been restructured.

Since June 1989, parastatals are free to change economic prices similar to those in the private sector. The 1991 government budget included tariff reforms aimed at exposing parastatals to foreign and KV competition. However, government purchase programs, and even foreign exchange administration, remain biased in favor of parastatals.

The biggest organizational problems facing parastatals are usually due to excessive political intervention and the overcentralized control of activities at the parastatal holding companies. For instance, investment, wage, and other expenditure decisions of an INDECO subsidiary cannot be taken without approval by INDECO Central or conformity with ZIMCO general conditions.

The parastatals, which cover practically all sectors—agriculture, manufacturing, mining, and so forth—do share with the private sector the general economic and other constraints faced by the economy. Thus they also face a serious shortage of technical and management skills at all levels. If they stand slightly better at the supervisory level than the private sector, it is because they have invested in human resource development.

While the private sector has typically neglected human resource development, the parastatals have generally pursued aggressive human resource development programs. The parastatals, however, have not generally been able to retain the high level skilled manpower they train, because they are attracted by the better remuneration and working environment of the private sector. In a way, there is a silent but active private sector policy of not investing in human resource development but instead paying top price for skilled manpower developed by parastatals or government.

Indeed, one major policy question that will follow privatization is whether the private sector can play a compensating role in human resource development after privatization has been completed. Such a task should go beyond the privatization businesses and should cover the broad spectrum of the private sector.

Thus, in spite of heavy investment in human resource development, parastatals generally face the same general problem of shortage of skilled manpower as their private sector counterparts in the various sectors of the economy. The training needs of the various economic sectors as indicated above reflect the needs of both the parastatal sector as well as those in the private sector.

C. Needs of Women in the Private Sector

Women constitute more than 50 percent of the Zambian population, with the majority living in rural areas. According to the 1986 Labor Force Survey, the population of Zambia was estimated at 6,623,040, of which 3,229,178 were males and 3,393,862 were females.

While a few women have attained some degree of success in various fields such as education, law, medicine, business, and management, the majority continue to lag behind in all fields and have limited access to credit facilities and services. As a consequence, they have not participated to their fullest potential in the development process in the country.

Women who make up the majority of the informal sector are confined to a narrow range of economic activities in food preparation and retailing, distilling and selling of local beer, hair dressing and beauty culture. Most women in the informal sector receive inadequate incomes and face problems such as the

lack of access to credit and transportation. Most of them are petty traders and unable to expand their businesses beyond the low profit levels.

Another reason for the high numbers of women in the informal sector is the lack of employment opportunities in the formal sector. Women constitute about 7 percent of the employment labor force; yet nationally, they constitute 60 percent of the total labor force. This has led women to turn to the informal sector where they own small businesses.

1. Women's Participation in Commerce and Industry: Women's participation in commerce and industry has been constrained by cultural and social factors that tend to put burdens of domestic chores on women and thus make it difficult for them to participate in industrial activities away from the home. Business is considered a nontraditional career route for women. For instance, despite the publicity on small-scale industries, the number of women taking up the challenge remains small. Out of 1,233 small-scale industries registered with SIDO, Lusaka Region, only 89 (7 percent) are female-owned. The lack of capital is an important impediment to any entrepreneur and explains, to some extent, why women entrepreneurs are few.

Banks tend to favor large and well-established clients and thus exclude women from having access to finance. Hence most women are confined to a narrow range of economic processes.

2. Access of Women to Credit and Finance: The issue of women's access to finance and credit is of major importance as it affects women's participation in income-generating activities and their welfare.

Social attitudes regard women as incompetent entrepreneurs and therefore bad risks to lending institutions. Women themselves lack confidence in their approach to seeking credit.

Because of their limited access to education and training, women often lack the requisite skills needed for business, namely, entrepreneurial, technical, and managerial skills.

Women thus tend to choose businesses that are an extension of their traditional female roles, for example, sewing, cooking, and home craft. This is reinforced by their lack of technical skills, which further limits their participation in high productivity and high paid self-employment opportunities.

Women often encounter difficulties in obtaining bank loans. Financial institutions are not very responsive to giving financial assistance to women. Women's capabilities are generally questioned and comparatively harsh guarantee terms may be imposed. Other problems women face in the financial area are directly linked to the size and nature of their businesses. Women are usually found in small enterprises and, therefore, seek small or very small loans. These loans are considered too unprofitable to handle by banking and financial institutions because of the high administrative costs involved.

Laws also impede women's access to and control over key resources. Many laws give women the status of minors or provide them with no legal status of their own, thereby forcing them to depend on male relatives. A related problem is that women generally do not hold or own property in their own names. Thus, immovable property registered in the names of male relatives cannot be used as collateral security.

From the foregoing discussion, it is clear that technical and business skills training is lacking in most women entrepreneurs. This can be addressed by appropriate training institutions. The first will afford women the opportunity to start and run their businesses successfully. The following courses could be offered to women business owners:

3. Women Business Owners

Business/Management Skills

Bookkeeping
Accounting
Marketing
Personnel management
Financial management

Technical Skills

Woodworking, metalworking, and so forth, to give them greater areas for participation, particularly in the high productivity areas that offer potential for growth and high income generation.

Personal Skills

Awareness building aimed at raising awareness of the specific problems women face in managing a business.

V. Training Strategy

The assessments described in the previous chapter show that employers in the public, parastatal, and private sectors are concerned about the quality of managerial, administrative, analytical, and technical skills available in their organizations specifically, and in the Zambian work force in general. Frequently managers without sufficient and appropriate qualifications and experience are promoted simply because no one else is better qualified. Many individuals show talent but need training to develop their aptitude. Furthermore, some employers have expressed doubts about the quality and appropriateness of the education and training young Zambians receive before they enter the job market.

Several problems are associated with the skill shortages, the consequent vacancies, and the need to use expatriates. In the private and parastatal sectors, profitability is reduced by the higher costs of attracting and retaining expatriates compared to equally qualified Zambians, if they were available. Although donors fund most of the expatriates working in government, alternative uses of these donor resources could produce more valuable long-term benefits to the nation.

To the extent that positions in either the public, parastatal, or private sector cannot be filled, productivity is adversely affected. Productivity also suffers when people lack the skills to accomplish their tasks in an efficient manner. Finally, the sustainability of Zambia's start toward market-driven economic growth can only be assured if Zambians provide the leadership in government and industry.

A. Human Resource Development Options

Human resource development can be undertaken through a variety of approaches and gestation periods. The most fundamental means of tackling skill development is by ensuring that the education system produces graduates who have the basic skills necessary to function productively and to get the most out of further training. Many donors have in the past and are now supporting curriculum development and teacher training for primary schools. This effort, however, will not bear fruit in terms of a larger and higher skill base for a numbers of years.

Strengthening the tertiary institutions that teach technical, professional, and managerial skills yields results in a shorter time. As shown in Annex A, Zambia has many tertiary institutions that prepare students for management and industrial positions, several management institutes, and vocational and commercial training schools.

The vocational schools train people to a level at which they can perform competently in entry-level technical and commercial jobs. Strengthening these institutions to improve the quality of their graduates is crucial to Zambia's ability to train its own human resources. But this approach does not address the near-term demand for mid- and high-level managerial and administrative skills demanded by Zambia's program of economic reforms.

The current demand can be met mainly through training individuals already in or about to move into high-level positions. The cumulative effect of academic and short-term training provided by all of Zambia's donors has been substantial. Many of those individuals trained now hold positions of significant responsibility in the public and private sectors. The benefits of this type of training to the nation include higher productivity and transfer of new skills to colleagues.

1. Training Goal: The goal of the project is to strengthen Zambia's attempts at developing sustainable, market-driven economic development based on free-enterprise principles. Progress toward goal achievement will be monitored through tracking growth in size, numbers, and viability of the country's privately owned enterprises. The rate at which parastatals are privatized will also be tracked.

2. Training Purposes: The project purpose is to strengthen Zambian managerial/administerial/technical capabilities in the private and parastatal sectors and in government agencies that establish policies or provide services that support private sector growth.

B. Proposed Training Interventions

The training plan herein recommended addresses the principal findings of various training needs assessments summarized in Chapter II of this report and detailed in the Annexes. The studies address the training needs of private sector firms, parastatal organizations, and government institutions important to the development of a strong private sector in Zambia. The plan is designed to alleviate specific constraints to expanding the private sector and to increasing efficiency of the public sectors by providing training opportunities within Zambia and the United States as well as within third countries throughout Africa. The following is a description of the training objectives, target audiences, and types of training targeted to promote the development of the private sector in Zambia for the period FY 1991 through FY 1995.

1. Training Objectives: The proposed sector training plan has seven training objectives:

1. To strengthen private sector capacity to take advantage of the new market opportunities, with emphasis on agriculture, agricultural-processing, manufacturing, tourism, transportation, construction, and financial services;
2. To strengthen the capacity of local business support organizations and associations to provide services and to serve as advocates for their membership;
3. To increase the efficiency, productivity, and overall financial performance of organizations in the parastatal sector;
4. To increase public sector understanding of private enterprise through greater public/private dialogue, with emphasis on educating key government officials on pressing private sector needs and issues;
5. To provide skills for policy analysis and program planning and implementation to Government officials dealing with the private sector;
6. To improve outreach to entrepreneurs in the informal sector and to owners of emerging businesses;
7. To support the Government of Zambia's current privatization efforts.

2. Target Audiences: The training program will target the following categories of beneficiaries:

- Owners, managers, and technical staff of existing private enterprises;
- Staff and members of business support associations, including women's organizations and those that support the informal sector;

- Managers and technical staff at all levels in parastatal organizations;
- Key Government of Zambia officials, including key policy-making officials, particularly those having influence on trade, credit, investment, foreign exchange, customs, taxes, and other areas affecting the private sector;
- Women entrepreneurs and managers in all sectors of the economy.

3. Training Modes: Training activities may include: (a) long- and short-term academic and technical training in the United States or in third countries, particularly other African countries; and (b) in-country short-term technical and management training, seminars, workshops, special courses, and applied research activities.

Attendance in existing academic training programs offered by Zambian institutions cannot be financed under this project. Training opportunities for women and the private sector will be encouraged in all categories of training, as described in the following:

a. In-country training: This category includes technical assistance and financial support for in-country technical and managerial training. These activities will normally be conducted in conjunction with a local organization in order to strengthen host country's institutional capability to deliver subsequent programs of the same type. In-country training is short term and will not include academic training or long-term technical training leading to a degree or diploma.

b. Short-term U.S. and third-country training: This category covers short-term training activities and work/study tours in the United States and third countries, particularly other African countries. These programs are generally for a few months or less.

c. Third-country long-term academic and technical training: This category covers academic and technical training in Africa and other developing countries, and may be at any level. Individual training programs should normally not extend beyond three years in duration. Long-term training will be supported in other developing countries, particularly in Africa, generally in the fields of study listed in Paragraph 5 below. Training in African institutions shall be encouraged whenever possible as an alternative to U.S. training.

d. U.S. long-term academic and technical training: Training in the United States will be at the master's level, except in special cases where bachelor's degrees can be justified, particularly for women. Individual training programs should generally not exceed three years in duration. Candidates for advanced degrees will be encouraged to write theses or dissertations on topics directly related to the areas of concentration of the project. Training in the United States will be financed usually only for those disciplines for which comparable training does not exist in Africa.

4. Fields of Study: Training programs to be financed under this project are restricted to subject matters that are directly related to those priority areas that will contribute to the economic and social development of Zambia, as identified in chapter three of this report.

a. Short-term training will include:

(1) Special courses designed to meet specific development needs, to be arranged through third-country regional, national, or private institutions or organizations on an ad hoc basis, including workshops, seminars, and conferences.

(2) Short development courses in the United States such as those offered by the United States Department of Agriculture and universities specializing in development for qualified professionals who need technical or observational programs to upgrade their skills. In addition, special training as arranged by organizations such as Entrepreneurs International for individuals from the private sector.

(3) Work/study tours to other developing countries to observe management and marketing techniques and application of technologies; short-term internships and observational visits to countries where there are activities related to the focus of the training strategy for Zambia.

(4) Training in African institutions and centers for professional and continuing education offered on a regularly scheduled basis. This includes courses given by institutions in developing countries.

b. Long-term training: The following fields are illustrative of those subject matter areas that may be financed:

- Business administration, accounting, marketing, and other skills related to enterprise management;
- Computer science and management;
- Banking and finance;
- Agricultural-industry and food technology;
- Applied economics;
- Research and product development;
- Public sector management and administration; and
- Agricultural Economics, etc.

The following description of training activities is broken down according to training objectives, target audience, and types of training. The training to be undertaken with USAID/ZAMBIA support conforms with the mission's project goal to "enhance market-oriented, sustainable economic development." The following interventions fulfill the strategic goals and objectives as well; that is, to improve the analytical, technical, and management capability of the private, parastatal, and public sectors.

C. Training Objectives and Target Audiences

1. Objective One:

To strengthen the capacity of the private sector to take advantage of the new market opportunities, with emphasis on agriculture, agricultural-business, manufacturing, tourism, transportation, construction, and financial services.

Target Groups:

- Emerging managers/owners of SMEs
- Senior and middle-level managers of medium and large private sector firms
- Senior-level corporate planners
- Technical and supervisory staff of small, medium, and large private sector firms
- Private sector support organizations

Types of Training Activities:

- Support for courses, seminars, and workshops for SME owners managers and technical staff; and senior and middle managers, supervisors, and technical staff from middle-sized and large private sector firms, conducted through private sector support associations, private sector support organizations, NGOs, and training institutions. Support could include course design and delivery assistance from a Zambian or U.S. consultant, and training materials and aids. Topics could include financial management, production management, human resources management, hotel management, farm management, transportation management, and so forth.
- Conference and seminars involving corporate planners/managers and SME owners and managers to support subcontracting opportunities for SMEs. Conferences and seminars would focus on increasing the appreciation of the capabilities of SMEs and the role they play in the expanding economy. They would also help prepare SME owners/managers for subcontracting opportunities by making them aware of the production output and quality standards demanded by larger companies from potential subcontractors and suppliers of goods and services.
- Tuition payments to third country training institutions for long- and short-term certificate and diploma courses in subjects not currently offered in Zambia, such as hotel management and advanced banking. Participants would include private sector senior and middle managers and technical/professional staff.
- Seminars for owners and managers of private companies focusing on investment, diversification, and new opportunities in Zambia's emerging market-driven economy.
- Seminars for Bank of Zambia staff and managers and credit officers from private and parastatal financial organizations to enhance the appreciation of the role that SMEs play in the economy, to increase awareness of the potential and constraints of SME development, and to discuss administration of guaranteed loan schemes for SMEs.
- Study tours for promising SME owners, especially women operating in nontraditional sectors, to observe similar operations in third countries.
- Attachment lasting three to six months of managerial and technical/professional staff, especially those from the tourism and manufacturing sectors, to similar private companies operating in third countries. Employers would be responsible for paying the salary and a portion of the living expenses and airfare of participants.
- Annual lecture by an eminent U.S. business leader.

2. Objective Two: To strengthen the capacity of local business support organizations and associations to provide services to their members and to act as advocates for improving the business climate in Zambia.

Target Group:

- Industry associations officers
- Chambers of commerce officers
- SME owners
- Managers of medium-sized and large private companies

- Government officials affecting the private sector

Types of Training:

- Study tours and attachment for private sector associations and chambers of commerce officers to observe the member development, fund-raising activities, and provision of member services of successful third-country associations.
- Seminars, held at the district level, especially away from lines-of-rail, to enhance interest in industry associations and chambers of commerce membership.
- Support for courses offered by associations and chambers for SME owners, managers, and technical staff using course design and delivery assistance from local training institutions and NGO staff. Topics could include: Machines Purchasing, Supervision, Improve Your Business, and the like.
- Training of trainers courses for association and chamber staff through local institutions.
- Seminars for government officials and trade associations and chambers of commerce officers to establish the legitimacy of associations and chambers and to develop linkages between them and government policymakers.
- Conferences for association officers, members, and potential members both on sectoral and cross-sectoral bases to discuss the goals and functions of associations and to share ideas and approaches.

3. Objective Three: To increase the efficiency, productivity, and overall financial performance of parastatal organizations.

Target Groups:

- Senior and middle-level managers from parastatal organizations

Types of Training:

- In-country courses and action planning workshops for senior and middle-level managers in performance improvement planning, financial management, policy analysis, and related areas offered through local institutions using U.S. consultants to assist in course design and delivery and in materials preparation.
- Academic degrees from U.S. universities, with emphasis on master's degrees in economics, international marketing, accounting, and financial management for senior and middle-level parastatal staff.
- Short overseas courses for middle and senior managers in production and other areas necessary for performance improvement efforts.

4. Objective Four:

To increase public sector understanding of private enterprise through greater public/private dialogue, with emphasis on educating key Government officials on pressing private sector needs and issues.

Target Groups:

- Government officials, including permanent secretaries
- Key private sector owners/managers, industry leaders
- Top managers from the parastatal sector

Types of Training:

- Conferences focusing on sectoral strategies, the investment code, the changing role of parastatals and public organizations, and related areas, attended by leaders from the private, parastatal, and public sectors.

5. Objective Five:

To enhance skills for policy analysis and program planning and implementation to Government officials dealing with the private sector.

Target Groups:

- Key operational staff from Ministry of Commerce and Industry, NCDP, Ministry of Agriculture, and other relevant public organizations
- Permanent secretaries

Types of Training:

- In-country courses and action planning workshops for senior and middle-level managers in performance improvement planning; policy analysis; planning, budgeting and expenditure control; economic modeling; and related areas offered through local institutions using U.S. consultants to assist in course design and delivery and materials preparation.
- Academic degrees from U.S. universities, with emphasis on master's degrees in public service management, public finance, economic modeling, and agricultural economics.
- Short overseas courses for middle and senior managers in performance improvement and policy analysis and design.
- Study tours of permanent secretaries and operational staff to the United States and third countries to observe government services to the private sector and export marketing trade support.

6. Objective Six:

To improve outreach to the informal sector and to emerging businesses.

Target Groups:

- Entrepreneurs and informal sector operators, especially women
- Government officials

Types of Training:

- Conference including informal sector operators, NGO staff members, and private sector support organizations to discuss issues concerning the informal sector, in order to give informal sector operators a sense of empowerment and entitlement.
- In-country courses conducted through NGOs, private support organizations, associations or training institutions for informal operators focusing on topics like cash management, purchasing, sales and marketing, materials control, and so forth.
- Tuition scholarships for courses on entrepreneurship or business start-up. Arrangements could be made with a local institution to underwrite a portion of the fees for such courses, with the participant paying the balance.

7. Objective Seven:

To support the Government of Zambia's current privatization efforts.

Target Group:

- Middle and senior parastatal managers
- Permanent Secretaries
- Operational staff of key ministries

Types of Training:

- Study tours for Permanent Secretaries and operational staff to third countries to observe stock market operations.
- Seminars and Workshops on issues in privatization, such as different objectives for privatizing different organizations, evaluating assets, negotiating equity transfers, and so forth.

Appendix C presents a partial, representative list of discrete training activities that could provide a basis for the design of annual training plans to support the training interventions outlined above.

VI. Cost Estimates

This section contains cost estimates for FY 1991 and FY 1992, and activities for the private, parastatal, and public sectors to be conducted in-country, in the United States, and in third countries.

COST ESTIMATES
FY 1991

	Duration in Days	No. of Participants	Objective(s)	Cost (U.S. Dollars)

IN-COUNTRY TRAINING				

1. Workshop: Project Implementation	1	50		10,000
2. Conference: Issues in Economic Reforms	2	35	4	24,000
3. Conference: Role of Parastatals	2	35	4	24,000
4. Conference: The New Investment Code	2	35	4	18,000
5. Workshop: Export Opportunities for SMEs	2	35	1	24,000
6. Workshop: Financial Mgt in Parastatals	3	25	3	40,000
7. Workshop: Privatization Issues	5	25	7	33,000
8. Course: Financial Mgt in SMEs	15	25	1	55,000
9. Course: Performance Improvement for MOC&I	15	20	1	55,000
10. Course: Planning and Budgetary Control for PSs	10	25	5	40,000
11. Entrepreneurship for Women	10	25	1	26,000
12. Supplementary Lectures: For Self-Study Banking Exam Candidates	40	35	1,3	21,800
Sub-Totals		320		360,800
U.S. TRAINING				

1. Course: Senior Management for PSs and CEOs	60	2	3,4	38,600
Sub-Totals		2		38,600
THIRD COUNTRY TRAINING				

1. Study Tour: Business Association	10	7	2	40,000
2. Study Tour: Regional Stock Exchanges	10	10	5	47,200
Sub-Total		17		87,200
TOTALS		339		486,600

COST ESTIMATES
FY 1992

	Duration in Days	No. of Participants	Objectives(s)	Cost (U.S. Do1

IN-COUNTRY TRAINING				

1. Conference: Sectoral Strategies	2	35	4	24,000
2. Seminar: Subcontracting Opportunities for SMEs	2	35	3	24,000
3. Seminar: Administration of Guaranteed Loans to SMEs	2	23	1	19,100
4. Seminar: Trade Associations	2	25	2	18,000
5. Course: Mgt and OD for Middle Managers	10	25	1,3	40,000
6. Course: Supervisors	5	25	1	12,500
7. Course: Program Planning and Control x2	10	50	5	80,000
8. Course: Farm Mgt	15	25	1	43,600
9. Course: Resource Mgt for Informal Operators	5	25	1	40,000
10. Course: Hotel Mgt for Small Proprietors	10	25	1	40,000
11. Supplementary Lectures: for Self-Study Banking Exam Candidates	80	35	1,3	43,625
Sub-Totals		328		384,825
U.S. TRAINING				

1. Course: Advanced Mgt for PSs and CEOs	60	3	5	38,600
2. Graduate Study	365	3	5,3	150,000
3. U.S. Study Tour	10	5	7	50,000
Sub-Totals		11		238,600
THIRD COUNTRY TRAINING				

1. Tour: Non-Traditional Women Entrepreneurs	10	10	2	47,200
2. Tour: Govt Services for SMEs	10	10	4,2	47,200
3. Attachment: Tour Operators/Agents	90	2	1	11,000
Sub-Totals		22		105,400
TOTALS		361		728,825

Notes to Cost Estimates

The following list contains descriptions of the training activities found on the cost estimates.

Year 1

In-Country

1. Project implementation workshop for USAID staff to introduce the HRDA project key private, parastatal, and public managers concerned with human resources development
2. Conference focusing on economic reform issues attended by senior managers from the private, parastatal, and public sectors
3. Conference focusing on the new role of parastatals in the market economy, attended by senior private, parastatal, and public sector managers
4. Conference focusing on the new investment code attended by senior private, parastatal, and public senior managers
5. Workshop for government officials to inform the owners and managers of small and medium-sized enterprises about export opportunities
6. Financial management workshop for parastatal middle managers
7. Workshop exploring issues involving the privatization of some parastatals, attended by senior-level parastatal managers and those in the public sector making privatization decisions
8. Financial management workshop for the owners and managers of small and medium-sized enterprises
9. Performance improvement course for middle-level Ministry of Commerce and Industry staff
10. Planning and budgetary control course for permanent secretaries
11. Entrepreneurial development course for women owners of small and medium-sized enterprises and informal sector operators

Training in the United States

1. Short advanced management course at a U.S. university for permanent secretaries and parastatal CEOs

Third-Country Training

1. Study tour of business associations and chamber of commerce staff to observe the activities of similar organizations in other countries

2. Study tour of senior public, parastatal, and private sector senior managers to observe the operations of a stock exchange

Year 2

In-Country

1. Conference of Ministry of Commerce and Industry staff to discuss strategies of encouraging growth in various sectors
2. Seminar during which managers from large private firms will meet with the owners and managers of small and medium-sized enterprises to discuss subcontracting possibilities
3. Seminar during which Bank of Zambia staff will explain the guaranteed loan scheme for small businesses to commercial bank managers and credit officers and try to motivate them to administer these loans
4. Seminar for trade association officers, public officials affecting the private sector, and interested owners of small and medium-sized enterprises to discuss issues involving trade associations and chambers of commerce as they provide services to and advocate on behalf of their constituents
5. Management and organizational development courses for private and parastatal middle managers
6. Supervisory management course for private sector supervisors
7. Program planning and control course for public sector middle and senior managers, held twice
8. Farm management course for private and parastatal assistant farm managers
9. Resources management course for owners of small-scale enterprises, including those operating in the informal sector
10. Hotel management course for small proprietors
11. Quarterly four-week lecture series designed to help self-study banking candidates pass exams

Training in the United States

1. Short advanced management course at a U.S. university for permanent secretaries and parastatal CEOs
2. First year of master's degree program
3. U.S. study tour for senior government officials to observe mechanisms of a market-driven economy

Third-Country Training

1. Study tour for women entrepreneurs operating in nontraditional industries to meet and exchange ideas with other women engaged in similar activities
2. Study tour for trade association officials, owners of small and medium-sized enterprises, and government officials to observe the services offered to SMEs by other governments
3. Attachment lasting three months for tour operators and/or travel agents to tour companies or travel agencies

VII. Implementation Plan

A. Background

The following is an illustrative plan for project implementation, showing target dates and administrative arrangements for completing actions. Three considerations are of paramount importance in the design of this plan. First, at the request of the Government, the project should be operational as soon as possible after the expiration of the HIRD Project (30 June, 1991) to avoid a hiatus in A.I.D. support of management development activities in Zambia at this critical time. Secondly, to respond to Zambia's urgent need for improved management skills throughout the economy, methods should be found to increase the amount of in-country training activity during the follow-on to HIRD by making the logistical arrangements less time-consuming and training more cost effective. Thirdly, implementation plans should include comprehensive, systematic approaches to research, monitoring, and evaluation, with measurable benchmarks to assess training effectiveness.

B. Implementation Mechanisms

USAID/Zambia has critically examined the two implementation mechanisms proposed in an evaluation of the HIRD Project, and have discussed them with NCDP, the Government's implementing agency for the project. The mechanisms were:

1. To continue using an HIRD-type arrangement via a competitively selected prime contractor to manage the training and technical assistance programs; or
2. To "buy into" centrally funded AFR projects such as HRDA, MDI, and/or ATLAS.

Through numerous consultations, the mission and government have arrived at a consensus in favor of the "buy-in" mechanism, concluding that it is more cost effective, flexible, and better geared to support the GRZ's policy reform and economic adjustment processes.

C. GRZ Responsibilities

The following agencies, institutions, and organizations will participate in implementation of the project, and will be responsible for supporting and coordinating activities under their jurisdictions.

1. National Commission for Development Planning: The National Commission for Development Planning (NCDP) will have GRZ oversight of this project. As such, NCDP will be responsible for approving: (1) project activities for in-country training programs, (2) public sector candidates for long-term academic training in the United States, and (3) short-term, third-country training. On behalf of the Government, the Permanent Secretaries of the Ministry of Finance and of NCDP will sign the Project Grant Agreement, which will be amended annually to provide incremental funding for project activities.

2. Project Executive Committee (PEC): The existing Project Executive Committee, Chaired by the Permanent Secretary, NCDP, will assist in the governance of this program. The committee, presently composed of senior GRZ officials as well as an official from USAID, should be expanded to include representation from the private sector as well. This would help ensure necessary support from the private sector as well as from the Government.

3. The Private Sector Advisory Board: To achieve project purposes, 50 percent of the project trainees should come from the private sector. Thus, a Private Sector Advisory Board (PSAB) will be established as a subcommittee to the PEC to assist in identifying and implementing all training activities that meet private sector needs under the HRDA project. The active participation by key private sector representatives speaking for a variety of interests within Zambia will significantly enhance the achievement of training results.

The PSAB should be composed of up to nine members, selected from the following sectors:

- Agri-Business (especially export-oriented firms)
- Small and medium-sized enterprises
- Women-owned businesses
- Manufacturing
- Tourism
- Private sector support organizations
- Training institutions

Ideally, at least three of the advisory board members should be women.

The principal tasks of the PSAB will be to assist the PEC to:

- a. Review proposals for training and make recommendations for action;
- b. Set criteria and select candidates for training programs;
- c. Disseminate information about planned training activities affecting the private sector;
- d. Evaluate project training and recommend improvements; and
- e. Assist in the selection of training providers.

D. USAID Responsibilities

1. USAID/Zambia: USAID/Zambia will be responsible for:

- a. Ensuring that project training activities will be focused on human resource constraints in public, private, and parastatal sectors;
- b. Coordinating with NCDP for the recruitment, selection, and monitoring of participants sent overseas for training;
- c. Developing follow-up activities for returned participants;

- d. Liaising with the private sector through regular meetings between USAID/Zambia officials and business leaders;
- e. Identifying and developing training programs to be conducted locally, in third countries, and in the United States;
- f. Developing appropriate themes for technical seminars and business leadership workshops;
- g. Processing contracts with local training providers and monitoring performance and results;
- h. Evaluating training contracted through local institutions;
- i. Identifying qualified and appropriate U.S. resources to involve in private sector training for Zambians; and
- j. Developing base-line data and periodic assessments of training results.

In all of these tasks, USAID/Zambia will coordinate closely with NCDP.

In addition to the above responsibilities, USAID/Zambia will be responsible for (1) the preparation of Scopes of Work and PIO/Ts to fund technical assistance for in-country training activities, (2) the preparation of PIO/Ps to fund external participant training, (3) the preparation of PIO/Cs to procure necessary training equipment for government institutions to enable them to mount certain training activities, (4) contracting through A.I.D. IQC for project evaluation services, and contracting with a PSC to serve as Project Implementation Manager.

2. USAID/Washington Programming Backstopping: AFR/TR/EHR will backstop the USAID/Zambia training office as necessary, through use of its HRDA Regional Training Support Advisor (TSA). The TSA will assist A.I.D. mission personnel with implementation of Private Sector Training under HRDA.

The TSA reports directly to the Private Sector Training Coordinator in Washington, and will interact with A.I.D. mission personnel, local training institutions, business support associations, and others as necessary.

The TSA will assist USAID mission personnel, as needed, in performing the following tasks:

- Modifying Country Training Strategies and Plans;
- Facilitating the implementation of private sector training plans; and
- Advising missions of the best available private sector training in the United States and U.S. organizations available for in-country courses, workshops, and seminars.

The TSA will assist training institutions in improving, as needed, their capacities to provide appropriate training in support of HRDA goals. This includes the following:

- Assisting in course development;
- Serving as a resource to identify technical resources required to develop course materials;

- Facilitating linkages with designated U.S. institutions;
- Functioning as a catalyst to advance private sector training in government institutions and to promote its sustainability in these institutions.

The TSA will actively serve as a liaison between A.I.D./Washington and the HRDA missions, communicating issues raised in the field to Washington, as well as providing information to the mission regarding innovative techniques utilized in other HRDA countries.

3. Additional Technical Assistance Available: Additional assistance is available to the mission under the LABAT-ANDERSON Inc. HRDA contract. Missions may "buy-in" to the LABAT-ANDERSON contract for services related to private sector training activities. Instances where a LABAT-ANDERSON buy-in may be advisable for the mission include:

- In-depth training assessments of target populations highlighted in other needs assessments, for example, informal sector, women entrepreneurs, the manufacturing sector, the agribusiness sector, mid-level and line managers, and so forth;
- In-depth assessments of local training resources to identify immediately available in-country resources and target areas to be strengthened through HRDA assistance, for example, training of trainers, curriculum development, staff development, and so forth.
- Identifying training and technical resources available for U.S., third-country, or in-country training; handling of contracting, implementation, and other follow-up activities in order to facilitate the activity for missions.
- Design and implementation of in-country training activities from the needs identified in the assessments described above or from other needs which become evident over time. These could include joint development of training courses with local institutions.

LABAT-ANDERSON can directly provide services for most of the illustrations cited above through its associates roster of short-term consultants. A few of the specialized services required by the missions may be new kinds of training activities, for which there are no existing "off-the-shelf" programs. When appropriate, LABAT-ANDERSON will provide services through subcontracting with other individuals, firms, universities, and institutions who will bring their expertise to bear in designing new training to reflect the specific needs of the local private sector.

E. Activity Schedule

The following illustrative schedule shows the project's major implementation actions and the implementing agent for each activity.

1. In-Country Training

- (1) **Action:** Needs assessment completed and training priorities established for in-country training
Completion Date: June 1991
Responsibility: USAID/GRZ/LAI

- (2) **Action:** Training Strategy approved
Completion Date: June 1991
Responsibility: USAID/GRZ
- (3) **Action:** Local training institutions (subcontractors) selected for in-country training
Completion Date: June 1991
Responsibility: USAID/GRZ/LAI
- (4) **Action:** Training Strategy approved
Completion Date: June 1991
Responsibility: USAID/GRZ
- (5) **Action:** Project Implementation Workshop conducted
Completion Date: Oct 1991
Responsibility: USAID/LAI
- (6) **Action:** In-country Courses/Workshop begin
Starting Date: October 1991
Responsibility: USAID/GRZ/LAI

2. Long-Term Academic Training in the United States

- (1) **Action:** Scholarship Announcements
Completion Date: Nov. 1991
Responsibility: USAID/GRZ
- (2) **Action:** Candidates submit applications to USAID
Completion Date: Nov.-Dec. 1991
Responsibility: USAID, Applicants
- (3) **Action:** Select Contractor
Completion Date: Jan. 1992
Responsibility: USAID
- (4) **Action:** USAID and GRZ review applications
Completion Date: Jan.-Feb. 1992
Responsibility: USAID/GRZ
- (5) **Action:** USAID schedules TOEFL, GRE, and GMAT examinations
Completion Date: March 1992
Responsibility: USAID/GRZ
- (6) **Action:** Candidates take examinations
Completion Date: April-May 1992
Responsibility: USAID
- (7) **Action:** USAID and GRZ receive test results and select finalists
Completion Date: Nov. 1992
Responsibility: USAID/GRZ

- (8) **Action:** USAID prepares draft PIO/Ps
Completion Date: Nov.-Dec. 1992
Responsibility: USAID
- (9) **Action:** USAID arranges for processing of PIO/Ps
Completion Date: Jan. 1993
Responsibility: USAID
- (10) **Action:** USAID forwards PIO/Ps to Contractor for placement in U.S. universities
Completion Date: Jan. 1993
Responsibility: USAID
- (11) **Action:** Medicals, visas for candidates
Completion Date: July 1993
Responsibility: Contractor/USAID
- (12) **Action:** Departure Orientation
Completion Date: July 1993
Responsibility: USAID and GRZ
- (13) **Action:** Participants begin long-term academic training
Completion Date: Aug. 1993
Responsibility: Contractor/USAID

This process will be repeated each year for U.S. long-term training (calendar years 1993-1995).

F. Project Implementation Workshop

A Project Implementation Workshop will be a key element of the implementation arrangements. The 2- to 3-day workshop will bring together USAID/Zambia Mission Representatives, the PEC, and PSAB and government agencies which have roles to play development of the private sector. Using the Country Training Strategy and The Annual Training Plan as starting points for discussion, the group will discuss private sector training priorities, responsibilities, collaborations, and implementation strategies for the plan. The goal will be to include both private and public sector players in the discussion of how to successfully implement the plan so as to ensure the active cooperation of all parties. The Mission will request A.I.D./Washington to provide technical assistance for this conference, by sending a facilitator, preferably someone who participated in the initial needs assessment. The mission will consider making the workshop a bi-annual activity to regularly assess the progress of the program.

G. Monitoring and Evaluation Considerations

Because many data and information needs fulfill dual functions, monitoring and evaluation arrangements are discussed together in this project paper. Gender disaggregated data will be collected in all cases, to allow USAID to monitor the impact of the project on women.

The USAID/Human Resources Development Officer (HRDO) will be responsible for the overall project monitoring in collaboration with other appropriate management and technical officers in the Mission. The HRDO will maintain continuous liaison with the GRZ participating institutions, with pertinent regional programs, and the USAID/Washington Africa Bureau. The HRDO will serve as the

main contact between the appropriate fiscal, legal, and administrative offices of USAID/Zambia to ensure accurate and complete reporting for the Mission and for USAID/Washington. A PSC will assist the HRDO in monitoring implementation.

1. Reporting Requirements: The contractors will be required to submit the following reports to USAID/Zambia beginning with the effective date of the contract:

- (a) Semi-Annual progress reports summarizing all actions that have taken place.
- (b) Training Implementation Plans (TIPS), Quarterly and/or semester academic reports for all participants in external training, detailing any changes in the status (name, university, field of study, entrance and graduation dates, performance, and other remarks in accordance with the requirements in USAID Handbook 10).
- (c) Quarterly financial reports summarizing all financial activity in the project during the given period. This will include information on long- and short-term participants.

2. Special Studies: During the early months of the first contract year, studies of the private sector training needs will have been conducted as part of development of the in-country training strategy.

USAID/Zambia, in conjunction with NCDP and other GRZ and private sector entities, may determine that other studies are required during the course of the project; for example, the issue of private sector contribution toward training, especially at mid and senior levels, could be examined.

3. Evaluations: The project includes arrangements for evaluations in addition to monitoring and detailed reporting. There will be a mid-term formative evaluation during year three and a summative evaluation during the last year of the project.

Formative Evaluation

The mid-term evaluation will concentrate on process variables in order to assess the necessity of modifying the project plan and implementation, or specified performance tasks and/or functions of the implementing agencies. This evaluation will be conducted during the third year of implementation. The formative evaluation will also be concerned with the management of each of the project's three components. In addition, the mid-term evaluation will examine the post-training progress of in-country trainees. The purpose will be to determine if the trainees will have increases in responsibility in their workplace, and to record their opinions on whether they have been able to put their new knowledge and skills into practice. The evaluation will also give them an opportunity to suggest improvements for future courses.

Summative Evaluation

The summative evaluation shall be conducted in the fifth and final year of the project. This evaluation will describe the impact of the three project components on the project's purposes and on the profile of the management cadre in the public, private, and parastatal sectors.

APPENDIX A

Training Institutions

After fifteen years of economic decline, Zambia faces two significant training/human resources challenges. On one hand, there is a scarcity of job opportunities for marginally qualified persons who are, as a result, forced into the informal sector. On the other, an exodus of highly qualified Zambians due to a drop in real incomes has resulted in an over-reliance on expatriate personnel.

In addition to the lack of very highly trained manpower such as doctors, engineers, and college lecturers, most sectors of the economy experience shortages of accountants and technical and middle managerial staff.

While Zambia was able to exceed the Third National Development Plan (1979-87) manpower output targets for university graduates, although not necessarily in critical fields, the country fell short by 13,000 persons of targets for training technicians, craftsmen, and artisans.

The government blames this failure on the lack of funding of the country's training institutions, inadequate institutional capabilities, a shortage of lecturers, high turnover of qualified training manpower due to poor conditions of service, and poor planning and management of human resources. An estimated 30 percent of the lecturers positions in highly specialized fields remain vacant.

The manpower output targets set in the Fourth National Development Plan (1989-1993) are:

High Level (University Trained)	4,073
Upper Middle Level (Vocational or Technical Diplomas)	8,409
Lower Middle Level (Vocational or Technical Certificates)	15,347
 Total	 27,829

To meet these new targets, the Government is continuing its general program of rehabilitating and extending the physical plants of the nation's schools and institutions; offering greater incentives to trainers, such as higher pay, better working conditions and opportunities to upgrade skills, and involving the private sector in curriculum design through advisory boards.

Assessment of Training Institutions

The following section contains an assessment of Zambia's training institutes. Most of the data about the institutions were collected through a mail survey. Additional information concerning was obtained through interviews with private, parastatal, and public sector clients, and some principals of local training institutions.

Methodology

USAID mailed questionnaire forms and cover letter to 113 training providers, approximately four weeks before the assessment team arrived in Zambia. The institutions, identified through conversations, telephone listings, and advertisements, included private and public institutions and colleges, in-house corporate training centers, and consulting firms.

Items on the questionnaire included questions about the geographic coverage of the institution; types and lengths of training offered; the institution's target population; fields of study offered, with the relative importance of each; the institution's strengths; training areas of high demand; the institution's capacity and facilities; numbers of teaching and administrative staff; experience of faculty members in the private and public sectors; number of persons trained during 1990; percentage of women trained in 1990; economic sectors employing graduated students; sources of funding; and lastly, constraints faced by the institution.

Fifty-four training providers answered the questionnaire; a return rate of approximately 48 percent. Areas of primary training focus were distributed as follows:

	(N)	(%)
Business and Management	20	37
Agriculture	16	30
Technical	7	13
Teacher Training	4	7
Secondary Education	4	7
Health Sciences	1	2
Social Sciences	1	2
Communications	1	2
Total	54	100

A. Business and Management Training Institutions

1. Location

The vast majority of the business and management institutions, training centers, and consultants answering the survey are based in Lusaka. At least four also have branches on the Copperbelt.

<u>City</u>		<u>Coverage</u>	
Lusaka	15	Nationwide	11
Kitwe	1	Provincial Level	3
Mposhi	1	District Level	1
		Corporate	2

2. Length and Type of Training

Most training providers concentrated on skills-specific courses, in-plant training/consultancies, and workshops or conferences lasting between a few days and four weeks. Six management training institutions conduct courses leading to professional qualifications which last from one month to longer than a year.

3. Target Group

With a few exceptions, business and management training providers focused on middle managers, and supervisory and support staff. Eleven trainers said that they also train top managers. However, with some of the more sophisticated trainers, such as Deloitte and Touche and Standard Chartered Bank Training Centre, reporting that they train only up to the mid-managerial level, there is a suspicion that the definition of a top manager varies across the sample, and that some institutions who said that they train top managers in fact only train to the middle manager level.

4. Numbers of Trainees

Combined, the business and management institutions surveyed trained 5,786 persons in 1990.

Number of Trainees in 1990

<u>No. of Trainees</u>	<u>No. of Institutions</u>
1 - 35	2 (10%)
35 - 100	3 (15%)
101 - 300	6 (30%)
More than 300	8 (40%)

The extent to which institutions filled their capacity is difficult to determine because most students attended only short courses and classroom turnover was high. However, with a ratio of 2 to 1 between trainees and classroom spaces, and with most courses lasting far less than a year, it appears that, overall, management training institutions were only partially filled.

5. Women

Women made up 38 percent of the students trained by business and management trainers in 1990. The colleges that had a strong emphasis on secretarial services enrolled at least 50% women.

Women made up approximately one-third of those studying in-house training centers and public institutions, but less than one-fifth of those trained by most consulting firms, which suggests that employers do not consider many women to be in high enough priority training groups to include in relatively expensive training.

6. Target Sectors

When asked which sectors their students entered or returned to after completing their courses, respondents answered that the industries employing the majority of their students were manufacturing, financial, and public sectors.

Agro-Business	5%
Transportation	5%
Mining	5%
Tourism	5%
Commerce	15%
Manufacturing	20%
Financial Services	20%
Public Sector	20%

In Zambia, with parastatal and public organizations making up 80 percent of the economy, the public sector may not be mutually exclusive from other sectors on the list. Many respondents appeared to select the classification "public sector" as a catchall for students who worked in the public sector, but whose functions were unclear.

The liberalization of the economy has made training in the private sector more attractive to providers. Although 65 percent already conduct private sector training, most expressed a desire to do more. Such training is perceived to be more interesting, flexible, and lucrative than training in the public and parastatal sectors.

This may not, however, be the case. While most private companies expressed a need for further staff training, many seemed reluctant to actually enroll their employees in appropriate courses and programs, explaining that training took their most productive staff off the job and increased the likelihood of them being poached by competing firms.

On the whole, private companies who are in a position to offer attractive payment packages prefer to recruit already trained staff from parastatals in order to avoid training costs. This phenomenon prompted the Human Resources Director of one large parastatal to speculate that training in Zambia will slow once parastatals, who have traditionally encouraged staff training, become private and begin to compete with companies who typically invest far less in training.

7. Funding

Most business and management institutions reported that their primary source of funding was sales of training or consultancy services. Twenty percent received in-house funding.

Another twenty percent of the training providers surveyed were funded primarily by the government. Some complained about the lack of autonomy associated with such funding. Another complaint was that the level of government funding was low, which had a negative effect on institutional standards.

Primary Sources of Funding

	(N)	(%)
Government	4	20%
Sales	10	50%
International Donors	2	10%
In-House Company Financing	4	20%

8. Quality of Instruction

The quality of the training that Zambia's management training institutions offer is of concern both the institutions and their clients.

The major constraints to offering good quality training were cited by trainers as being: poor staffing (65%), lack of educational materials and aids (30%), and inadequate facilities (40%). A few public institutions mentioned government interference as an additional constraint.

2. Staffing

On the whole, faculty tended to have more private sector experience. Forty-five percent of the business and management institutions surveyed reported that at least 75 percent of their staff had public sector experience. Fifty percent said that the same proportion of their staff had public sector experience.

Attracting and retaining qualified staff is a continuous problem for training institutions. Qualified business trainers are often attracted away from teaching into other, more lucrative sectors where payment is more commensurate with the high, economywide demand for their skills. As a result, course and curricula offerings are basic and rarely progress beyond beginning or intermediate treatment of the subjects taught.

The lack of higher intermediate and advanced training is felt most critically by those working as or employing certifiable professionals such as accountants, and more particularly, bankers, who currently can only achieve a fully qualified status by studying for several months overseas.

Sixty-five percent of the business and management training providers report that they have some sort of staff development in place. Paradoxically, the best staff development programs sometimes encourage a higher turnover by making individual trainers even more attractive to other employers.

Most directors of training institutions fully acknowledge that higher faculty salaries are crucial to stemming the exodus of qualified staff from training professions. However, establishing higher pay may not be possible, especially in public institutions where pay scales are externally set. To augment low staff salary rates, the director of one public institution confided that he actively seeks outside consulting opportunities for staff members, for which they are paid directly, bypassing government control and auditing systems. The management of another important management training institution decided to waive government funding in order to have more flexibility in offering competitive salaries to their staff.

Even training providers who are free from government salary scales may have problems paying their trainers what they would like. There is an overall reluctance on the part of clients to pay what training providers consider to be market prices. This is partly because of Zambia's slow economy, the

precedence of low rates set by public institutions, and the general lack of confidence in the quality of instruction in higher level management courses that local trainers offer.

In-house corporate training centers and programs do not always escape the problem of finding and keeping qualified trainers either, in spite of their access to pools of qualified people. The training sections of many private organizations have less status than other departments. Up-and-coming professionals generally consider assignment to training activities as evidence of a stalled career, and begin to look elsewhere for employment.

The training providers in the best staffing position are the international consulting firms like Deloitte and Touche, Coopers and Lybrand, and KPMG Peat Marwick, who in addition to qualified local trainers, have access to regional and international experts. The larger Zambian institutions also have rosters of local and regional consultants with expertise not available in their institutions, but again, are inhibited by cost constraints.

10. Educational Material and Aids

A critical lack of foreign exchange prevents most training providers from obtaining the books, materials, and instructional aids that they require. Even large, well-established training institutes have difficulty acquiring reference books for their trainers and students.

Given the scarcity of imported current books and materials, the recent worldwide emphasis on developing country-specific training materials is especially important in Zambia. The larger, better established local institutions, like the National Institute of Public Administration (NIPA) and the Management Services Board (MSB) have begun to develop case studies, but acknowledge that this activity requires a level of expertise that they do not always have.

They view collaboration with funding agencies who hire overseas consultants to conduct courses through local institutions as an excellent means of building the materials development capability of those institutions. Where this has failed in the past, consultants have arrived shortly before the beginning of a course with a ready-made packet of materials, and left immediately after the course ended. A period of between one and two weeks before and after a course is generally suggested by institutions as the amount of time needed for local trainers to be meaningfully involved with consultants in materials preparation and course evaluation.

11. Facilities

Seventy percent of the business and management trainers have libraries, 55 percent have access to transportation, 55 percent offer residential housing to their students, and 45 percent use computers for instruction.

Although the questionnaire did not specifically ask about the condition or adequacy of facilities, only about their existence, several institutions indicated in margin notes that their libraries, housing facilities, and so forth, were substandard.

There are, however, training institutions that have excellent facilities, like the Zambia Insurance Business College Trust, which boasts of computer and cine-projection rooms, a model bank, recreational facilities, and one of the most extensive insurance libraries in Africa. When institutions do possess facilities that are unique, or generally scarce, they are often willing to allow other institutions to use them either for rent or free of charge.

12. Institutional Development

Management training institutions see two areas as being crucial to their future development: ability to assess clients' training needs and strategic planning.

Currently, most institutions rely on the training officers of various organizations to assign participants to scheduled courses. Since many training officers do little more than handle the logistics and recordkeeping associated with training, institutions sometimes find that participants are placed almost randomly in their classes.

Even when courses are thoughtfully selected and applicants carefully screened, institutions wonder if the training they provide truly meets the needs of the individual and his or her organization. Trainers feel that relevance becomes especially important as they direct more of their attention to private sector training.

Most see training needs assessments and course evaluations as the answer, but usually require further staff training before such programs can be implemented. This is an area in which many training providers requested technical assistance.

The more mature training institutions are becoming increasingly aware of their need for strategic planning. The head of the National Institute for Public Administration (NIPA), for example, expressed the difficulty he has in determining the success of his organization and the efficiency with which it utilizes resources in the absence of set targets and objectives.

Since the need for strategic planning is economywide, management trainers see the opportunity of teaching other private and public organizations to plan, once they themselves have mastered strategic planning methodologies.

B. Technical and Engineering Training Institutions

Technical institutions tend to be older and more geographically dispersed than business and management institutions. All of the six technical institutions who answered the questionnaire were founded before or during the 1960's. Half were located outside of Lusaka.

1. Length and Type of Training

All of the institutions offered technical qualification courses lasting at least nine months. Most run skills-specific courses which last between one week and several months. Only one trainer reported offering in-plant training or consultancies.

2. Numbers of Trainees

The engineering and technical institutions answering the questionnaire trained a combined total of 2,536 persons in 1990.

Number of Trainees in 1990

<u>No. of Trainees</u>	<u>No. of Institutions</u>
1 - 35	1 (14%)
35 - 100	0
101 - 300	3 (43%)
More than 300	3 (43%)

3. Women

Women were only marginally represented among the students trained in technical institutions during 1990. The sample average of women students was only 12 percent. Two schools, however, Livingstone Trades Training Institute and Kabwe Trades Training Institute, enrolled between 20 and 30 percent women.

4. Target Groups

Predictably, technical trainers concentrate on technical, supervisory, support, and entry-level staff. The Northern Technical College and Livingstone Trades Training Institute, however, also train middle managers.

5. Target Sectors

Technical institutions reported that the sectors they served were:

Agro-Business	0
Transportation	0
Mining	14%
Tourism	0
Commerce	0
Manufacturing	29%
Financial Services	0
Public Sector	57%

6. Funding

The government was the primary source of funding for all of the technical institutes who gave funding information (86%).

Like their counterparts in management institutions, technical trainers complain that funding is often too low for them to operate effectively.

7. Staffing

Fifty-seven percent of the technical institutions reported that they had staffing problems. Conditions of service is a major constraint to retaining staff. Many technical trainers, especially those based in rural areas, complained of substandard teachers' housing and a lack of transportation.

Four of the institutions said that at least 75 percent of their staff have private sector experience. Five reported that at least 75 percent of their staff have public sector experience. Seventy-one percent said that they had a staff development program.

8. Facilities

Fifty-seven percent of the technical institutions surveyed have access to transportation and 86 percent have libraries or study rooms. All of the technical institutions answering the questionnaire have residential housing. None use computers during instruction.

Eighty-six percent of the respondents from technical institutions had complaints about their facilities. Inadequate facilities and materials are a critical constraint to technical trainers because workrooms, equipment, and supplies are an integral part of their instruction. These shortages have not escaped the notice of clients. Technical institutions, which were previously well-regarded, have generally developed the reputation of being poorly outfitted to the point that their ability to offer quality instruction is severely hampered.

C. Agricultural Institutions

Farmers' training colleges are very well distributed at the district level. Of the 16 agricultural trainers responding to the survey, only three were located in Lusaka.

1. Length and Type of Training

The district farmers training centers, with the exception of Isoya Farmers' Training Centre, reported offering only short skills specific courses and workshops lasting from a few days to four weeks. These centers primarily offer refresher courses and instruction on various farming and crop techniques.

The larger training centers, which serve nationwide, typically offer technical, diploma, and skills-specific courses which last between a few months and two years.

2. Focus Group

Agricultural institutions concentrate mainly on public and parastatal technical, supervisory, and support staff. Farmers are often the only private sector clients that they serve.

3. Numbers of Trainees

Combined, the agricultural trainers in the sample trained 7,332 students in 1990. Women comprised 30 percent of those trained.

4. Sectors Served

As can be expected, agricultural trainers served a fairly narrow group of sectors. Clients were concentrated in the agro-business industry (88%) and the public sector (6%).

5. Funding

The major source of funding for agricultural institutions was the government:

Government	75%
Fees and Sales	6%
International Donors	13%
In-house Company Financing	0
Not Indicated	6%

Fifty-six percent cited low levels of funding as a major constraint.

6. Staffing

Sixty-five percent of the agricultural trainers answering the questionnaire said that attracting and keeping qualified staff was a constraint. Agricultural trainers did have less private and public experience than their counterparts in other types of institutions. Only three institutions reported that at least 75% of their staff had private sector experience, while eight said that the same proportion of their staff had public sector experience.

Thirty-one percent of the agricultural institutions reported having a staff development program.

Despite having less experienced staff than other types of institutions and offering relatively fewer opportunities for staff development, the national agricultural colleges and institutions generally enjoy a good reputation among their clients.

7. Facilities

Forty-three percent of the agricultural colleges surveyed have access to transportation, 38 percent have libraries or study rooms, and 94 percent have residential housing. Nineteen percent use computers during instruction.

Most agricultural trainers were dissatisfied with their facilities. Seventy-five percent said that they were inadequate.

Some General Observations About Training Institutions

- Virtually all training institutions and centers have difficulty attracting and retaining qualified staff because of low pay and, in some instances, poor working conditions.
- The lack of access to foreign exchange prevents even well-established training institutions from acquiring books and educational aids and materials.
- Most institutions are underfunded either because of low government funding, or in the case of private institutions, a reluctance or inability of clients to pay market prices.
- There are a number of fairly sophisticated management training providers, both private and public, most of whom are actively engaged in staff and institutional development.
- Management training is generally available only in Lusaka and cities on the Copperbelt.
- With a few exceptions management training ends at the middle management level. Clients generally consider high-level management training to be unavailable in Zambia.
- Facilities in technical institutions are poor, which seriously affects the quality of technical training in Zambia.
- Rural-based institutions experience severe transportation problems and sometimes lack basic amenities such as water.
- National farmers training institutions are generally well-regarded, though instruction usually stops at the middle managerial level, in spite of the need for senior-level management courses for the top managers of commercial private and parastatal farms.
- The network of farmers' training centers is extensive and covers most districts; however, most offer only refresher and other very short courses.
- Women are well-represented in management and agricultural institutions, but not in technical schools.

Business Trainers

Primary, Secondary, and Tertiary Foci of Course Offerings

	a	b	c	d	e	f	g	h	i	j	k	l	m	n
Barclays Bank	1	—	—	—	—	—	1	—	1	1	2	—	—	2
Coopers and Lybrand	1	—	1	—	—	—	2	—	—	—	2	3	—	—
Zambia Insurance College	1	1	2	2	1	—	—	—	—	—	1	2	1	1
KPMG Peat Marwick	1	—	—	—	—	—	1	—	—	—	—	—	—	—
Deloitte and Touche	1	—	—	1	—	—	2	—	—	—	2	2	—	—
Garden College	1	3	—	—	2	—	—	1	1	—	—	—	—	—
Regent College	2	—	—	—	3	—	—	—	—	—	—	—	—	1
M&M Mgt and Labour Cons.	2	—	1	—	—	—	—	—	—	—	—	—	—	1
Mgt Services Board	1	—	—	—	—	—	3	2	—	—	—	1	2	3
Mgt Dev Training Centre	—	—	1	—	—	—	—	—	—	—	1	1	1	1
Nkomo Intern't'l College	1	—	—	—	1	—	—	—	—	—	—	—	—	—
Sol-Consult	2	—	—	—	—	—	—	—	—	—	—	—	—	—
NIPA	1	2	2	2	2	2	—	1	—	—	2	—	2	1
Zambia Centre for Acct.	1	—	—	—	—	—	—	—	—	—	—	—	—	—
Mindolo Ecumenical Fndn.	—	—	—	—	—	—	—	—	—	—	—	1	—	1

- a. Accounting
- b. Advertising
- c. Business Administration
- d. Business Management
- e. Business Studies
- f. Commerce
- g. Credit Management
- h. Entrepreneurial/Business Start-Up
- i. Exporting
- j. International Business
- k. Marketing and Research
- l. Productivity
- m. Quality Control
- n. Secretarial Skills

Management Trainers

Primary, Secondary, and Tertiary Foci of Course Offerings

	a	b	c	d	e	f	g	h	i	j	k	l
Barclays Bank	3	—	—	1	3	1	—	—	2	—	—	3
Coopers and Lybrand	—	—	2	2	—	—	2	1	—	3	2	—
Zambia Insurance College	2	—	—	—	2	3	3	3	3	—	1	1
KPMG Peat Marwick	—	—	—	—	1	—	—	—	—	—	—	—
Deloitte and Touche	3	—	—	1	1	—	—	—	—	—	—	1
Garden College	—	3	—	1	—	—	—	—	2	—	—	—
M&M Mgt and Labour Cons.	1	—	2	—	1	2	—	—	—	—	—	1
Mgt Services Board	—	—	—	1	1	—	—	—	—	1	—	1
Mgt Dev Training Centre	—	—	—	1	1	1	1	1	1	1	—	1
NIPA	1	—	1	1	1	1	1	1	1	2	1	1

- a. Administration and Management
- b. Agricultural Management
- c. Development Management
- d. Human Resources/Personnel Management
- e. Management
- f. Policy Implementation
- g. Policy Formulation
- h. Project Management
- i. Project Planning
- j. Production Management
- k. Public Administration
- l. Supervisory Management

Engineering Trainers

Primary, Secondary, and Tertiary Course Offerings

	a	b	c	d	e	f	g	h	i	j	k
Kabwe Trades Training Inst.	1	1	1	—	1	1	—	—	—	—	—
Lusaka Trades Training Inst.	—	1	1	—	—	1	—	1	—	1	—
Northern Technical College	1	—	—	—	—	1	—	1	—	—	—
Water Supply Operations Training Course	—	—	—	—	—	3	—	2	—	—	1
Roads Dept. Training School	—	—	—	—	—	—	—	—	—	—	1

- a. Agriculture Engineering
- b. Automotive Engineering
- c. Building Engineering
- d. Chemical Engineering
- e. Civil Engineering
- f. Electrical Engineering
- g. Land Surveying Engineering
- h. Mechanical Engineering
- i. Mining Engineering
- j. Technical Engineering
- k. Water/Highway Engineering

Technological Trainers

Primary, Secondary, and Tertiary Course Offerings

	a	b	c	d	e	f	g	h	i
Kabwe Trades Training Inst.	—	1	1	—	—	—	—	—	—
Lusaka Trades Training Inst.	—	—	1	—	2	1	1	—	1
Nakambala Training School	—	—	1	—	—	—	1	—	1
Northern Technical College	—	—	—	1	1	2	—	—	—
Water Supply Operations Training Course	2	—	—	—	2	—	—	—	1

- a. Mechanical Repairs
- b. Blacksmithing
- c. Woodworking
- d. Refrigeration
- e. Welding
- f. Electrical Maintenance
- g. Masonry
- h. Leatherworking
- i. Water Operations

Agriculture

Primary, Secondary, and Tertiary Course Offerings

	a	b	c	d	e	f	g	h	i	j	k	l
Mkushi Farmers' Training Centre	1	2	2	2	3	—	—	—	2	2	—	—
Mufumbwe Farmers' Training Centre	1	3	3	2	—	—	1	—	2	—	—	—
Mukulaikwa Farmers' Training Centre	1	1	1	1	—	—	1	—	1	1	1	1
Petauke Farmers' Training Centre	1	—	1	—	1	—	1	—	—	1	2	1
Central Veterinary Research Institute	—	1	1	—	1	—	1	1	1	1	1	1
Isoya Farmers' Training Centre	1	2	3	1	1	3	3	3	3	3	3	3
Kalulushi Farm College	3	3	1	1	—	1	3	—	2	—	—	—
Katete Farmers Training Centre	3	—	—	2	—	2	1	2	1	1	1	—
Ministry of Agriculture Training Section	—	—	1	—	3	—	—	—	2	2	1	1
Mpika Farmers' Training Centre	1	—	—	2	—	1	—	—	—	3	—	—
Natural Resources Development College (NRDC)	1	1	1	1	1	1	—	1	3	1	1	1
Palabana Dairy Training Institute	—	1	1	1	—	1	—	—	—	2	3	1
Samifya Farmers' Training Institute	1	1	1	1	—	1	3	1	2	1	1	3
Zambia Centre for Horticultural Training	—	—	—	—	—	—	—	—	1	—	—	—
Zambia College of Agriculture	—	1	2	3	—	—	—	—	—	—	—	—

- a. Agriculture
- b. Agricultural Economic
- c. Agronomy
- d. Environmental Sciences
- e. Farming
- f. Fisheries
- g. Food Sciences
- h. Forestry
- i. Horticulture
- j. Land Management
- k. Rural Development

A Listing of Training Institutions

The following is a list of some of the training institutions that answered the survey questionnaire. It provides further, self-reported information about some of the institutions included in the matrices of course offerings.

Business and Management Training Providers

1. Barclays Bank, P.O. 31936, LUSAKA Tel. 253610/251028

Strengths: Offer Barclay staff an opportunity to upgrade their skills throughout their banking careers

Type of Training: Skill-specific courses, in-plant training, workshops

Duration of Courses: One to four weeks

Facilities: Six classrooms accommodating up to 110 students; Transportation; Library/Study Room; Residential Housing; Computers

Faculty/Staff: 8 full-time trainers; occasional consultants; 7 managerial/administrative staff

Number Trained in 1990: 1,000; 40 percent women

Targets: Bank middle managers, supervisory staff, and support staff

Sectors Served: Financial Services (100%)

Major Sources of Funding: In-house company financing

Constraints: Shortage of qualified training staff; lack of foreign exchange to obtain teaching aids

Barclays has on occasion trained Bank of Zambia staff. They frequently have empty classrooms, which they rent to other organizations.

2. Coopers and Lybrand, P.O. Box 30885, LUSAKA Tel. 227741/2

Strengths: Accounting and Management Information Systems; selection and implementation of application software

Type of Training: Skill-specific courses, in-plant training, workshops

Duration of Courses: One to five days

Facilities: None, training is conducted at clients' premises

Faculty/Staff: 1 part-time trainer; 2 consultants; 1 managerial/administrative staff

Number Trained in 1990: 100; 10 percent women

Target: Private, public, and parastatal senior managers, middle managers, technical staff, and supervisory staff

Sectors Served: Commerce (80%), Mining (20%)

Major Sources of Funding: Sales of training and consulting services

Constraints: Shortage of qualified accountants; lack of clients funds (the economy); lack of reinforcement of training matter through practical application

3. Deloitte and Touche, P.O. 30030, LUSAKA

Tel. (01) 228677-9

Strengths: Middle management skills and performance improvement; accounting; computer skills

Type of Training: Skill-specific courses, in-plant training, workshops

Duration of Courses: One to five days; one to four weeks

Facilities: 1 classroom accommodating up to 20 people; transportation; library/study room; computers (pending)

Faculty/Staff: 2 full-time trainers, 3 part-time trainers; 3 consultants; 1 managerial/administrative staff

Number Trained in 1990: 200; 10 percent women

Target: Middle managers; technical, supervisory, and support staff from the public and parastatal sectors

Sectors Served: Not indicated

Major Sources of Funding: Sales of training and consulting services

Constraints: Attracting and retaining high caliber staff; purchase and maintenance of training hardware and software; reluctance of clients to pay market fee prices

4. Garden College, P.O. Box 50369, LUSAKA

Tel. 211030

Strengths: Business, technology

Type of Training: Professional and technical qualifications, diplomas qualifications, in-plant training, workshops

Duration of Courses: Professional and technical diplomas: one year or longer; In-plant training and workshops: one to four weeks

Facilities: 4 classrooms; transportation; residential housing

Faculty/Staff: 2 full-time trainers, 2 part-time trainers; 1 consultant; 2 managerial/administrative staff

Number Trained in 1990: 200; 70 percent women

Targets: Senior and middle managers; technical, supervisory, support, and entry-level staff from the private sector

Sectors Served: Manufacturing (60%), Commerce (20%), Financial Services (10%), Public Sector (10%)

Major Sources of Funding: Sales of training and consulting services

Constraints: Financial; inability to hire trainers due to financial constraints; inadequate office and classroom accommodations

**5. KPMG Peat Marwick, P.O. Box 31014, LUSAKA
Tel. 228874/7**

Strengths: Business studies, with emphasis of accounting-related subjects; computer science

Type of Training: Skill-specific courses, in-plant training; workshops

Duration of Courses: One to five days

Facilities: Rent conference rooms

Faculty/Staff: 8 consultants

Number Trained in 1990: 25; 28 percent women

Targets: Senior and middle managers; technical, supervisory, support, and entry-level staff from the private, parastatal, and public sectors

Sectors Served: Financial Services (100%)

Major Sources of Funding: In-house company financing services

Constraints: Financial; inability to hire trainers due to financial constraints; inadequate office and classroom accommodations

**6. Management Development & Training Centre, P.O. Box 39 31935, LUSAKA
Tel. 241828**

Strengths: Human resources and personnel management; production and maintenance management

Type of Training: Professional qualification, in-plant training, workshops

Duration of Courses: Professional qualification: one to twelve months; in-plant training: one to five days; workshops: one to four weeks

Facilities: 5 classrooms accommodating up to 25 persons each; library/study room

Faculty/Staff: 5 full-time trainers; 2 consultants; 1 managerial/administrative staff

Number Trained in 1990: 300; 66 percent women

Targets: Senior and middle managers; technical and supervisory staff from the private, parastatal, and public sectors

Sectors Served: Not indicated

Major Sources of Funding: Sales of training services; in-house company financing

Constraints: Lack of training aids; lack of transport; lack of training facilities to upgrade training staff

**7. Management Service Board, P.O. Box 50995, LUSAKA
Tel. 253182/253055**

Strengths: Management training and consultancies; computer science

Type of Training: Skill-specific courses, in-plant training/consultancies, workshops/conferences

Duration of Courses: One to four weeks

Facilities: 2 classrooms, capacity not given

Faculty/Staff: 8 full-time trainers; 10 consultants

Number Trained in 1990: 150; 25 percent women

Targets: Private and parastatal senior and middle managers and supervisors; public sector middle managers

Sectors Served: Manufacturing, transportation, tourism, financial services, public sector

Major Sources of Funding: Sales of training services

Constraints: Lack of highly trained and experienced staff; inadequate audio-visual aids

**8. Mindolo Ecumenical Foundation, P.O. Box 21493, KITWE
Tel. 211269/214572**

Strengths: Social sciences, community development; church ministries

Type of Training: Diploma qualifications, skills-specific courses, in-plant training/consultancies, workshops/conferences

Duration of Courses: Nine-month diploma courses; other offerings, one to four weeks

Facilities: 10 classrooms, capacity 150; library; residential housing

Faculty/Staff: Not indicated

Number Trained in 1990: 320; 27 percent women

Targets: Private, parastatal, and public sector senior and middle managers, supervisors, and support staff

Sectors Served: Not indicated

Major Sources of Funding: International donors

Constraints: High staff turnover

**9. M&M Management and Labour Consultants, P.O. Box 35128, LUSAKA
Tel. 227218**

Strengths: Human resources management; supervisory management

Type of Training: Skills-specific courses, in-plant training/consultancies, workshops/conferences

Duration of Courses: One day to four weeks

Facilities: Library; residential housing

Faculty/Staff: 4 full-time trainers, 4 part-time trainers, 2 consultants, 2 managerial/administrative staff

Number Trained in 1990: 313; 20 percent women

Targets: Private and parastatal senior and middle managers and supervisors; public sector middle managers and supervisors

Sectors Served: Not indicated

Major Sources of Funding: Sales of training and consulting services

Constraints: Limited market; inadequate facilities due to lack of foreign exchange; lack of access to information about impending foreign-funded projects

**10. National Institute of Public Administration (NIPA), P.O. 31990, LUSAKA
Tel. 228802/4**

Strengths: Management, public administration

Type of Training: Professional qualification; diploma qualification; skills-specific courses; in-plant training/consultancies; workshops/conferences

Duration of Courses: Professional qualification: few days to longer than a year; diploma qualification: one to twelve months; other offerings: one day to four weeks

Facilities: 17 classrooms, accommodating 425; transportation; library; residential housing; computers; audio-visual facilities

Faculty/Staff: 60 full-time trainers, 5 part-time trainers, 3 consultants, 7 managerial/administrative staff

Number Trained in 1990: Not indicated

Targets: Public and parastatal senior and middle managers, supervisors, support staff; and entry-level public sector employees

Sectors Served: Public sector (75%), financial services (20%), commerce (10%)

Major Sources of Funding: Government (95%), sales of training and consulting services, in-house company financing, international donors

Constraints: Inadequate allocation of funding resulting in reduced standards; interference from cabinet office; staff turnover

**11. Nkumbi International College, P.O. Box 362085, MKUSHI
Tel. 362085**

Strengths: Vocational training; secondary education

Type of Training: Not indicated

Duration of Courses: Not indicated

Facilities: 22 classrooms, accommodating 600; library; residential housing

Faculty/Staff: 30 full-time trainers

Number Trained in 1990: 120; 50 percent women

Targets: Public sector senior and middle managers, supervisors, support staff, and entry-level employees

Sectors Served: Agro-business, commerce financial services, transportation, mining, tourism, manufacturing, public sector

Major Sources of Funding: Government (99%), international donors

Constraints: Lack of funding; lack of transportation; staffing problems; inadequate staff accommodation

**12. Regent College, P.O. 30595, LUSAKA
Tel. 222822**

Strengths: Shorthand typing; accounts

Type of Training: Technical qualification

Duration of Courses: One year or longer

Facilities: 6 classrooms, accommodating 200; transportation; library

Faculty/Staff: 9 full-time trainers; 3 part-time trainers; 5 managerial/administrative staff

Number Trained in 1990: 450; 90 percent women

Targets: Public sector senior and middle managers, supervisors, support staff, and entry-level employees

Sectors Served: All sectors

Major Sources of Funding: Sales of training and consulting services (90%); international donors

Constraints: Need for capital for expansion and equipment; lack of skilled manpower; insufficient teachers' accommodation

**13. Sol-Consult, P.O. 32758, LUSAKA
Tel. 272131/272629**

Strengths: Teaching through "learning by doing"; student involvement

Type of Training: In-plant training/consultancies; workshops/conferences

Duration of Courses: Few days to four weeks

Facilities: Transportation; computers

Faculty/Staff: 1 consultant; 1 managerial/administrative staff

Number Trained in 1990: 100; 25 percent women

Targets: Private sector supervisors

Sectors Served: Agro-business (10%), manufacturing (50%), public sector (40%)

Major Sources of Funding: International donors

Constraints: Only one qualified trainer; poor teaching facilities available onsite

**14. Standard Chartered Bank Training Centre, P.O. Box 32238, LUSAKA
Tel. 253372**

Strengths: Banking

Type of Training: Skills-specific courses; in-plant training/consultancies

Duration of Courses: One to four weeks

Facilities: 4 classrooms accommodating 40 students; transportation; library/study room; residential housing; computers; audio-visual aids

Faculty/Staff: 5 full-time trainers; 4 managerial/administrative staff

Number Trained in 1990: 480; 30 percent women

Targets: Bank senior and middle managers, supervisors, and clerks; private sector supervisors

Sectors Served: Financial services (100%)

Major Sources of Funding: In-house company financing

Constraints: Lack of foreign exchange to buy training equipment and books; inadequate training facilities

**15. Zambia Centre for Accountancy Studies, P.O. Box 35243, LUSAKA
Tel. Not Given**

Strengths: Highly trained team of lecturers with vast experience

Type of Training: Professional qualification

Duration of Courses: One to twelve months or longer

Facilities: 5 classrooms accommodating 150 students; library/study room; residential housing (opening in 1/92); computers; audio-visual aids

Faculty/Staff: 6 full-time trainers; 2 part-time trainers; 1 consultant; 5 managerial/administrative staff

Number Trained in 1990: 200; 15 percent women

Targets: Private, parastatal, and public sector senior and middle managers

Sectors Served: Commerce (50%), public sector (30%), financial services (20%)

Major Sources of Funding: Sales of training and consulting services; international donors

Constraints: Students go to the U.K. to attend courses available at the Centre; poor communication infrastructure, such as telephones and facsimiles; inability to schedule the courses that students need within the capacity of the sponsors to release them

**16. Zambia Insurance Business College Trust, P.O. Box 10101, LUSAKA
Tel. 254956/58**

Strengths: Diploma qualification, technical and skills training

Type of Training: Professional qualification; technical qualification; diploma qualification; skill-specific courses; in-plant training/consultancies; workshops/conferences

Duration of Courses: Professional qualification: one year or more; technical qualification: few days to four weeks; diploma qualification: one to twelve months; other offerings: few days to four weeks

Facilities: 6 classrooms accommodating 210 students; transportation; library/study room; residential housing; computers; audio-visual aids; sports and recreation facilities

Faculty/Staff: full-time trainers, part-time trainers, consultants, managerial/administrative staff (numbers not indicated)

Number Trained in 1990: 500; 25 percent women

Targets: Private, parastatal, and public sector senior and middle managers, supervisors, support staff, and entry-level personnel

Sectors Served: Financial services (90%)

Major Sources of Funding: Sales of training and consulting services; in-house company financing

Constraints: Inadequate training aids and books; lack of finance for faculty development; limited and scarce resources to finance operations

17. Zambia National Commercial Bank, P.O. Box 33611, LUSAKA
Tel. 221422 or 221355/63

Strengths: Banking subjects

Type of Training: Skill-specific courses; in-plant training/consultancies; workshops/conferences

Duration of Courses: few days to four weeks

Facilities: 2 classrooms accommodating 66 students; residential housing; computers

Faculty/Staff: 5 full-time trainers

Number Trained in 1990: 400; 35 percent women

Targets: Private sector senior and middle managers, supervisors, support staff, and entry-level personnel

Sectors Served: Financial services (100%)

Major Sources of Funding: In-house company financing

Constraints: None indicated

Other Business and Management Trainers

(Who did not answer the survey questionnaire)

ZIMCO Institute of Management

Offers training in:

- Accounting
- Management
- Marketing
- Purchasing and Supply
- Transportation Management
- Data Processing and Management

Pan African Institute for East and Southern Africa

Offers training in:

- Project Planning and Management
- District and Regional Planning
- Women in Development
- Training of Trainers

Eastern and Southern African Management Institute (ESAMI)

Offers training in:

- Management Development
- Transportation Management
- Finance and Banking
- Corporate and Entrepreneurial Development
- Information Technology
- Women in Development/Management

University of Zambia

Offers training in:

- Accountancy (Degree and diploma courses)
- Marketing
- Production Management

Engineering and Technical Training Institutions

1. Kabwe Trades Training Institute, P.O. 80430, KABWE
Tel. 222086/7

Strengths: Not indicated

Type of Training: Technical qualifications

Duration of Courses: One year or more

Facilities: 15 classrooms accommodating 240 students; library/study room; residential housing

Faculty/Staff: 45 full-time trainers, 6 managerial/administrative staff

Number Trained in 1990: 300; 20 percent women

Targets: Public sector technical staff

Sectors Served: Manufacturing (40%), Public Sector (20%), Mining (20%), Transportation (10%), Financial Services (5%), Agro-Business (5%)

Major Sources of Funding: Government (95%), international donors

Constraints: Lack of funds; lack of trained manpower; lack of transportation

2. Livingstone Trades Training Institute, P.O. Box D27, LIVINGSTONE
Tel. 321249

Strengths: Technology

Type of Training: Technical qualification

Duration of Courses: One year or more

Facilities: 14 classrooms accommodating 280 students; residential housing

Faculty/Staff: 35 full-time trainers, 14 managerial/administrative staff

Number Trained in 1990: 400; 30 percent women

Targets: Public, private, parastatal technical staff

Sectors Served: Public Sector (20%), Financial Services (20%), Transportation (10%), Mining (10%), Manufacturing (10%), Agro-Business (8%), Tourism (2%)

Major Sources of Funding: Government (100%)

Constraints: Lack of modern equipment in the training workshops; lack of furniture in classrooms, halls, and hostels; lack of staff accommodation

**3. Northern Technical College, P.O. Box 250093, NDOLA
Tel. 680141**

Strengths: Technical and commercial education

Type of Training: Professional qualification; technical qualification; diploma qualification; skills-specific courses; in-plant training/consultancies

Duration of Courses: Technical and diploma qualification: one year or more; professional qualification and skills-specific courses: one to twelve months; in-plant training/consultancies: one to four weeks

Facilities: 34 classrooms, transportation, residential housing

Faculty/Staff: 63 full-time trainers, 24 part-time trainers; 38 managerial/administrative staff

Number Trained in 1990: 443; 1 percent women

Targets: Public, private, parastatal middle managers and technical, supervisory, and support staff

Sectors Served: Mining (40%), Public Sector (30%), Transportation (20%), Manufacturing (10%)

Major Sources of Funding: Government (70%); sales of training and consultancy services; international donors

Constraints: Inadequate funding; improperly maintained infrastructure; brain drain

**4. Roads Department Training School, P.O. Box 30918, LUSAKA
Tel. 247185**

Strengths: Road construction and maintenance; road plant applications and operations

Type of Training: Skills-specific courses

Duration of Courses: One week to longer than a year

Facilities: 2 classrooms accommodating 50; residential housing

Faculty/Staff: 6 full-time trainers

Number Trained in 1990: 160; no women

Targets: Public sector technical, supervisory, and support staff

Sectors Served: Not indicated

Major Sources of Funding: Government (100%)

Constraints: Inadequate training facilities (classrooms, equipment, and aids); lack of trainers; lack of funds

**5. Lusaka Trades Training Institute, P.O. Box RW 20A 15102, LUSAKA
Tel. 250967**

Strengths: Automotive and mechanical engineering; construction (masonry, carpentry, electrical, and plumbing)

Type of Training: Technical qualification; skill-specific courses; workshops/conferences

Duration of Courses: Technical qualifications and skill-specific courses: one year or more; workshops/conferences one to four weeks

Facilities: 10 classrooms accommodating 250 students; library/study room; residential housing

Faculty/Staff: 23 full-time trainers, 12 managerial/administrative staff

Number Trained in 1990: 200; 0.01 percent women

Targets: Private, parastatal, and public sector technical and entry-level staff

Sectors Served: Mining (40%), Manufacturing (40%), Public Sector (16%), Agro-Business (2%), Commerce (2%)

Major Sources of Funding: Parastatals, employers, personal funds, government

Constraints: Lack of training materials, equipment, tools; lack of funds for maintenance; lack of recreational facilities for students

**6. Water Supply Operation Training Course, P.O. Box 50288, LUSAKA
Tel. 252821**

Strengths: Water engineering; water supply operations

Type of Training: Technical qualification; skills-specific courses

Duration of Courses: One year or longer

Facilities: 1 classroom accommodating 20; transportation; residential housing; library/study room; sports facilities

Faculty/Staff: 4 full-time trainers; 1 part-time; 1 managerial/administrative staff

Number Trained in 1990: 34; no women

Targets: Public sector technical staff

Sectors Served: Public sector

Major Sources of Funding: Government (70%), international donors

Constraints: Inadequate laboratory equipment; lack of teaching aids and textbooks; lack of workshop equipment

Other Technical Training Institutions

The University of Zambia also offers degree and/or diploma courses in mining; electrical, chemical, and mechanical engineering; geology; architecture, and other technical areas.

Some Agricultural Training Institutions

**1. Natural Resources Development College, P.O. Box 310099, LUSAKA
Tel. 281327/8**

Strengths: Agricultural training

Type of Training: Diploma qualifications

Duration of Courses: One year or longer

Facilities: 16 classrooms accommodating 480; transportation; residential housing; library/study room; computers

Faculty/Staff: 50 full-time trainers

Number Trained in 1990: 400; 23 percent women

Targets: Technical staff from the private, parastatal, and public sectors

Sectors Served: Agro-business

Major Sources of Funding: Government

Constraints: Retention of teaching staff

**2. Central Veterinary Research Institute, P.O. 33980, LUSAKA
Tel. 216031**

Strengths: Disease diagnostics; animal vaccine production

Type of Training: Professional, technical, and diploma qualifications; skills-specific courses; in-plant training and workshops

Duration of Courses: Qualifications: One year or longer; others: few days to one year

Facilities: Classrooms not indicated; transportation; residential housing; library/study room; computers

Faculty/Staff: 6 full-time trainers; 2 part-time trainers; 2 consultants; 3 managerial/administrative staff

Number Trained in 1990: 40; 30 percent women

Targets: Senior and middle managers and technical staff; supervisory and support staff from the public sector

Sectors Served: Agro-business; public sector

Major Sources of Funding: Government

Constraints: Lack of transportation; lack of training opportunities for research staff; lack of laboratory equipment

**3. Palabana Dairy Training Institute, P.O. Box 50199, LUSAKA;
Tel. 210862/210530**

Strengths: Dairy farming management; alternative farming techniques

Type of Training: Skills-specific courses; in-plant training and workshops

Duration of Courses: Skills-specific courses: one year or longer; others: few days to one year

Facilities: 4 classrooms accommodating 280 students; transportation; residential housing; library/study room; computers

Faculty/Staff: 12 full-time trainers; 5 consultants; 3 managerial/administrative staff

Number Trained in 1990: 123; 34 percent women

Targets: Middle managers and technical staff; supervisory and support and entry staff from all sectors; farmers

Sectors Served: Agro-business

Major Sources of Funding: Government; international donors; revolving fund

Constraints: Lack of sponsors for staff development proposals

4. Zambia Centre for Horticultural Training, P.O. Box 260525, LUSAKA; Tel. 73377

Strengths: Fruit and vegetable production; irrigation water management

Type of Training: Skills-specific courses

Duration of Courses: One month to one year

Facilities: 1 classroom accommodating 30 students; transportation; residential housing; library/study room

Faculty/Staff: 13 full-time trainers; 3 managerial/administrative staff

Number Trained in 1990: 32; 16 percent women

Targets: Technical staff from all sectors; farmers

Sectors Served: Public sector

Major Sources of Funding: Government

Constraints: Inadequate funding; lack of transportation; inadequate staff accommodations

**5. Monze Farmers' Training Centre, P.O. Box 660019, LUSAKA
Tel. 50531**

Strengths: Agriculture; extension worker training

Type of Training: Skills-specific courses; workshops

Duration of Courses: Few days to four weeks

Facilities: 4 classrooms accommodating 150 students; residential housing

Faculty/Staff: 5 full-time trainers; 10 part-time trainers; 10 managerial/administrative staff

Number Trained in 1990: 800; 40 percent women

Targets: Technical, supervisory, and support staff from the public sector; farmers

Sectors Served: Agro-business, public sector, financial services

Major Sources of Funding: Government; international donors

Constraints: Lack of funds to run courses; no means of transportation; lack of overseas trainers courses; lack of training aids and equipment

APPENDIX B

Support Organizations

A. Associations

The activities of Zambia's business support organizations include advocating for constituent industries; disseminating information to members about trends and markets; coordinating and designing industry-specific training; and providing input to Government decision-makers as they form policy.

Most chambers of commerce and associations in Zambia face two fundamental problems: maintaining operations in spite of being underfunded and understaffed, and eliciting the interest and participation of would-be constituents.

Although business associations have existed in Zambia for more than fifty years, early associations were designed to support European businesses, leaving most indigenous Zambian business owners with little experience of business support organizations. To many, the concept of business associations is still foreign. There is a general lack of appreciation of the services that business associations provide versus the membership fees that they charge.

Some industry associations have stringent entry requirements, usually licenses awarded by international bodies. Because training in specialized fields is often difficult to obtain in Zambia, relatively few business owners qualify. On the other hand, some business owners assume that they do not fit the profile of the members of some associations because they are too big, too small, and so on.

Others tend not to join associations that they feel are of low status. For example, the director of the Small Scale Industries of Zambia complains that some business owners who have influence and experience choose not to join his organization because they assume that their businesses are too large or because they do not want to be associated with the reputation of low production and efficiency standards many attribute to small-scale enterprises.

To a great extent, the misconceptions about business support organizations could be dispelled through outreach activities and membership drives. Unfortunately, few, if any, associations have the funds or human resources necessary to launch effective campaigns. Most do not have full-time staff and many do not have office premises, or phones, photocopiers, typewriters, and other basic office equipment and supplies. With the liberalization of Zambia's economy and the focus on the private sector, new associations are being formed or reactivated. There is a tendency for associations to concentrate on subindustries, so that a core of very active business owners may belong to several associations. The Chief Executive of the Zambia Confederation of Industries and Chambers of Commerce speculates that some associations could better serve their constituents by combining smaller associations into fewer, larger ones while pooling their resources and consolidating their efforts.

The following is a list of some business organizations operating in Zambia:

Zambia Confederation of Industries and Chambers of Commerce (ZACCI)

ZACCI is the national umbrella body for chambers of commerce and industry and specialized trade associations. Activities include: informing members of issues that may have an impact on their businesses; liaising with the government to influence legislation affecting constituents; speaking on behalf of members in government and public forums; linking members to the worldwide network of

business organizations; conducting commodity market surveys; and hosting seminars, fairs, and exhibitions.

Although chambers of commerce began in Zambia in the 1930s, many Zambian businessmen remain skeptical of the benefits that they and trade associations provide. The executive director of ZACCI complains that there is a reluctance on the part of small and rural businesspeople to join a chamber of commerce until encountering a problem for which they need an advocate.

The chambers have, for the most part, been dominated by large, sometimes international firms, which intimidate smaller businesses who either do not join the chambers or remain silent once joining. The annual fees, though based on a sliding scale, often seem too expensive an investment to small rural entrepreneurs.

Chambers of commerce understand the efforts necessary to expand the representation of smaller businesses, but face staffing shortages. Individual chambers do not have secretariats and must to rely on part-time, volunteer members to carry out administrative functions.

Still, ZACCI has plans to establish three new chambers of commerce in Monza, Chomona, and Solewezi to attract smaller rural members. ZACCI is also considering changing its constitution to allow direct membership, so that it can respond better to small-scale businesses.

In the meantime, ZACCI itself is understaffed. The executive director is prevented from concentrating on development work such as marketing and setting policy and planning, because his time is spent handling routine administrative tasks. The director runs ZACCI with the help of an accountant, secretary, and three office workers; the positions of Manager of Business Development and Member Relations and Manager of Research and Training are both vacant due to lack of funds.

One constant demand ZACCI receives from its chambers of commerce members is for more information about business opportunities such as joint ventures and new markets. Another need is for small businessmen to be able, with help from their chambers and associations, to direct the training that they and their employees receive.

The executive director of ZACCI feels that at the present time, satisfying both needs are outside of his organization's reach because of staffing and funding shortages. To respond better to ZACCI's constituents, the director would like to see the two vacant manager's positions and an additional administrative position filled.

The Small Scale Industries Association of Zambia (SSIAZ)

SSIAZ is an association that represents small-scale businesses in both the formal and informal sectors. The broad objective of the association is to encourage the development of entrepreneurial culture and confidence by "creating conditions that stimulate innovation and dynamism among members."

SSIAZ coordinates with financial institutions, government bodies, and international and regional organizations involved in the development and the promotion of small-scale industries. The association disseminates information and advice about the business environment to entrepreneurs and provides training in the form of courses, seminars, and workshops.

Membership is open for those whose capital base is less than 1.5 million kwacha.

The executive director of SSI AZ has two main concerns about its operations. First, the association does not have a secretariat. All staff, including the director, work part-time. Members have decided to establish a secretariat in July but are worried that this may be financially unrealistic.

The second concern is about the relative lack of participation in the association. Although SSI AZ has 1,200 members, two-thirds have not paid their annual dues. The association has another 2,300 members on its files who have become dormant over the years.

The director of SSI AZ estimates that with the proper outreach activities, membership could swell to more than 3,500.

When looking at the environment, SSI AZ members are concerned that there is not a clear-cut government policy concerning small-scale industries. Many expect this oversight to be addressed in the new investment code.

Central Farmers' Bureau

One of the oldest associations in Zambia, the Central Farmers' Bureau, advocates on behalf of commercial farmers; helps design training programs offered at local training institutions; demonstrates new farming techniques; and offers information about new markets.

Although indigenous Zambian farmers make up 75 percent of the Bureau's members, the director estimates that only 20 percent are successful. He sees a need for training in farm accounting, costing, and general management. Training farmers is difficult, however, because of their reluctance to take time away from their normal farming activities.

A general concern of all members is the current credit squeeze and low prices. Many productive farms, the director says, have ceased to be profitable over the last five years.

Hotel and Catering Association of Zambia

This association is made up of approximately 100 hotels and restaurants. The National Hotels Development plays a dominant role in the association, though most members are small two- and three-star establishments.

The association focuses on upgrading the standards of hotels and restaurants through training. Although the association is not currently running classes, the chairman of the association is also the chairman of the Hotel and Tourism Institute examining board.

The chairman of the Hotel and Catering Association cites some of the constraints of the industry as being widespread shortages; dependence on imported goods; shortage of tourism infrastructure; and a lack of middle management. He says that there is a special need for association members from rural areas to receive training in hotel, catering, and general management. To help address this need, the Institute will soon be introducing a mobile unit for rural training.

Institute of Bankers

The main objective of the Institute of Bankers is to upgrade Zambia's banking industry through education and regulation. There is a widespread concern on the part of the government, banking officials, and the general public about the operations of commercial banks in Zambia.

The Institute's director feels that the irregularities occurring in these banks are a result of the lack of proper training in banking procedures. Although several thousands of people are employed in the banking sector, only a handful have become fully qualified through internationally recognized examinations.

Obtaining banking training is difficult since most local trainers stop at the upper-intermediate level. There are self-study courses available from U.K. schools, but books are difficult to get because of foreign exchange restrictions, and the pass rate for self-study candidates is abysmally low.

In addition to scheduling banking classes through the Zambia Insurance College and offering tutoring sessions for those taking exams, the Institute would like to set minimum training standards for various positions in the industry.

One of the Institute's major constraints is the lack of consensus between members. The director of the Institute, which is currently run by part-time staff, would like to establish a secretariat, but commercial banks are resistant to this idea, partly because of their reluctance to pay higher fees.

Another problem is that only junior staff attend meetings. These employees often lack the status to even discuss issues brought up during meetings with their organization's decision-makers.

Travel Agents Association

The Travel Agents' Association is made up of thirty licensed travel agents. The association's primary focus is on education. It runs basic fares and ticketing courses and will soon introduce a tour guide course in conjunction with a British company, ABC International.

The association sees some industry training needs that it cannot currently address, for example, advanced fares and ticketing courses, computer training and management, and marketing and accounts courses.

One constraint that the association faces is the general lack of participation of senior-level staff. Meetings are attended by staff who lack the stature to speak on behalf of their companies.

Another concern of the Travel Agent Association is that most travel agents operating in Zambia are not members of the association, nor licensed.

Women Entrepreneurs in Industry and Business in Zambia

This association was created in March of this year to represent female-headed companies. The association, which is housed at the ZACCI offices, has 70 members.

Being newly formed, the association is in the process of detailing its future activities and functions; however, lack of credit for women-owned businesses is an area that has already been identified as a focal point.

Members are concerned about the absence of women in their association with experience in managing NGOs and non-profit-making organizations.

Zambia Association of Manufacturers

The Zambia Association of Manufacturers is comprised of about 220 medium and large manufacturers and industrialists. The association does not currently have a secretariat, but plans to open an office within the next few months.

The major focus of the association is on government policies that affect manufacturers. Its members are concerned about the tendency of the government to pass resolutions without consulting manufacturers. A recent example is the liberalization of imports.

Although not directly involved with training, the association is alarmed by what it sees as a dropping of standards in the nation's technical training centers and the lack of specialized training for artisans and industrial managers in Zambia.

B. Donor Agencies and NGOs

Direct donor and NGO support of private sector firms is concentrated mainly on offering training and credit to existing and potential small-scale enterprise owners and informal sector operators.

Programs focus on business start-up and entrepreneurial development; training in technical, business, and managerial skills; technical assistance, and offering small loans and equipment purchase assistance.

Most donor agencies fund programs through local NGOs, which include the Copper Mining Enterprise Trust, a subsidiary of ZCCM which promotes self-employment among miners' children; the Federation of Zambian Employers (ZFE); Small Enterprise Promotion Ltd. (SEP); Small Enterprises Development Organization (SIDO); and Village Industries Support (VIS).

Business Start-Up

Activities in this area include encouraging self-employment among school-leavers and the unemployed by helping participants identify possible entrepreneurial activities, develop business ideas, and conduct basic market research. Other business start-up assistance includes teaching basic business and production skills, and generally increasing the confidence of potential and new entrepreneurs. Many agencies such as SIDO, VIS, the Zambian Federation of Employers, and SSIASZ also have programs that focus exclusively on developing women entrepreneurs.

Business Development

This area includes increasing opportunities for nontraditional exports and encouraging diversification. One sector that has received much attention is commercial farming. The World Bank and NORAD have been instrumental in developing new agricultural markets. CIDA helps farmers learn to grow new and more profitable crops.

Miscellaneous activities such as study tours, conferences, and seminars are included in donor business development support.

Small-scale entrepreneurs feel that seminars that allow them to meet and learn from other entrepreneurs are especially useful. After being the subject of study groups from other African countries, some small business owners expressed a desire to join study groups themselves to observe the production techniques used in third countries. Women entrepreneurs were interested in observing

the way in which their counterparts in other African countries integrate their work and family lives, bypass regulations that tend to discriminate against women, and especially supervise male employees.

To a great extent, business development entails creating opportunities and a conducive environment. Most donor agencies are actively involved in supporting the country's privatization efforts.

Technical Skills Training

Technical training includes training for potential informal and formal sector entrepreneurs in various technical skills like tannery, soapmaking, food-processing, and sericulture (silk manufacture). SIDO, VIS, and COMET are the primary agencies that offer this type of training.

SIDA and FINNIDA finance training that includes introductory as well as highly specialized and refresher courses on machine usage and production techniques. SIDA and SIDO have collaborated to conduct technical training in-plant.

While SME owners rate the rudimentary training that they have received in production techniques quite highly, most of those interviewed felt frustrated by the lack of intermediate and advanced training. As businesses expand, they turn their sites on larger, more sophisticated markets. Many SME owners feel that they lack the production, designing, and technical ability to compete in these markets.

SME owners complain about the lack of technical support from which to get answers for specific questions. One common problem that SME owners have is obtaining raw materials, inputs, and ingredients because of foreign exchange restrictions. Many would like assistance in substituting unusual or preferred inputs with those that happen to be currently available. SIDO does have a technical advisor on staff to answer such queries, but this person is studying overseas.

Business Skills Training

The International Labour Organisation (ILO) leads in business skills training in Zambia, having developed a series of lectures and materials entitled "Improve Your Business." The series, which usually lasts a week or so, takes business owners through a variety of topics such as bookkeeping, costing, purchasing, and so on using actual information from their own companies. It is run through local NGOs and business support organizations.

SEP and ZFE also conduct bookkeeping classes.

Management Training

For the most part, management training is targeted toward public and private sector managers. Management training for entrepreneurs is not particularly emphasized by donors or by NGOs. Courses that are available for SME owners focus on supervisor training, quality control, and beginning level general management courses which are offered through SIDO and the Zambian Federation of Employers.

The Canadian donor agency, CIDA, will sponsor business owners to attend higher level management training courses run by local or regional institutions. The EC has an accountant training program.

Credit Facilities

With interest rates of between 40 and 50 percent, credit is virtually unavailable for SME owners through commercial banks.

The Central Bank has established a guaranteed loan scheme for SMEs, which it implements through commercial and parastatal banks. To date, however, banks have used less than one-tenth of the 10 million Kwacha set aside for this scheme.

Central Bank managers admit that they have not explained the goals and procedures of the scheme adequately, and bank staff find it cumbersome and expensive to administer.

SIDO, VIS, and SEP do have limited funds available for small-scale loans for inexpensive capital purchases. Funds are made available by CIDA, which provides \$500,000 per year for SME loans of up to \$40,000 per enterprise. In addition, the ILO guarantees loans to SMEs. SIDA has a program that assists manufacturers in buying used machinery and software from Sweden.

Donor Activity

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r
BRITISH	—	x	x	—	—	x	—	x	x	—	—	—	x	x	x	x	—	—
CIDA	x	—	x	—	—	x	—	—	x	—	—	—	—	x	—	x	—	x
EC	—	x	—	—	x	—	—	—	x	x	—	—	x	x	—	x	—	—
FINNIDA	x	—	x	x	x	—	x	x	—	—	—	—	x	x	—	x	—	—
NORAD	x	x	x	—	—	x	—	x	—	—	—	x	x	x	x	x	x	x
SIDA	x	—	x	x	—	—	—	—	—	—	—	x	—	x	x	x	—	x
USAID	x	—	x	—	x	x	—	—	x	x	—	x	x	—	x	x	—	x
WORLD BANK	x	—	x	x	—	x	—	—	x	x	x	x	x	x	x	x	—	x

- a. Agricultural Development
- b. Animal Health
- c. Education
- d. Energy
- e. Environment/Conservation
- f. Health
- g. Housing
- h. Integrated Area-Based Program
- i. Management Training/Development (Public and Private Sectors)
- j. Marketing/Export Development
- k. Mining (Small Scale)
- l. Private Sector
- m. Social/Community Development
- n. Structural Adjustment
- o. Technical Training/Assistance
- p. Transportation
- q. Water
- r. Women in Development

APPENDIX C

Additional Human Resource Development Activities

In-Country Training

Conferences:

- Dialogue on policies and services to support the growth of Zambia's informal sector for policy implementors and informal sector operators
- Policy issues in the promotion of nontraditional exports

Seminars:

- Diversification, new ventures, and investment opportunities in a changing Zambia
- Understanding government regulations affecting the private sector for private sector owners and managers

Workshops:

- Provision of services to SMEs for mid-level administrators in the Ministry of Commerce and Industry
- Customs and immigration policies for enhancing tourism in Zambia for health, customs, immigration officers, and staff from the Tourism Board and the Ministry of Tourism

Managerial Courses:

- How to start a new business for retiring civil service
- Industrial entrepreneurship for existing or potential women entrepreneurs
- Management of infrastructural projects for managers of public works projects
- Data collection and computerized information systems for policy analysis
- Donor coordination and negotiation strategies for public sector managers and administrators
- Personnel management
- Training and human resources management
- Internal auditing for banks and financial institutions
- Training for business advisors and consultants
- Business management for managers of SMEs

- Planning and managing projects for tourism promotion
- Management and operations of commercial banks for middle managers of commercial banks

Technical Courses:

- Training for tour guides
- Periodic lectures to supplement self-study courses for accountancy qualifications
- Technical skills upgrading for artisans and skilled workers
- Training of trainers course for technical supervisors
- Training of trainers for training officers

Miscellaneous:

- Provide books and periodicals to the libraries of various ministries and training institutions
- Monthly executive round-tables for CEOs of medium and large private firms to listen to speakers and to discuss common issues
- Annual invited lecture from a leading American business leader

Training in the United States

Academic:

Master's Degrees in:

- Macro Economics
- Econometric Modeling
- Agricultural Economics
- Management Information Systems
- International Trade
- Public Finance
- MBA (Finance)
- MBA (Entrepreneurship Development)
- MBA (Personnel Management)
- MBA (Banking)
- Public Finance
- Transportation Management
- Tourism Development
- Hotel Management

Short-Term Courses:

- Advanced Management
- Public Policy

Third-Country Training

Study/Observation Tours:

- Technical and managerial aspects of production operations for owners of SMEs
- Technical and managerial aspects of lodge and hotel operations for hotel and lodge middle managers
- Technical and managerial aspects of providing commercial financial services to owners of SMEs for bank managers
- Various aspects of government support to the informal sector

Attachments:

- Bank of Zambia senior managers to the Central Bank of another country
- Private sector middle manager from industrial firm to a technically similar, but larger firm in a third country
- Middle and senior hotel managers to hotels in third countries with developed tourist industries

APPENDIX D

List of Persons Interviewed

USAID

Mr. Bruno Kosheloff
Assistant Director

Mr. Val Mahan
General Development Officer

Mrs. Asina Sibetta
Human Resources Development Officer

Government of the Republic of Zambia

Dr. C. Fundanga
Permanent Secretary for Economics
(at Cabinet Office)

Mrs. I. Kamanga
Permanent Secretary
Ministry of Commerce and Industry

Mr. K. Ngwire
Director
Directorate of Manpower Development and Training

Mr. L. Nkhata
Senior Permanent Secretary
National Commission for Development Planning

Mr. F. Mbewe
Director, Planning Division
Ministry of Agriculture

Mr. S. L. Mbula
Deputy Secretary to Cabinet (MDT)
Cabinet Office

Professor B. Mweene
Senior Permanent Secretary - Budget
Ministry of Finance

Mr. A. Sampule
Principal Economist, Human Resources Planning Dept.
National Commission for Development Planning

Mr. S. Sianga
Acting Director, Human Resources Planning Dept.
National Commission for Development Planning

Parastatal Sector

Mr. A. Adamson
Group Executive Director
Human Resources Development
ZIMCO

Dr. W. M. Chikwanda
Director of Administration
Zambia National Commercial Bank Ltd.

Mr. R.M. Chiyanika
Group Manpower Planning Manager
INDECO Ltd

Managing Director
Tourism Board

Mr. A. K. Mbangweta
Acting Manager
Human Resources Development
ZIMCO

Mr. Mtonga
Director of Marketing
Tourism Board

Mr. Mulenga
Director of Development
Tourism Board

Mr. Max Musunga Mwila
Director of Personnel and Administration
INDECO Ltd.

Mr. James Ngombi
Managing Director
Bank of Zambia

Dr. N. J. Siulapwa
Operations Manager
Zambia Agricultural Development Ltd.

Private Sector

Mr. Amin
Production Manager
Saro Agri Equipment Ltd.

Mr. Sam Chalwe
Executive Director
Mutende International Zambia Ltd.

Mr. D. K. Ganguli
Chief Executive
Mwanamuto Investments Ltd.

Mrs. Florence Kabula
Owner
Flora Clothing Services

Mr. Allan Katunga
Owner
Skyline Shoes

Mr. Wilfred Kasunga
Owner
Ngogo Hardware Manufacturing

Mr. Lupupa
Partner
Jels Ltd.

Dr. Mutaba Mwali
Managing Director
Afro Development Services

Mrs. Mwananshika
Chairman
Mwanamuto Investments Ltd.

Mr. Ngobo
Owner
Textile Chemists Ltd.

Mrs. Nguni
Owner
Chitunda Agencies

Mr. Ashok Oza
Managing Director
Saro Agri Equipment Ltd.

Mr. John Phiri
Manager
Jika Jam Ltd.

Mr. Sakala
Owner
Nebits Enterprise

Mr. F. M. Siziba
Managing Director
Maloba Machine Industries

Mr. William Sodala

Support Organizations

Mr. M. Simon Chileswa
National Executive Secretary
Small Scale Industries Association of Zambia

Mr. Bernard Chisanga
Chief Executive
ZACCI

Ms. Kandela
Secretary
Travel Agents Association

Mr. Matonga
Secretary
Institute of Bankers

Dr. Chiselebwe Ng'andwe
Director/Chief Executive
SIDO

Mr. Soli Patel
Chairman
Travel Agents Association

Mr. Rossi
Chairman
Hotel and Catering Association of Zambia

Carolyn McCommon
Director
Village Industry Services

Training Institutions

Mr. R. H. Mataka
Director
Management Services Board

Dr. Bwalya
Principal
National Institute of Public Administration
ZIMCO Institute of Management

Donor: United Nations Development Program

Mr. J. Billings, UNDP/DMP Unit
Ms. D. Changwe, UNDP/DMP Unit
Ms. I. Imbwa, UNDP/DMP Unit

Other

Dr. F. Chenoweth
Chief-of-Party
ZATPID II

Mr. H. S. Shartup
Chief-of-Party
ZAMS

APPENDIX E

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