

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

( U S A I D )

PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(660 - 0510)

SURVEY OF MEDIUM-SIZED PRIVATE ENTERPRISES  
AND  
ASSESSMENT OF THEIR FINANCIAL NEEDS

(Contract No. 660-0510-C-00-8193-01)

FINAL REPORT

April 29, 1988

Coopers  
& Lybrand

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

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SURVEY OF THE MEDIUM-SIZED PRIVATE COMPANIES IN ZAIRE  
(Project No. 660-0510-C-00-8193-00)

EXECUTIVE SUMMARY

1. INTRODUCTION

Previous studies initiated by USAID demonstrated that a small percentage of the small private companies of between 5 and 100 employees are considered by bankers as qualified borrowers. Since a key policy element of USAID's Private Sector Support program is that it would be administered through local commercial banks which would freely make loan decisions and assume borrower credit risk, this important finding raised the concern that the project funds might not be easily disbursed.

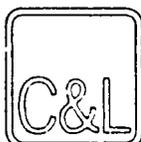
Consequently, USAID determined that the definition of private sector companies needed to be broadened to cover those companies of between 100 and 500 permanent employees and of between 100 and 500 million zaires in 1987 sales.

On this basis, USAID decided to contract a third survey with the objectives of i) completing the picture of the small and medium-sized private sector in Zaire and ii) assessing the capital and operating funds requirements of companies potentially eligible for commercial bank credit.

2. TERMS OF REFERENCE AND METHODOLOGY

The terms of reference of the project are stated in the Request for Proposal (RFP) No. 0510-03 of January 14, 1988 were defined as the "conduct a survey of a representative sample of 35 to 40 companies in the range of 100 to 500 employees and 100 to 500 million zaires in 1987 sales ... to assess the financial needs and the credit facilities available to those firms through the commercial banks".

The survey the Consultant conducted among a sample of more than 38 medium-sized manufacturing and commercial enterprises in the capital city of Kinshasa was conducted on the basis of a detailed questionnaire and the information was completed by a systematic visit of the companies' premises and interview of the Top Manager and/or his Assistants in the course of which the interviewees were encouraged to discuss freely and at length the subjects and problems they deemed important.



**EXECUTIVE SUMMARY**  
(continued)

**3. POSITION OF THE MANUFACTURING ACTIVITY WITHIN THE OVERALL ECONOMY OF ZAIRE**

Globally, the Gross Domestic Product (GDP) increased by 5.06 % in constant value (base 1970) between 1970 and 1984, while the population increased by 37.12 % during the same period, from 21,637,876 to 29,671,407.

If one excludes the mining, metallurgical and infrastructure industries (water and electricity production and distribution) which are represented mostly by large parastatals, the industrial sectors of manufacturing and construction show the highest decrease, both in absolute and relative terms, while the agricultural and services sectors show an increase, both in absolute and relative terms.

Manufacturing represented 6.17 % of the total GDP in 1984, down from 8.02 % in 1970, or a decrease of 19 % in constant terms.

Beverages and chemicals were the only industrial activities to show an increase in constant terms. Tobacco remained constant, jumping from ninth to sixth position while, all other manufacturing activities showed a decrease in constant terms.

Trading, both in imported and local goods, represented 26.77 % of the total in 1984, up from 25.73 % in 1970, or an increase of 11.09 % (11.6 % of the total GDP in 1984, up from 11.01 % in 1970) while,

Government services represented 48.4 % in 1984, up from 32.07 % in 1970, or an increase of 61.39 %, the largest growth of all economic sectors (21 % of the total GDP in 1984, up from 13.72 % in 1970). If the parastatals were to be included, the government share of the GDP would be substantially higher.

**4. CHOICE OF THE SAMPLE**

Based on the requirements of the terms of reference, the Consultant identified and made contacts with 38 enterprises in the region of Kinshasa.

The decision to restrict the sample to companies operating out of Kinshasa is justified by:

- the weight of the region of Kinshasa in the economic sectors to be studied,



**EXECUTIVE SUMMARY**  
(continued)

- the fact that, in the medium-size range, most companies operate in Kinshasa, or have their headquarters in the capital,
- the fact that, even when operating from Kinshasa, most of the medium-sized companies serve directly or indirectly the national market, while smaller companies previously surveyed had a local, or at best regional, market.

There were differences between the weight of the various activities represented by the sample companies and the relative importance of these activities in the economy of Zaire. These differences can be explained by the following facts:

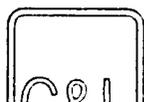
- The alcoholic beverages and tobacco industries were specifically excluded from the survey since the Consultant was informed that it is USAID's policy not to provide assistance to these sectors while,
- Large local companies, many of which are subsidiaries of multinationals, dominates the production in the textile, chemicals, food products and non-alcoholic beverages manufacturing sectors. Petroleum refining is carried out by SOZIK, a mixed company. The companies interviewed had to be local private enterprises of medium size, even though the manufacturing sectors which they represent hold a lesser position in the economy of Zaire.

5. GENERAL CHARACTERISTICS OF THE COMPANIES SURVEYED

An overwhelming percentage of the companies surveyed were experiencing great difficulties at the time of the research. These difficulties arise from i) the institutional and fiscal environment in which they have to operate and ii) from the present financial and economic conditions of the country.

5.1. The institutional environment

The institutional and fiscal environment has been described in a previously submitted report on the small-sized private companies. The major findings, which also apply to the medium-sized sector were:



**EXECUTIVE SUMMARY**  
(continued)

- Lack of confidence in the politico-economic outlook of the country, both among outside investors and among the locally established business community, and little trust in the civil service,
- Rapid depreciation of the national currency, which, among other pernicious effects, influences the companies' abilities to calculate their costs accurately and to adjust their selling price as they renew their inventories.
- A direct and indirect taxation which is heavy, ill-suited to the inflationary environment and does not really encourage operations which increase the value added in Zaire.
- Widespread feeling of fiscal and administrative harassment,
- Importance of the parallel economy, especially with regard to the competition that illegal imports represent for locally established manufacturers,
- Tightness in the banking market of short-term funds in local currency, and chronic shortage of foreign exchange available to small- and medium-sized private enterprises, due to the Central Bank's monetary policy and the policies of the commercial banks.
- Almost total absence of financial resources and organization for medium- and long-term funds for investment.

5.2. Characteristics of the companies surveyed

5.2.1. Sources and value of supply

The data collected in the course of the field study clearly show that most companies in the manufacturing sector rely predominantly on imported raw materials and spare parts for lack, or unreliability, of the local sources of supply in most categories of goods.

All companies interviewed stressed that their number one concern was access to additional hard currency, but that better local currency financing was nevertheless highly desirable too.

5.2.2. Utilization rate

Most companies currently operate at a very low utilization rate, 49 % on the average.



**EXECUTIVE SUMMARY**  
(continued)

According to the weighted results of the survey, the main cause of equipment under-utilization is the lack of raw materials needed to operate the existing equipment. The second major cause is the competition from legal or illegal imports, and the third is the reduction in market demand due to the decrease in the population's purchasing power.

5.2.3. Profitability

Working at such a low utilization rate, it is likely that most companies operate at, or around, break-even point.

The profit figures were consistently extremely low, or in a number of cases, had been negative in 1986 and 1987, and the companies' representatives expected a worsening of their results for 1988.

5.2.4. Relationship between utilization rate and unit cost

The consequence which working at a low utilization rate has on the unit cost of the industrial companies can be dramatic since, in the Zairian context, companies experience difficulties in reducing their fixed costs proportionally with their reduction in output. Consequently, the average break-even point remain high.

Two solutions can be found to counter the phenomenon, both dealing with a reduction in the direct production cost. The first solution, and obviously the best in the long term, is to increase productivity; the second is to decrease the quality of the manufactured products.

In the manufacturing sector of Zaire, where raw materials represents so much higher a cost than personnel in the direct cost of production, a significant increase in productivity can be achieved mainly through investment in better machinery and equipment. However, the difficult economic and financial situation of a large proportion of the medium-sized industrial companies has limited their willingness, or potential, to invest.

Some companies, unwillingly, have had to have recourse to the second solution to decrease their direct cost of production so as to i) keep on operating at, or above, break-even point and ii) retain their market volume. Most of these companies also mentioned that they had now reached the level at which they have exhausted their "reserve".



**EXECUTIVE SUMMARY**  
(continued)

5.2.5. Access to the banking system

All companies included in the sample had access to the commercial banking system, in the forms of overdraft facilities, short-term loans, or other forms of credit.

The shortage of financing these companies experience has nothing to do with their "bankability" but is caused i) by the limited amount of funds which are available for credit through the commercial banking sector, and ii) by the lending policies of the commercial banking sector in this country which are geared towards the large companies, the parastatals, and the import-export businesses.

The gender of the manager or owner of the prospective borrowing company is not a criteria which is considered by the commercial bankers in their loan and credit decision.

5.2.6. Analysis of the operating charges

Raw materials represent 54 % of the yearly operating expenses of the manufacturing industries.

The purchase of spare parts is extremely low (7 % of the expenses), even though the equipment used is generally old. Most company reserve what little hard currency they obtain to purchase raw materials needed to produce goods and to generate revenues.

Personnel expenses are relatively low, 18 % on average.

Finance charges are generally low, 4 % on average, which might be explained by the limited access to credit of this category of companies.

5.2.7. Marketing characteristics and sales figures

Among the sample, 70 % of the companies have suffered a reduction in sales in constant terms from 1985 to 1987, and all the sectors except plastics were affected.

The decrease in sales experienced by the majority of the companies surveyed was primarily due, according to the managers interviewed, to the difficulty in operating their equipment, even when the market for their products exists.



**EXECUTIVE SUMMARY**  
(continued)

In addition, a number stressed the decreasing unit selling price (in constant terms) of their products which correspond to a switch from high- or medium- to low-quality products to take into account the decreasing purchasing power of their customers.

A large number of interviewees mentioned that their locally manufactured products must compete with similar imported products on which no, or little, import taxes are paid. It is well known that custom taxes evasion is carried out on a grand scale.

It is also widely believed that, while outwardly the encouragement of the local industry is proclaimed as official policy, the purchasing practices of those parastatals which are big purchasers of manufactured goods often are favoring the signing of contracts with foreign suppliers.

In addition, local industries in some sectors (textile and clothing for instance) face competition from foreign manufacturers which dump on developing countries' markets, at a marginal cost of production, those of their products which did not pass quality control or went out of fashion. Locally produced goods cannot compete on these terms.

Very few industries were found to export their manufactured goods to developed countries or to other neighbouring African states.

5.2.8. Employment

While, on average, the activity of the companies surveyed decreased by 5 %, if measured by sales in constant zaires, the employment change has been positive (+ 3 %) during the same period.

This phenomenon can be explained by a number of factors among which:

- The legal protection the employees enjoy under Zaire's labour code.
- Salaries are low and represent, on average, a small proportion of the total cost of production. This reinforces the first factor and deters employers from rapidly adjusting the level of their work force to comply with current economic conditions.
- A large number of the managers interviewed mentioned that they are reluctant to fire the workers and clerks, not to mention foremen and middle-managers they trained on-the-job.



**EXECUTIVE SUMMARY**  
(continued)

The reason they mentioned most often was their fear of not being able to find personnel of similar quality on the labour market if they needed to increase their work force later on, due to the poor quality of technical schools.

It is worth stressing that the manufacturing sector represents a very high percentage of the total employment offer (in the formal sector) in the major cities. This factor appears extremely important with regards to social stability because the population growth of the main urban areas in Zaire has been considerable in the past 20 years and shows no sign of abating.

5.2.9. Women's employment

For a number of reasons deriving both from the fact that the companies surveyed were mostly industrial and from the socio-economic scene in Zaire, the employment of women was found to be extremely low, less than 4 % of the total employment on the average.

5.2.10. Ownership of capital

All the companies included in the sample were locally established under the Zairian business law (SZPRL).

The real property of the capital was often difficult to ascertain, but it is quite clear that most of the medium-sized industrial companies are owned by expatriates rather than by Zairian nationals. Most, however, have Zairian shareholders whose presence has often more to do with their interaction with the authorities than with their real participation in the management of the company.

5.2.11. Female ownership of capital

We found that less than 1 % of the companies surveyed could identify female shareholders in their capital.

5.2.12. Women as clients or suppliers

The research found some instances of important female-owned or operated enterprises as direct clients of the companies surveyed.

However, since only three industrial companies (less than 8 % of the total surveyed) mentioned that they had female traders among their biggest customers, it is difficult to form an opinion on



EXECUTIVE SUMMARY  
(continued)

the role and importance of women as clients of medium-sized manufacturing and trading enterprises. It is worth noticing, however, that the cases mentioned almost exclusively concerned enterprises which are owned by politically important women.

Finally, no company interviewed mentioned that they had a female-owned or -operated enterprise as supplier of raw material, spare parts or other goods or services.

These findings suggest that, when females have their own enterprises in the formal sector, they probably operate as traders in the interior rather than in the import-export business or in the industrial sector.

6. FINANCING NEEDS AND RESOURCES

6.1. Allocation of foreign currency resources

The foreign currency resources currently transiting via the commercial banks is at the level of U.S.\$ 550 - \$ 600 million per year. This amount includes World Bank and other grants and loans made to the Government of Zaire (GOZ) but excludes Gécamines and petrol export revenues which are directly taken up by the GOZ/Bank of Zaire.

In addition to the resources deployed by the commercial banks, an estimated U.S.\$ 200 to \$ 400 million is handled by the parallel market each year. This amount obviously fluctuates and increases particularly when the differential between the official and parallel rate is significant. At the time of the study, the differential had been no less than 25 % for a number of months.

The commercial banks allocate their hard currency in roughly the following order:

- Petroleum products imports: 30 - 40 %
- Multinationals, large companies in all sectors and parastatals: 30 - 50 %
- Medium- and small-sized (bankable) companies: 10 - 20 %

Of the 10 - 20 % level reserved for the SMEs in the official financial system, one can assume that the traders and industrial companies have an even share of this allocation.



**EXECUTIVE SUMMARY**  
(continued)

The amount estimated to be available for these enterprises is now on the order of U.S.\$ 60 to 120 million per year. Probably a maximum of 50 % of this amount goes to the manufacturing sector, or in the range of U.S.\$ 30 to 60 million per year.

Financing in local currency, while less problematic than financing in hard currency, is still well below the needs. The credit policies of the Central Bank are very restrictive and companies experience severe cash flow problems because they have to deposit the counterpart value of 100 % of the amount of their letters of credit when these are opened.

It is very important to note that almost all companies have had to abandon any form of customer credit to mobilize the financing they need in local currency operating funds.

6.2. Estimate of the working capital financing needs

On the basis of the research, one could venture that the short-term foreign currency financing needs of the medium-sized companies in Zaire, which are not presently available through the banking system, is in the range of between U.S. \$ 60 and 100 million a year.

In addition, the need for local currency financing of the small and medium-sized companies in Zaire could be roughly estimated at 2.2 billion zaires annually, or around U.S.\$ 18 million in 1987.

6.3. Investment financing needs

According to the balance of payments figures, the net private transfers have been deteriorating since 1983 in such a proportion that the net public transfers have not been able to compensate for the fall. They have consistently been negative for the past three years, which might indicate how little new private foreign investment has been realized during the period.

While the preoccupations of the managers interviewed during the course of the research were largely focused, in the difficult economic situation most are presently experiencing, towards their working capital needs, the survey nevertheless found that a significant percentage of them, or 27 % of the sample, still had some investment projects. Another 19 % had completed some investment project over the past five (5) years, or were in the final stage of its completion.



EXECUTIVE SUMMARY  
(continued)

Of the 27 % which mentioned an investment project, it must be noted that the project often was in the early planning stage, or still only an idea.

Of the companies contemplating a future investment, for a total of approximately U.S.\$ 14 million, only two of them were actively engaged in the search for financing at the time of the research. All the other investment projects had been postponed for the time being.

Since very little medium- to long-term financing can be obtained through the commercial banks, or currently through SOFIDE, which presently experiences a difficult financial situation, the investment financing gap could be estimated at approximately U.S.\$ 11.7 million equivalent, a large proportion of which would require foreign currency.

7. CONCLUSION

The research conducted among a representative sample of medium-sized private companies in the region of Kinshasa clearly illustrates the extremely difficult situation this economic sector has been experiencing for the past two years.

The lack of financing, especially the shortage of foreign exchange, itself a direct result of the general economic situation this country presently faces, of the macro-economic monetary policies it had to implement, and of the commercial banking sector's attitude towards the small and medium-sized manufacturing sector, is the major constraint hampering the development, and even endangering the survival, of these companies.

For a number of reasons, however, this economic sector is well worth maintaining, and helping to grow.

The Private Sector Support Project, while it will not fundamentally change the present disquieting operating environment, would nevertheless help, in the short-term, to alleviate some of the most harmful constraints the target group encounters. In addition, it could, in the longer-term, help assist in the acceptance and implementation of policy changes that will enable Zairian commercial banks to expand financial services necessary for growth of the private sector, and improve some of those institutional aspects which are not conducive to a healthy and dynamic private economic sector.



## 1. INTRODUCTION

In April 1987, to provide some of the documentation background required for the conception of its "Private Sector Strategy and Program Design", USAID decided to contract a field research on the small and medium private enterprises in the regions of Kinshasa, Shaba and Bandundu. The survey was to be conducted among a diversified sample of manufacturing, transport and construction companies of between 10 and 100 permanent employees.

Because early in the conduct of this project it was found that practically no such enterprises did exist in the rural areas of Bandundu and Shaba, it was decided to modify the criteria of geographical location for the sample of small and medium sized industrial enterprises to be researched and to restrict the survey to the towns of Kinshasa, Lubumbashi, Kolwezi and Likasi. Outside these main urban centers the private business activities were found to be almost entirely restricted to agriculture and trading.

Consequently, to document a fuller picture of the private economic activities, USAID decided in October 1987 to contract a complementary research on the small and medium size commercial businesses in the above-mentioned regions.

One of the main findings of the two above-mentioned surveys, however, was to demonstrate that, for a number of reasons, the generally admitted size criteria of between 10 and 100 permanent employees used to define small and medium enterprises did not really apply in the Zairian economic context and that this range covered both the informal sector and cottage industry (10 to 30-50 employees), and the small businesses (30-50 to 100 employees). The medium-sized industrial and trading sectors were not adequately covered.

In addition, it was found that a relatively small percentage of the small private companies were considered by bankers as qualified borrowers. Since a key policy element of USAID's Private Sector Support program was that it would be administered through local commercial banks which would freely make loan decisions and assume borrower credit risk, this important finding raised the concern that the project funds might not be easily disbursed.

Consequently, USAID determined that the definition of private sector companies needed to be broadened to cover those companies of between 100 and 500 permanent employees and of between 100 and 500 million zaires in 1987 sales.

On this basis, USAID decided to contract a third survey with the objectives of i) completing the picture of the small and



medium-sized private sector in Zaire and ii) assessing the capital and operating funds requirements of companies potentially eligible for commercial bank credit.

The following report presents the findings and conclusions of the field research conducted by Coopers & Lybrand between March 28 and April 29, 1988 among a sample of 38 medium-sized private companies in the manufacturing and trading sectors in Kinshasa.

The result of the research demonstrates clearly that not only the new target group is entirely acceptable to the commercial banks, but that the financing needs, in local and in foreign currencies, are such that there should be no concern over whether the original and extended target groups will be able to absorb, and make good use of, the envisaged U.S.\$ 40 million private sector project funds.

## 2. TERMS OF REFERENCE AND METHODOLOGY

The Terms of Reference of the project are stated in the Request for Proposal (RFP) No. 0510-03 of January 14, 1988 which is included as Appendix 1 of the present report. The project was defined as the "conduct a survey of a representative sample of 35 to 40 companies in the range of 100 to 500 employees and 100 to 500 million zaires in 1987 sales ... to assess the financial needs and the credit facilities available to those firms through the commercial banks".

The survey the Consultant conducted among a sample of more than 38 medium-sized manufacturing and commercial enterprises in the capital city of Kinshasa was conducted on the basis of a detailed questionnaire which was submitted to, and approved by, representatives of USAID in Kinshasa at the beginning of the project. While the questionnaire permitted the gathering and organization of a large amount of detailed information on the operating, marketing, administrative and financial characteristics of the companies surveyed, this information was completed by a systematic visit of the companies' premises and interview of the Top Manager and/or his Assistants in the course of which the interviewees were encouraged to discuss freely and at length the subjects and problems they deemed important.

The information provided was generally found to be of a very good quality, and the Consultant experienced few refusals to collaborate on the part of the companies contacted. In most cases, a good and thorough management information system was used in the enterprises which finally agreed to participate in the survey (more than 80 % of the firms contacted). Furthermore, as a rule, the Top Managers declared themselves extremely interested in the proposed



project and were found to be far less skeptical about its actual implementation than was experienced in a previous similar survey conducted among the small enterprises. Consequently, the requested information was usually readily and willingly provided. However, since it is a well-known fact that a number of companies in Zaire, large and small, tend to keep two sets of accounts, the Consultant cannot vouch for the reliability and completeness of all of the financial information submitted. Nevertheless, the interest demonstrated in the proposed assistance project on the part of the companies and the fact that the Consultant often had confidential access to sensitive information, makes him confident that the consolidated data of the sample are trustworthy and the picture of the situation presented hereafter is accurate.

The justification for restricting the geographical area of the research to the city of Kinshasa is discussed in Chapter 4 hereafter.

The field survey took place between March 14 and April 16 1988.

The questionnaire which was used during the research is presented in Appendix 2, while the final list of the companies which agreed to provide information, along with their characteristics and financial needs are summarized in Appendix 3.

The result of the survey are presented in the following chapters.

### 3. POSITION OF THE MANUFACTURING ACTIVITY WITHIN THE OVERALL ECONOMY OF ZAIRE

The importance of the manufacturing sector, compared to other economic sectors in Zaire, can be illustrated by the following table, which is based on a comparison of the most recent figures available. (Sources: "Conjoncture Economique" and "Profils de l'Economie du Zaire 1955-1987", both published by the Département de l'Economie Nationale, and various Bank of Zaire's publications)



DISTRIBUTION OF THE GROSS DOMESTIC PRODUCT  
(figures expressed in constant 1970 zaires)

ALL ECONOMIC SECTORS	1970 (million z.)	1970 (% total)	1984 (million z.)	1984 (% total)	% CHANGE
AGRICULTURE	158,80	16.44%	205,40	20.24%	29.35%
MANUFACTURING INDUSTRIES	77,50	8.02%	62,60	6.17%	-19.23%
MINE & METALLURGY	211,20	21.86%	253,80	25.00%	20.17%
CONSTRUCTION	45,00	4.66%	34,20	3.37%	-24.00%
WATER	3,10	0.32%	5,20	0.51%	67.74%
ELECTRICITY	5,60	0.58%	7,50	0.74%	33.93%
SERVICES & GOVERNMENT	413,50	42.80%	441,50	43.50%	6.77%
IMPORT TAXES	51,40	5.32%	4,80	0.47%	-90.66%
G.D.P. TOTAL	966,10	100.00%	1 015,00	100.00%	5.06%

(in 1970, 1 Zaire = U.S.\$ 2.00; in 1984, 1 Zaire = U.S.\$ 0.0281)

Referring to this table, one can make the following observations:

- 3.1. Globally, the Gross Domestic Product (GDP) increased by 5.06 % in constant value (base 1970) between 1970 and 1984. (The population increased by 37.12 % during the same period, from 21,637,876 to 29,671,407)
- 3.2. If one excludes the mining, metallurgical and infrastructure industries (water and electricity production and distribution) which are represented mostly by large parastatals, the industrial sectors of manufacturing and construction show the highest decrease, both in absolute and relative terms, while the agricultural and services sectors show an increase, both in absolute and relative terms.
- 3.3. Manufacturing represented 6.17 % of the total GDP in 1984, down from 8.02 % in 1970, or a decrease of 19 % in constant terms.
- 3.4. Construction and civil works represented 3.37 % of the total GDP in 1984, down from 4.66 % in 1970, or a decrease of 24 % in constant terms.
- 3.5. Services and government represented 43.5 % of the total GDP in 1984, up from 42.8 % in 1970, or an increase of 6.77 % in constant terms.
- 3.6. It is interesting to note that the only economic sectors which experienced positive growth in absolute terms are



precisely those where the international donor agencies' technical and financial assistance has been most concentrated, namely the agricultural, infrastructure and mining sectors. The manufacturing and construction sectors, mostly in private hands, usually receive very little or no direct assistance from these agencies.

3.7. Revenues from import taxes show a sharp decline during the period, down from 51.4 million to 4.8 million, or a 90.66 % decrease. While official figures are incomplete and difficult to interpret, it is likely that neither the value of the imports nor the import tariffs themselves have decreased by that much during the period. Difficulties in collection could well be the major cause of this trend.

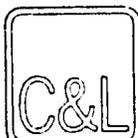
3.8. More detailed figures for the manufacturing sector are presented in the following table:

DISTRIBUTION AND EVOLUTION OF THE VARIOUS MANUFACTURING ACTIVITIES  
(figures expressed in constant 1970 zaires)

INDUSTRIAL SECTORS	1970 (million z.)	1970 %	1984 (million z.)	1984 %	% CHANGE
Food products	8,70	11.23%	6,90	11.02%	-20.69%
Beverages	14,20	18.32%	15,60	24.92%	9.86%
Tobacco	3,00	3.87%	3,00	4.79%	0.00%
Textile & clothing	15,50	20.00%	9,30	14.86%	-40.00%
Shoes (plast & leather)	3,50	4.52%	1,50	2.40%	-57.14%
Petroleum refining	5,80	7.48%	1,60	2.56%	-72.41%
Chemicals	6,80	8.77%	8,10	12.94%	19.12%
Metal products	7,80	10.06%	7,20	11.50%	-7.69%
Wood products	3,30	4.26%	2,10	3.35%	-36.36%
Miscellaneous	8,90	11.48%	7,30	11.66%	-17.98%
<b>TOTAL MANUFACTURING</b>	<b>77,50</b>	<b>8.02%</b>	<b>62,60</b>	<b>6.17%</b>	<b>-19.23%</b>
<b>CONSTRUCTION</b>	<b>45,00</b>	<b>4.66%</b>	<b>34,20</b>	<b>3.37%</b>	<b>-24.00%</b>

(The percentages for total manufacturing and construction refer to the total G.D.P.)

3.9. Beverages and chemicals were the only industrial activities to show an increase in constant terms. The beverages production sector grew by 9.86 %, becoming the largest manufacturing activity, while chemicals, both industrial and consumer goods products, grew by 19,12 %, coming from fifth to third position.

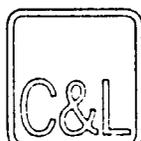


- 3.10. Tobacco remained constant, jumping from ninth to sixth position while,
- 3.11. All other manufacturing activities showed a decrease in constant terms.
- 3.12. Especially hard hit appear to have been the textile and clothing sector (- 40 %), going from first to second position; the wood products sector (- 36.36 %); and the food production sector (- 20.69 %), which went from third to fifth position. The shoes manufacturing sector showed the largest decline (excluding the petroleum refining activity, which is carried out by a mixed company), with a decrease of 57.14 % in value, although the number of pairs produced increased by 315 % during the same period. This phenomenon can be explained by the fact that, due to the decrease in the population's purchasing power, the production shifted from quality shoes (leather) to cheap plastic shoes. Of the total pairs produced during this period, the percentage of leather shoes dropped from 34.65 % to 5.2 %, while the relative percentage of plastic shoes jumped from 5.86 % to 87.56 % of the total number of pairs produced.
- 3.13. In 1984, the major manufacturing activities in Zaire were distributed as shown in the following table:

DISTRIBUTION OF MANUFACTURING ACTIVITY

MANUFACTURING SECTORS	% TOTAL	POSITION 1984
Beverages	25.57%	1
Textile & clothing	15.25%	2
Chemicals	13.28%	3
Metal products	11.80%	4
Food products	11.31%	5
Tobacco	4.92%	6
Wood products	3.44%	7
Shoes	2.46%	8
Miscellaneous	11.97%	

(The percentage is expressed relative to the contribution of the manufacturing activities to the GDP)



3.14. Figures for the services sector are presented in the following table:

DISTRIBUTION AND CHANGES IN THE SERVICES ACTIVITIES  
(figures expressed in constant 1970 zaires)

SERVICES AND GOVERNMENT	1970 (million z.)	1970 (% total)	1984 (million z.)	1984 (% total)	% CHANGE
Transport & Telecom.	75,90	18.36%	63,60	14.41%	-16,21%
Trading (import & local)	106,40	25.73%	118,20	26.77%	11,09%
Financial institutions	14,60	3.53%	12,50	2.83%	-14,38%
Miscellaneous services	84,00	20.31%	33,20	7.52%	-60,48%
Government	132,60	32.07%	214,00	48.47%	61,39%
<b>TOTAL SERVICES</b>	<b>413,50</b>	<b>42.80%</b>	<b>441,50</b>	<b>43.50%</b>	<b>6,77%</b>

(The percentage for total services refers to the total G.D.P.)

3.15. Trading, both in imported and local goods, represented 26.77 % of the total in 1984, up from 25.73 % in 1970, or an increase of 11.09 % (11.6 % of the total GDP in 1984, up from 11.01 % in 1970) while,

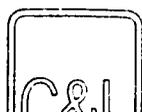
3.16. Government services represented 48.47 % in 1984, up from 32.07 % in 1970, or an increase of 61.39 %, the largest growth of all economic sectors (21 % of the total GDP in 1984, up from 13.72 % in 1970). If the parastatals were to be included, the government share of the GDP would be substantially higher.

#### 4. CHOICE OF THE SAMPLE

Based on the requirements of the terms of reference, which stipulated research among private companies of between 100 and 500 employees and/or between 100 and 500 million zaires in 1987 sales, this consultant identified and made contacts with 38 enterprises in the region of Kinshasa.

##### 4.1. Geographical distribution of the sample

All the companies selected for interview were based in the region of Kinshasa, while two previous studies of small-sized



industrial and commercial enterprises of between 5 and 100 permanent employees were conducted in Kinshasa, in Shaba and in Bandundu.

The decision to restrict the sample to companies operating out of Kinshasa is justified by:

- the weight of the region of Kinshasa in the economic sectors to be studied,
- the fact that, in the medium-size range, most companies operate in Kinshasa, or have their headquarters in the capital, and
- the fact that, even when operating from Kinshasa, most of the medium-sized companies serve directly or indirectly the national market, while the smaller companies previously surveyed had a local, or at best regional, market.

The importance of the region of Kinshasa in the economy of Zaire, and especially in the manufacturing, construction and services sector, is shown in the following tables.

DISTRIBUTION OF GDP BY SECTOR AND BY REGION  
(in 1984)

REGIONS	Agric.	Mines	Manuf.	Constr.	Services	TOTAL
Kinshasa	0.2%	0.0%	3.5%	1.7%	14.6%	20.0%
Shaba	1.9%	20.6%	1.8%	0.6%	7.0%	31.9%
Bas-Zaire	2.0%	1.6%	1.2%	0.4%	4.1%	9.3%
Kivu	3.9%	0.3%	0.2%	0.1%	3.3%	7.8%
Haut-Zaire	3.4%	0.1%	0.3%	0.2%	3.7%	7.7%
Kasai-Or.	1.4%	1.8%	0.1%	0.1%	2.9%	6.3%
Equateur	3.3%	0.0%	0.0%	0.1%	2.7%	6.2%
Bandundu	2.8%	0.0%	0.0%	0.1%	2.7%	5.7%
Kasai-Occ.	1.3%	0.5%	0.1%	0.1%	3.1%	5.0%
TOTAL	20.2%	25.0%	7.1%	3.4%	44.1%	100.0%



If one looks at the economic sectors concerned in the study, namely the manufacturing industry, construction and services (excluding government and financial services), the predominance of the region of Kinshasa is even more striking.

RELATIVE IMPORTANCE OF KINSHASA IN THE SECTORS CONCERNED

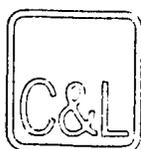
REGIONS	Manuf.	Constr.	Commercial services	% total
Kinshasa	48.9%	51.6%	33.0%	44.4%
Shaba	24.7%	19.0%	15.8%	19.8%
Bas-Zaire	16.3%	11.9%	9.3%	12.5%
Kivu	3.4%	1.9%	7.5%	4.3%
Haut-Zaire	4.7%	4.8%	8.4%	6.0%
Kasai-Or.	0.7%	2.4%	6.7%	3.3%
Equateur	0.3%	3.1%	6.1%	3.2%
Bandundu	0.2%	3.4%	6.1%	3.2%
Kasai-Occ.	1.2%	2.1%	7.1%	3.5%
% of GDP	7.1%	3.4%	18.3%	28.8%

This table shows that 44.4 % of the economic activities that are the target of the "Private Sector Project" are concentrated in the region of Kinshasa. This region represents 49 % of all the manufacturing activities, 51 % of the construction activities and 33 % of the commercial services activities (trading, transport and telecommunications and other non-government and non-financial services).

The second most important region in terms of those economic activities concerned in the project is the region of Shaba, which is far behind Kinshasa in terms of relative importance, with only 19.8 % of the total.

4.2. Sectorial distribution of the companies surveyed

The following table shows a breakdown of the different activities in which the sample companies engaged and the percentage of companies involved in each of these activities. The figures in this table, when compared to those in the table on the previous page, indicate a difference between the weight of the various activities represented by the sample companies and the relative importance of these activities to the total GDP of Zaire.



DISTRIBUTION OF THE COMPANIES SURVEYED  
BY SECTOR

SECTOR OF ACTIVITY	% OF SAMPLE
Metal products	16.00%
Building materials	13.00%
Wood products	11.00%
Textile	8.00%
Plastics	8.00%
Paint, chemicals, soap	8.00%
Trading	8.00%
Food products	5.00%
Electrical products	5.00%
Paper & cardboard	5.00%
Miscellaneous	13.00%
TOTAL	100.00%

These differences can be explained by the following facts:

- The alcoholic beverages and tobacco industries were specifically excluded from the survey, since we were informed that it is USAID's policy not to provide assistance to these sectors.
- Companies larger than the size specified in the terms of agreement were also excluded, despite their relative importance to the economy. Such large local companies, many of which are subsidiaries of multinationals, dominate the production of textiles, chemicals, food products and non-alcoholic beverages. Petroleum refining is carried out by SOZIR, a mixed company which is a joint venture between the government of Zaire and an Italian company. The companies interviewed had to be local private enterprises of medium size, even though the manufacturing sectors which they represent hold a lesser position in the economy of Zaire.

Otherwise, we feel confident that the final sample is representative of the medium-sized industrial and commercial activity in the country and that the analysis which derives from the data collected presents an accurate picture of the economic, financial and operational characteristics, opportunities, problems and needs of the project target group.



DISTRIBUTION OF SAMPLE  
BY TYPE OF PRODUCTS MANUFACTURED

TYPE OF PRODUCTS MANUFACTURED	% OF SAMPLE
Consumer goods	54.00%
Industrial products	26.00%
Both types	20.00%
TOTAL	100.00%

4.3. Distribution of sample by size of company

The terms of reference requested that the study be conducted among private local companies of between 100 and 500 permanent employees and/or of between 100 million and 500 million in 1987 sales.

A preliminary analysis, based on a scanty and somewhat unreliable statistical data base, permitted the selection of 51 private companies which appeared to meet the research criteria. This list of companies was submitted to USAID's representatives at the beginning of the study and was approved after three medium-sized trading companies were added to the proposed sample.

This consultant contacted all of these companies and finally selected 38 private enterprises for in-depth research. Some companies did not respond to the consultant's request for information. Other proved to be outside the selection criteria and were finally rejected. In general, however, the preliminary selection provided an adequate sample, and most companies contacted by the consultant were very cooperative.

On the following page, we present the final list of companies which responded to the research questionnaire.



SURVEY OF MEDIUM-SIZED COMPANIES

Exhibit 1

SUMMARY OF CHARACTERISTICS OF COMPANIES SURVEYED

	NAME OF COMPANY	SECTOR OF ACTIVITY	REVENUE 1987 (000 \$)	USED CAPACITY	NBER EMPL.
1	AMBASSADOR	TEXTILES	671	0.40	198
2	BIA	WORKSHOP	3 743	0.80	333
3	BKTF	FOOD PRODUCTS	4 124	0.50	532
4	BOISSONS NATIONALES	FOOD PRODUCTS	4 909	0.50	245
5	BOUKIN	GLASS	5 071	0.75	278
6	BRIKIN	BUILDING MATERIALS	523	0.30	303
7	CAMEZA	METAL PRODUCTS	884	0.12	320
8	CARFIGRES	BUILDING MATERIALS	1 517	0.70	199
9	COBEGA	METAL PRODUCTS	5 848	0.45	300
10	COMINGEM	CHEMICALS	2 840	0.50	582
11	CYCLOR	ASSEMBLY	2 879	0.25	203
12	ELRE (Gpe HASSON)	TEXTILES	465	0.62	189
13	ESB-ZAIRE	ELECTRICAL PRODUCTS	4 867	0.75	300
14	ETERNIT DU ZAIRE	BUILDING MATERIALS	1 891	0.50	123
15	ITENCO-MARBREZA	BUILDING MATERIALS	164	0.55	114
16	LINDA (Gpe HASSON)	TEXTILES	716	0.65	448
17	MAZAL	WOOD PRODUCTS	2 545	0.75	236
18	MEFERCO	METAL PRODUCTS	1 577	0.20	190
19	MOBILIA-DUX	WOOD PRODUCTS	1 179	0.70	209
20	NOVATEX (Gpe HASSON)	TEXTILES	3 085	0.56	477
21	PENAZA	CHEMICALS	2 706	0.25	282
22	PROMATEL	ELECTRICAL PRODUCTS	274	0.15	104
23	SACHERIE DU ZAIRE	PAPER AND CARDBOARD	1 734	0.24	117
24	SIMP	PLASTICS	1 500	0.75	522
25	SOCALZA	WOOD PRODUCTS	1 452	0.65	124
26	SOCOBELAM	WOOD PRODUCTS	417	0.10	249
27	SODIMCA	PAPER & CARDBOARD	2 003	0.45	197
28	SOFATEX (Gpe HASSON)	TEXTILES	1 147	0.76	377
29	SOGALKIN	METAL PRODUCTS	3 719	0.40	109
30	SOZAPLAST	PLASTICS	8 879	0.65	440
31	SULFO-ZAIRE	CHEMICALS	4 948	0.50	252
32	TISSAKIN	TEXTILES	3 445	0.56	598
33	TREFILKIN	METAL PRODUCTS	1 894	0.60	160
34	TUBETRA-ZAIRE	METAL PRODUCTS	5 437	0.74	340
35	USINE TEXTILE DE NSANGI	TEXTILES	329	0.40	219
36	UTEMA-TRAVHYDRO	BUILDING MATERIALS	5 815	0.80	123
37	VAP	FOOD PRODUCTS	2 674	0.30	297
		AVERAGE:	2 645	0.51	278



5. GENERAL CHARACTERISTICS OF THE COMPANIES SURVEYED

The main characteristics of the companies surveyed during the research are presented in the table below.

SUMMARY OF CHARACTERISTICS OF THE COMPANIES SURVEYED

SAMPLE	1987 GROSS SALES ( '000 U.S.\$)	TOTAL PERMANENT EMPLOYEES	% UTILIZATION OF EQUIPT.
Max. of range	8 878	598	80.00%
Min. of range	164	104	10.00%
Average of sample	2 760	258	49.00%

(It must be noted that each column is to be considered independently; different companies occupy the maximum and minimum positions in the sample in terms of sales, employment and utilization rate)

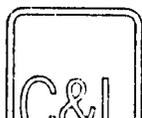
An overwhelming percentage of the companies surveyed were experiencing great difficulties at the time of the research. These difficulties arise from i) the institutional and fiscal environment in which they have to operate and ii) from the present financial and economic conditions of the country.

5.1. The institutional environment

The institutional and fiscal environment has been described in a previously submitted report on the small-sized private companies ("Private Sector Strategy and Program Design - Overview of the Small and Medium Scale Private Manufacturing Sector in Kinshasa and South Shaba - Final Report" - Project 660-0510 - COOPERS & LYBRAND - July 15, 1987). Since those findings also apply to the larger companies which are the subject of the present study, we refer the reader to that document for the details.

The major findings of that study were:

- Lack of confidence in the politico-economic outlook of the country, both among outside investors and among the locally established business community, and little trust in the civil service,



- Rapid depreciation of the national currency, which, among other pernicious effects, influences the companies' abilities to calculate their costs accurately and to adjust their selling price as they renew their inventories.
- A direct and indirect taxation which is heavy, ill-suited to the inflationary environment and does not really encourage operations which increase the value-added in Zaire.
- Widespread feeling of fiscal and administrative harassment,
- Importance of the parallel economy, especially with regard to the competition that illegal imports represent for locally established manufacturers,
- Tightness in the banking market of short-term funds in local currency, and chronic shortage of foreign exchange available to small- and medium-sized private enterprises, due to the Central Bank's monetary policy and the policies of the commercial banks.
- Inadequate level of funds and almost total absence of organization for medium- and long-term investment financing.

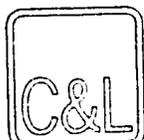
## 5.2. Characteristics of the companies surveyed

### 5.2.1. Sources and value of supply

The data collected in the course of the field study clearly show that most companies in the manufacturing sector rely predominantly on imported raw materials and spare parts, as shown in the tables below.

Even though most companies experienced great difficulties in opening letters of credit in 1987, imported raw materials represented, in value, an average of 65 % of all the raw materials purchased and used in production, and the imported spare parts represented an average of 56 % of the total purchased.

The companies in our sample purchased 2.3 billion zaires worth of local raw materials (or roughly U.S. \$ 17.7 million), while they imported raw materials worth the equivalent of 4.6 billion zaires (or roughly U.S. \$ 35.4 million).



1987 PURCHASE OF RAW MATERIALS  
(All companies surveyed)

ALL COMPANIES ('000 z.)	LOCAL RAW MATERIALS	IMPORTED RAW MATERIALS	TOTAL RAW MATERIALS	% IMPORTED
Sum	2 396 236	4 666 384	7 062 620	66.1%
Average	82 309	155 546	237 855	65.4%

1987 PURCHASE OF SPARE PARTS  
(All companies surveyed)

ALL COMPANIES ('000 z.)	LOCAL SPARE PARTS	IMPORTED SPARE PARTS	TOTAL SPARE PARTS	% IMPORTED
Sum	586 371	774 038	1 360 409	56.9%
Average	19 545	25 801	45 346	56.9%

The second set of tables excludes the companies in the building materials and beverage sectors whose supply characteristics are quite different from those of other manufacturing industries.

A large number of the former obtain part of their local raw materials free of cost by drawing upon their own clay, stone or marble quarries (in the questionnaire, they mentioned a value of zero for the purchase of raw materials), and the latter of which, contrary to the general rule, rely heavily on local products such as sugar, flour and water.

For all the other industrial sectors, the reliance on imports for local production is even more striking since the percentage of imported raw materials to the total used jumps, on average, to almost 70 %.

1987 PURCHASE OF RAW MATERIALS  
(All companies except building materials and beverage sectors)

EXCEPT BUIL. MAT. & BEVERAGES ('000 z.)	LOCAL RAW MATERIALS	IMPORTED RAW MATERIALS	TOTAL RAW MATERIALS	% IMPORTED
Sum	1 959 986	4 386 384	6 346 370	69.1%
Average	78 399	168 707	247 106	68.3%



1987 PURCHASE OF SPARE PARTS  
(All companies except building materials and beverage sectors)

EXCEPT BUILD. MAT. & BEVERAGES ( '000 z.)	LOCAL SPARE PARTS	IMPORTED SPARE PARTS	TOTAL SPARE PARTS	% IMPORTED
Sum	394 827	637 414	1 032 241	61.8%
Average	15 185	24 515	39 700	61.8%

A large number of companies interviewed declared that their number one concern was access to additional hard currency, although better local currency financing of their working capital needs was also highly desirable.

Most respondents declared that they would like to get more local currency financing from the banks in the form of larger overdraft facilities and short-term loans and through the relaxing of the 100 % coverage provision of their letters of credit at opening. At the same time, a large number mentioned that they found ways to mobilize a large portion of the funds in zaires needed for their local purchases. The most widely used method at present is to implement a sales-on-cash policy. This practice, while it negatively affects the market prospect of the companies has nevertheless the double advantage of i) improving their treasury position and ii) reducing the effects of the rapid depreciation of the local currency on their purchasing power.

All companies of the sample had the greatest difficulty in 1987 obtaining either from the banking or other sectors the hard currency necessary to purchase imported products. Had a sufficient supply of foreign currency been available to them, the ratio of local to imported purchases (30/70) might have been different.

The results of the survey indicate that, almost certainly, a large proportion of the project's funds would be spent for the importation of raw materials and (badly needed) spare parts.

It is not to say, however, that additional local purchases will not be generated by the project. But the impact of making supplementary financial resources available to local manufacturers of industrial and consumer goods is probably going to have a proportionally lower multiplier effect on locally supplied goods than on imports. In other words, while the project will definitely generate an increase in the volume of local goods purchased, one should expect that the additional funds are going to change the 30/70 ratio of local raw materials to imported raw materials in



favor of the imports. For instance, one dollar equivalent unit of extra financing might generate an additional 15 to 20 cents in local purchase and 80 to 85 cents in imports, rather than the present 30 cents / 70 cents.

### 5.2.2. Utilization rate

Most companies currently operate at a very low utilization rate, 49 % on the average. The highest figure reported was 80 %, the lowest 10 %.

For the purpose of this study, the utilization rate was defined as the ratio between the potential capacity of production given the present condition of existing equipment and the current level of production. Since almost all the companies admitted that their equipment operates far below its theoretical capacity for lack of proper spare parts, the real utilization rate is probably even lower.

According to the weighted results of our survey, the main cause of equipment under-utilization is the lack of raw materials needed to operate the existing equipment, as shown in the following table. The second major cause is the competition from legal or illegal imports, and the third was the reduction in demand due to the decrease in the population's purchasing power.

#### REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION

REASONS MENTIONED	TOTAL ANSWERS	WEIGHTED TOTAL	1st POSITION	2nd POSITION	3rd POSITION
Lack of foreign exchange	46.00%	51.85%	66.00%	29.00%	13.00%
Market reduction	23.00%	14.30%	12.00%	21.00%	0.00%
Competition from imports	16.00%	19.75%	12.00%	34.00%	29.00%
Age of machinery	14.00%	12.19%	7.00%	16.00%	58.00%
Other	1.00%	1.91%	3.00%	0.00%	0.00%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%

(The weighted total is calculated by giving a weight of 3 for the reason mentioned in first position, 2 in second and 1 in third)



The shortage of raw materials needed to operate the equipment at existing capacity and to meet market demand appears to be general and results from:

- the paucity of foreign exchange allocated to the manufacturing companies of medium-size for the purchase of their imported raw materials, (a detailed analysis of this factor is presented in a following chapter) and
- the unreliable and/or insufficient provisioning for those companies which rely on local products.

It is important to note, at this point, that the industrial local value-added, while difficult to measure for lack of reliable national figures, is probably lower in Zaire than it is for similar industrial enterprises in developed countries. Indeed, a substantial number of companies manufacture their finished products largely from imported raw materials, for lack of local sources of supply in most categories of goods. (value-added, however, might not be the only criteria to take into account to justify the assistance project. Safeguard of employment, maintenance of a viable private manufacturing sector which do much for the emergence of a medium-class of entrepreneurs and employees and for import substitution, and other such reasons are to be considered)

Two examples can be cited. All sheet and wire metal for the manufacturing of metal products must now be imported because the parastatal SOSIDER has halted production. Textile manufacturers have to rely more and more on imports because the local production of cotton has decreased both in quantity and quality (from 145,727 tons in 1955 to 49,326 tons in 1970 and 20,522 in 1984). Other industrial raw materials, such as PVC used by the plastic goods manufacturers have never been produced in Zaire. In the sectors reviewed, only wood manufacturing, beverages and some building materials companies (except those producing metal products for construction) seem to rely largely on local raw materials.

The age and poor condition of machinery was often mentioned during the course of the survey. This indicates that there exists an important foreign exchange need to finance, in the short-term, the rebuilding of the spare parts inventories and, in the longer term, new investments in production tools.

### 5.2.3. Profitability

Working at such a low utilization rate, it is likely that most companies operate at, or around, break-even point. A good



percentage declared that they had been making a loss for the past two years.

While the profit figures which were released during the course of the research might well be lower than what they actually are for most companies, we had the privilege to be shown the "management" rather than the official financial figures of several companies whose overall situation was as good, or even better, than the average of the sample. For these, the profit figures were consistently extremely low, or in a number of cases, had been negative in 1986 and 1987, and they expected a worsening of their results for 1988.

Under these conditions, one might well question why the companies keep on operating. There are probably several answers to this:

- The profit figures are calculated after all expenses are taken into account, in particular the salaries and other advantages (housing, cars, travel expenses, etc...) of the management. Since, in a number of local companies of medium-size, the top managers are also the shareholders, they might well, at least for a while, earn a comfortable living out of a loss-making company.
- For those local companies which are the subsidiaries of foreign-based enterprises, the parent company is often the supplier of raw materials or equipment. In these cases, it might not matter much to the parent if its local subsidiary is making a loss, since, globally, profits can be generated through the use of transfer-pricing on the goods it supplies. Indeed, over-pricing on supplied goods might be an easier, and safer, method to generate profits for the parent company than reliance on the repatriation of dividends.
- A number of the top managers interviewed compared the present economic situation to a "state of war" (sic), which has to end at some point. They unanimously stressed the extraordinary long-term potential of the country. Most declared that they are willing to incur losses for a period, in hope that, when the situation improves, they will again be in a position to reap the (usually large) profits they enjoyed in the past. They also stressed that doing business in this country requires a good knowledge of the environment and all of its economic participants, and that it might be more risky to pull out and come back than to "weather the storm" and maintain continuity.
- Finally, those owners of locally established industrial companies which are discouraged and would like to pull out



are often prevented from doing so because of their heavy financial commitment. Indeed, their property (the fixed assets of the manufacturing enterprises) cannot be moved or, in the present circumstances, might prove extremely difficult to sell at an acceptable price. Consequently they are reluctantly willing to keep on operating at a loss for a while longer rather than "lose all".

#### 5.2.4. Relationship between utilization rate and unit cost

The consequence which working at a low utilization rate has on the unit cost of the industrial companies can be dramatic.

In the Zairian context, companies experience difficulties in reducing their fixed costs proportionally with their reduction in output. In this case, their break-even point remains high.

Consequently the unit cost of the goods they produce is rising, and they risk pricing themselves out of their market, the more so since the purchasing power of their clients, industrial or final consumers, is decreasing.

Two solutions can be found to counter the phenomenon, both dealing with a reduction in the direct production cost. The first solution, and obviously the best in the long term, is to increase productivity; the second is to decrease the quality of the manufactured products.

In the manufacturing sector of Zaire, where raw materials represent so much higher a cost than personnel in the direct cost of production, a significant increase in productivity can be achieved mainly through investment in better machinery and equipment to produce the same output with less input, or more output with the same input. However, the difficult economic and financial situation of a large proportion of the medium-sized industrial companies has limited their willingness, or potential, to invest.

The second solution has been used in the past by a number of companies, mainly those producing consumer goods.

The search for means of increasing productivity can be a never-ending process. However, a deliberate reduction in quality is a temporary expedient which at some point has to stop.

Some companies, although unwittingly, have had to have recourse to this solution to decrease their direct cost of production so as to i) keep on operating at, or above, break-even point and ii) retain their market volume. Most of these companies also mentioned that they had now reached the level at which they have exhausted their "reserve". If their utilization rate keeps on



falling, for supply shortage reasons, they will definitely be operating below break-even point. They will then have the choice between increasing (in constant terms) their unit selling price or incurring losses for as long as they can afford to until they can improve their utilization rate, or the market can bear higher prices, or both.

Obviously, neither alternative is appealing to them. If they boost their selling price, they are well aware that they risk entering a spiral where the more they increase the price, the less they sell, and the less they sell, the more they have to continue increasing, with a predictable ultimate result in terms of survival of the company. The second alternative might be less bad if i) one can afford it and ii) the general situation improves relatively rapidly.

#### 5.2.5. Access to the banking system

All companies included in the sample had access to the commercial banking system, in the forms of overdraft facilities, short-term loans, or other forms of credit.

The shortage of financing these companies experience has nothing to do with their "bankability" but is caused i) by the limited amount of funds which are available for credit through the commercial banking sector for reasons explained in chapter 4 of the present report, and ii) by the lending policies of the commercial banking sector in this country which are geared towards the large companies, the parastatals, and the import-export businesses as documented in a previous report. ("Private Sector Strategy and Program Design - The Financial Intermediaries in Zaire - Final Report" - Project 660-0510 - COOPERS & LYBRAND - July 15, 1987)

It is worth noting at this point that the gender of the manager or owner of the prospective borrowing company is not a criteria which is considered by the commercial bankers in their loan and credit decision.

#### 5.2.6. Analysis of the operating expenses

On the next following page a breakdown of the operating expenses of the companies surveyed is presented. This table is interesting because it shows that, on average:

- Raw materials represent 54 % of the yearly operating expenses of the manufacturing industries. This figure is high because most of these raw materials are imported and because a proportion is probably purchased with hard currency bought from the parallel market, since all



companies experience difficulties getting from the commercial banking sector the foreign currency necessary to sustain their operations.

- The purchase of spare parts is extremely low (7 % of the expenses), even though the equipment used is generally old. This can be explained by the fact that most companies use what little foreign currency they get to purchase raw materials rather than to buy the necessary spare parts for their equipment. They reason that imported raw materials are essential to produce goods and to generate revenues, while locally machine-tooled spare parts and other temporary substitutes allow them to continue to operate their equipment, at least for the short-term. While all the interviewees admitted that, in the long run, the resulting damage to the machinery or loss in production quality might prove costly, they stressed that, under the present circumstances, they had no choice.
- Personnel expenses are relatively low, 18 % on the average, but this is not surprising, considering the salary scale in Zaire.
- Finance charges are generally low, 4 % on the average, which might be explained by the limited access to credit of this category of companies. This last point will be covered in greater detail in a subsequent chapter of this report.

The detailed operating expenses figures for the companies surveyed are presented in Exhibit 2 on the following page.



SURVEY OF MEDIUM-SIZED COMPANIES

Exhibit 2

INCOME STATEMENTS: % OF EXPENSES PER CATEGORY

		% OF TOTAL EXPENSES					
NAME OF COMPANY	SECTOR ACTIVITY	RAW MAT.	SP. PARTS	PERS EXP	FIN. CH.	OTHER EXP.	
1	AMBASSADOR	TEXTILES	0.48	0.03	0.38	0.01	0.10
2	BIA	WORKSHOP	0.44	0.30	0.18	0.01	0.07
3	BKTF	FOOD PRODUCTS	0.72	0.03	0.08	0.03	0.14
4	BOISSONS NATIONALES	FOOD PRODUCTS	0.63	0.05	0.09	0.02	0.21
5	BOUKIN	GLASS	0.38	0.27	0.20	0.04	0.11
6	BRIKIN	BUILDING MATERIALS	0.07	0.43	0.33	0.02	0.15
7	CAMEZA	METAL PRODUCTS	0.35	0.00	0.19	0.05	0.41
8	CARRIGRES	BUILDING MATERIALS	0.30	0.31	0.14	0.06	0.19
9	COBEGA	METAL PRODUCTS	0.85	0.00	0.06	0.02	0.07
10	COMINGEM	CHEMICALS	0.64	0.01	0.17	0.03	0.15
11	CYCLOR	ASSEMBLY	0.68	0.00	0.09	0.03	0.20
12	ELRE (Gpe HASSON)	TEXTILES	0.38	0.14	0.38	0.06	0.04
13	ESB-ZAIRE	ELECTRICAL PRODUCTS	0.79	0.03	0.10	0.01	0.07
14	ETERNIT DU ZAIRE	BUILDING MATERIALS	0.49	0.00	0.32	0.02	0.17
15	ITENCO-MARBREZA	BUILDING MATERIALS	0.33	0.00	0.25	0.14	0.28
16	LINDA (Gpe HASSON)	TEXTILES	0.40	0.08	0.32	0.13	0.07
17	MAZAL	WOOD PRODUCTS	0.50	0.06	0.13	0.03	0.28
18	MEFERCO	METAL PRODUCTS	0.50	0.05	0.28	0.01	0.16
19	MOBILIA-DUX	WOOD PRODUCTS	0.42	0.10	0.42	0.02	0.04
20	NOVATEX (Gpe HASSON)	TEXTILE	0.52	0.09	0.18	0.15	0.06
21	PENAZA	CHEMICALS	0.69	0.00	0.18	0.02	0.11
22	PROMATEL	ELECTRICAL PRODUCTS	0.65	0.00	0.13	0.05	0.17
23	SACHERIE DU ZAIRE	PAPER AND CARDBOARD	0.47	0.01	0.04	0.02	0.46
24	SIMP	PLASTICS					
25	SOCALZA	WOOD PRODUCTS	0.58	0.04	0.07	0.16	0.15
26	SOCOBELAM	WOOD PRODUCTS	0.30	0.03	0.34	0.01	0.31
27	SODIMCA	PAPER & CARDBOARD	0.64	0.01	0.19	0.00	0.16
28	SOFATEX (Gpe HASSON)	TEXTILES	0.65	0.03	0.22	0.06	0.04
29	SOGALKIN	METAL PRODUCTS	0.77	0.03	0.06	0.02	0.12
30	SOZAPLAST	PLASTICS	0.60	0.03	0.09	0.00	0.28
31	SULFO-ZAIRE	CHEMICALS	0.87	0.05	0.05	0.01	0.02
32	TISSAKIN	TEXTILES	0.38	0.17	0.18	0.20	0.07
33	TREFILKIN	METAL PRODUCTS	0.60	0.11	0.10	0.04	0.15
34	TUBETRA-ZAIRE	METAL PRODUCTS	0.69	0.00	0.18	0.02	0.11
35	USINE TEXTILE DE NSANGI	TEXTILES	0.37	0.02	0.24	0.07	0.30
36	UTEMA-TRAVHYDRO	BUILDING MATERIALS	0.94	0.00	0.04	0.00	0.02
37	VAP	FOOD PRODUCTS	0.52	0.02	0.24	0.04	0.18
	AVERAGE:		0.54	0.07	0.18	0.04	0.16



In the previous Exhibit, one can notice that the percentage of the raw materials expenses to the total is lower for the companies producing building materials, while their percentage of spare parts expenses to the total is much higher than for other type of companies. This can be explained by the fact that some of these companies extract the necessary raw materials from their own quarries but that, to do so, they need heavy trucks and other types of civil works equipment which are usually more expensive to maintain in terms of spare parts than fixed industrial machinery.

5.2.7. Marketing characteristics and sales figures

Among the sample, 70 % of the companies have suffered a reduction in sales in constant terms from 1985 to 1987, and all the sectors except plastics seem to be affected.

In 1987, average gross sales stood at the equivalent of U.S.\$ 2.7 million, and the average number of employees was 258. These figures demonstrate that the sample fulfills the requirements of the terms of reference, which stipulated a sample of 35 to 40 companies in the industrial and trading sectors of between 100 and 500 million zaires in 1987 sales and/or of between 100 to 500 permanent employees.

GROWTH OR DECLINE OF THE COMPANIES SURVEYED  
(Sales figures are expressed in constant value)

CHANGE IN SALES (1985-1987)	ALL COMPANIES (cf N.B.)	COMPANIES HAVING EXPERIENCED	
		AN INCREASE	A REDUCTION
% of total surveyed	94.00%	30.00%	70.00%
Lowest value	-64.00%	1.40%	-64.00%
Highest value	90.00%	91.00%	-3.00%
Average	-5.00%	37.00%	-25.00%

(N.B.: one company which experienced a growth of more than 200 % during the period has been excluded from the calculations. It started operating in 1985, and the sales figures for that year could not be considered representative.)

Globally, the average sales figure of the sample decreased by 5 % in constant terms. The decrease in sales for those 70 %



companies whose activity declined was an average of - 25 %, while for those companies whose sales grew, the average increase in sales was + 37 %.

The decrease in sales experienced by the majority of the companies surveyed is primarily due, according to the managers interviewed, to the difficulty in operating their equipment, even when the market for their products exists.

In addition, a number stressed the decreasing unit selling price (in constant terms) of their products, which corresponds to a switch from high- or medium- to low-quality products to take into account the decreasing purchasing power of their customers.

It is interesting to note that the competition from imports ranked second among the reasons explaining the low utilization rate of the existing equipment. A large number of interviewees mentioned that their locally manufactured products must compete with similar imported products on which no, or very little, import duties had been paid. While obviously no figures are available, it is a well known fact that custom (and corporate) taxes evasion is carried out on a grand scale in this country.

It is also widely believed that, while outwardly the encouragement of the local industry is proclaimed as official policy, the purchasing practices of those parastatals which are big purchasers of manufactured goods often are favoring the signing of contracts with foreign suppliers.

In addition, local industries in some sectors (textile and clothing, for instance) face competition from foreign manufacturers which dump on developing countries' markets, at a marginal cost of production, those of their products which did not pass quality control or went out of fashion. Locally produced goods cannot compete on these terms.

Very few industries were found to export their manufactured goods to developed countries or to other neighbouring African states.

In the case of exporting to developed countries, the quality of production and the constancy of this quality are probably the two major obstacles.

In the case of exporting to other neighbouring developing countries, administrative difficulties and the lack of a proper regional structure to encourage inter-state trade are major deterrents. In addition, most African countries have similar, rather than complementary, industries, and the prospect for export is severely limited. Neither Zaire, nor groups such as the Organization for African Unity or the "Conseil Economique des Grands Lacs" seem



to have developed a strategy to promote the export of manufactured goods. Export strategies could be based, for instance, on a careful study of the existing or potential competitive advantages of the different countries.

Finally, it is likely that most managers are so engulfed in solving the day-to-day operating, administrative and financial problems of their enterprises that they cannot spare the time, even if they were export-oriented, which appears to be seldom the case, to try to prospect foreign markets.

#### 5.2.8. Employment

A comparison between the previous and the following tables shows that while, on average, the activity of the companies surveyed decreased by 5 %, if measured by sales in constant zaires, the employment change has been positive (+ 3 %) during the same period.

COMPARISON BETWEEN CHANGE IN SALES AND CHANGE IN EMPLOYMENT  
(Sales figures are expressed in constant value)

CHANGE IN EMPLOYMENT (1985-1987)	ALL COMPANIES	COMPANIES HAVING EXPERIENCED	
		INCREASE IN SALES	REDUCTION IN SALES
% total surveyed	100.00%	30.00%	70.00%
Lowest value	-40.00%	-32.00%	-40.00%
Highest value	68.00%	68.00%	47.00%
Average	3.00%	21.00%	-5.00%

Among those companies whose sales declined in constant terms during the period under review, the reduction in the work-force has been relatively less than the reduction of activity (- 5 % against - 25 % on average).

Similarly, among the companies that grew, the increase in the work force has been lower, on average, than the increase in activity (+ 21 % against + 37 %).

This phenomenon can be explained by a number of factors, among which are:

- Employees enjoy good legal protection under Zaire's labour code. It is generally admitted that firing employees for any



reason (including misbehavior) proves to be a difficult, lengthy and often costly procedure.

- Salaries are low and represent, on average, a small proportion of the total cost of production. This reinforces the first factor and deters employers from rapidly adjusting the level of their work force to comply with current economic conditions.
- A large number of the managers interviewed mentioned that they are reluctant to fire their qualified workers and clerks, not to mention foremen and middle managers. The reason they mentioned most often was their fear of not being able to find personnel of similar quality if they needed to increase their work force later on. Most interviewees stressed the decreasing quality of the professional (technical) and general schooling systems and the need for industries to train their employees on-the-job. Most prefer to delay any decision to reduce their work force for as long as economically possible to preserve their training investment.

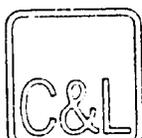
It is worth stressing that the manufacturing sector represents a very high percentage of the total employment offer (in the formal sector) in the major cities. This factor is extremely important because the population growth of the main urban areas in Zaire has been considerable in the past 20 years and shows no sign of abating. The city of Kinshasa, for instance, grew from 1,107,641 to 2,653,558 inhabitants between 1970 and 1984, or an average compounded annual growth rate of more than 6 % during the period, while conservative estimates give a population of 6,000,000 by the year 2000, or another doubling within the next 15 years.

Consequently, it can be argued that the survival and development of the manufacturing sector is an essential factor, among other, to promote the social stability of these urban areas.

#### 5.2.9. Women's employment

The employment of women in the companies surveyed was found to be extremely low. A number of factors explain this phenomenon.

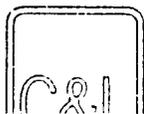
Industrial enterprises formed a large percentage of the sample, and in all countries, developed or in development, the employment of women is traditionally much lower in the secondary sector than in the tertiary sector. Industrial labor usually appeals less to women, not to mention the fact that a number of positions require some physical characteristics which are (rightly or wrongly) associated with males.



In addition, there are other reasons which derive from the socio-economic scene in Zaire:

- The level of unemployment in urban areas is high, and, in the formal sector, men as head of household will be the first to seek employment. A number of employers mentioned that, when they post an employment notice, they receive at least ten times more applications from men than from women.
- The mechanization of household chores is one factors which permitted women in developed countries to enter the labor market. In Africa, and Zaire is no exception, the level of household mechanization is very limited, or even nil, in addition to the fact that families are usually large. Women might not have the time required to occupy a job in the formal sector, which demands regular working hours. When they need to work to supplement the family income, they will generally work in the informal sector, where working hours can be adapted more easily.
- There is a definite reluctance on the part of employers to hire women, since they fear a high rate of absenteeism among female workers who might become pregnant. The labour code is very progressive with regard the pregnancy leave, and the fertility rate in Zaire is high.
- Finally, the labour code requires that wives formally obtain their husbands' consent to be employed. No employer can hire a married woman unless she presents a letter of agreement signed by her husband. This might reduce the number of applications.

The detailed data on female employment are presented in Exhibit 3 on the following page.



SURVEY OF MEDIUM-SIZED COMPANIES

Exhibit 3

STATUS OF FEMALE EMPLOYMENT

	NAME OF COMPANY	SECTOR OF ACTIVITY	NUMBER		% FEMALES
			TOTAL	FEMALES	
1	AMBASSADOR	TEXTILES	198	6	0.03
2	BIA	WORKSHOP	333	7	0.02
3	BKTF	FOOD PRODUCTS	532	26	0.05
4	BOISSONS NATIONALES	FOOD PRODUCTS	245	8	0.03
5	BOUKIN	GLASS	278	5	0.02
6	BRIKIN	BUILDING MATERIALS	303	6	0.02
7	CAMEZA	METAL PRODUCTS	320	21	0.07
8	CARRIGRES	BUILDING MATERIALS	199	2	0.01
9	COBEGA	METAL PRODUCTS	300	2	0.01
10	COMINGEM	CHEMICALS	582	19	0.03
11	CYCLOR	ASSEMBLY	203	4	0.02
12	ELRE (Gpe HASSON)	TEXTILES	189	4	0.02
13	ESB-ZAIRE	ELECTRICAL PRODUCTS	300	10	0.03
14	ETERNIT DU ZAIRE	BUILDING MATERIALS	123	4	0.03
15	ITENCO-MARBREZA	BUILDING MATERIALS	114	4	0.04
16	LINDA (Gpe HASSON)	TEXTILES	448	15	0.03
17	MAZAL	WOOD PRODUCTS	236	4	0.02
18	MEFERCO	METAL PRODUCTS	190	22	0.12
19	MOBILIA-DUX	WOOD PRODUCTS	209	2	0.01
20	NOVATEX (Gpe HASSON)	TEXTILE	477	14	0.03
21	PENAZA	CHEMICALS	282	11	0.04
22	PROMATEL	ELECTRICAL PRODUCTS	104	3	0.03
23	SACHERIE DU ZAIRE	PAPER AND CARDBOARD	117	0	0.00
24	SIMP	PLASTICS	522	10	0.02
25	SOCALZA	WOOD PRODUCTS	124	5	0.04
26	SOCOBELAM	WOOD PRODUCTS	249	0	0.00
27	SODIMCA	PAPER & CARDBOARD	197	15	0.08
28	SOFATEX (Gpe HASSON)	TEXTILES	377	24	0.06
29	SOGALKIN	METAL PRODUCTS	109	2	0.02
30	SOZAPLAST	PLASTICS	440	8	0.02
31	SULFO-ZAIRE	CHEMICALS	252	1	0.00
32	TISSAKIN	TEXTILES	598	8	0.01
33	TREFILKIN	METAL PRODUCTS	160	3	0.02
34	TUBETRA-ZAIRE	METAL PRODUCTS	340	12	0.04
35	USINE TEXTILE DE NSANGI	TEXTILES	219	0	0.00
36	UTEMA-TRAVHYDRO	BUILDING MATERIALS	123	8	0.07
37	VAP	FOOD PRODUCTS	297	15	0.05
		AVERAGE:	278	8	0.03



#### 5.2.10. Ownership of capital

All the companies included in the sample were locally established under the Zairian business law (SZPRL).

The real ownership of capital was often difficult to ascertain, but it is quite clear that most of the medium-sized industrial companies are owned by expatriates rather than by Zairian nationals. Most, however, have Zairian shareholders.

Nevertheless, when nationals are represented, they usually own only a small percentage of the shares and it appears that their presence is more often justified by the desire of the expatriate majority owner(s) to have a Zairian national represented in their company than by Zairian's actual purchase of shares. In a number of instances, the Zairian shareholder holds the position of Administrative and Personnel Manager, and his role is understood to be to interact with the authorities rather than to participate in the management of the company.

To our knowledge, no specific research has been conducted to explain the causes of this under-representation of Zairian nationals in the manufacturing sector. Among the reasons most often mentioned are:

- the preference of nationals for commercial rather than industrial activities, since the former offer more potential for short-term income,
- Zairian's relatively recent exposure to industrial culture, although trading has been carried out for centuries, and
- the difficulty of mobilizing the capital required to start a manufacturing activity,

The financial barriers to the creation of a manufacturing enterprise are certainly extremely difficult to overcome for the large majority of the population. It is nevertheless a fact that, even when wealthy, very few nationals are engaged locally in industrial activities. A recent World Bank statement insisted on the fact that wealthy Africans should be encouraged to invest in productive activities in their own countries.

#### 5.2.11. Female ownership of capital

We found that less than 1 % of the companies surveyed could identify female shareholders. This figure, however, might be somewhat smaller than it is in reality.



It is a common practice in Zairian society for the husband in the family to represent the financial interests of the household in public, even when his wife is the real legal owner of the property.

Nevertheless, while the figure obtained might well be underestimated, it is likely that the capital of the companies surveyed belongs predominantly to males. Female ownership of property is certainly not as common or as important in Zairian society as it is in developed countries in Europe and North America.

In most Zairian ethnic groups, property is inherited by the males of the direct, or close, family. Even in those so-called "matriarchal" groups, family property would be transmitted first to the eldest uncle on the wife's side, and second to the sons of the deceased, rather than to his wife or daughters. In so-called "patriarchal" groups, the transmission of property would follow similar lines, the major difference being that, in most cases, the eldest uncle on the husband's side would be first in the line of succession.

Since women can seldom inherit any significant amount of property over the generations, it is not surprising that the survey found so few women shareholders.

#### 5.2.12. Women as clients or suppliers

The research found some instances of important female-owned or -operated enterprises as direct clients of the companies surveyed.

However, since only three industrial companies (less than 8 % of the total surveyed) mentioned that they had female traders among their biggest customers, it is difficult to form an opinion on the role and importance of women as clients of medium-sized manufacturing and trading enterprises. It is worth noting, however, that the cases mentioned almost exclusively concerned enterprises which are owned by politically important women (i.e., women who are themselves present or past members of the Central Committee, the legislature or other state bodies, or who are close relatives of families represented in these bodies).

In all cases, the enterprises mentioned were purely trading companies, and the research did not identify a single instance where one of the industrial enterprises surveyed mentioned that it sold to another manufacturing company owned or operated by a woman.

As indirect clients, i.e. final consumers of the products manufactured by the companies surveyed, their role is undoubtedly



far more significant, particularly for those companies which produce consumer rather than industrial goods.

Finally, no company interviewed mentioned that they had a female-owned or -operated enterprise as supplier of raw material, spare parts or other goods or services.

These findings suggest that when females have their own enterprises in the formal sector, they probably operate as traders in the interior rather than in the import-export business or in the industrial sector.

## 6. FINANCING NEEDS AND RESOURCES

### 6.1. Allocation of foreign currency resources

The foreign currency resources currently transiting via the commercial banks is at the level of U.S. \$ 550 - \$ 600 million per year. This amount includes World Bank and other grants and loans made to the Government of Zaire (GOZ) but excludes Gécamines and petrol export revenues, which are taken up directly by the GOZ/Bank of Zaire.

This \$ 550 - \$ 600 million resource has to satisfy petrol imports ( $\pm$  \$ 15 - 20 million per month), invisibles such as dividends, royalties, management fees, etc... and imports under letters of credit.

In addition to resources deployed by the commercial banks, an estimated U.S. \$ 200 and \$ 400 million is handled by the parallel market each year. This amount obviously fluctuates and increases particularly when the differential between the official and parallel rate is significant. At the time of the study, the differential had been no less than 25 % for a number of months.

The commercial banks allocate their hard currency in roughly the following order:

- Petroleum products imports: 30 - 40 %
- Multinationals, large companies in all sectors and parastatals: 30 - 50 %
- Medium- and small-sized (bankable) companies: 10 - 20 %

The estimated allocation mentioned above ties in generally with what was communicated verbally during interviews with the



largest commercial banks. Needless to say, such statistical records are not kept, since this is not a requirement by the Central Bank.

No statistics are available detailing credit, either in local or in foreign currency, which is extended to the medium- and small-sized enterprises. Even if such records were maintained, they would have to include formal definitions of the number, size and sector criteria used to have any meaning.

Concerning the allocation of hard currency handled by the parallel market, one can assume that small- and medium-sized companies receive proportionally more than the 10 - 20 % cited from the commercial banks. None of this money would be used for petroleum imports. Some subsidiaries of multinationals and parastatal companies would, however, sometimes use such funds, working through intermediaries.

Of the 10 - 20 % level reserved for the SMEs in the official financial system, one can assume that the traders and industrial companies have an even share of this allocation.

Petroleum imports financing, which used to be taken care of by the Central Bank, now requires on the order of U.S.\$ 180 to 240 million per year in hard currency from the commercial banks even though the supply of foreign currency made available to them has not changed significantly. Small- and medium-sized enterprises have been the first and the worst affected by this shift in allocation of foreign currency. The rules have been changed by the Bank of Zaire eighteen months ago, and, since then, they have experienced an even more dramatic shortage of funds necessary to import essential raw materials, spare parts and equipment than before.

The amount estimated to be available for these enterprises is now on the order of \$ 60 to \$ 120 million per year. Probably a maximum of 50 % of this amount goes to the manufacturing sector, or in the range of \$ 30 to \$ 60 million per year. And this figure includes around U.S.\$ 38 million recently made available by the World Bank under the "Industrial Sector Adjustment Credit" program. Needless to say, had this project not been implemented, the situation of the medium-sized industries would have been dramatic in 1987-1988.

These figures, which had to be estimated for lack of statistics, nevertheless tie in with the results of the research conducted among medium-sized companies. Most managers interviewed estimated that the medium-sized manufacturing sector in Kinshasa requires around U.S. \$ 120 million a year in hard currency, 30 to 60 % of which they apparently receive through the official market at present. These figures exclude medium- to long-term investment financing requirements.



Financing in local currency would not be such a problem if companies did not have to deposit the counterpart value in zaires of 100 % of the value of the letters of credit, when these are opened. Companies usually experience long delays, both in the shipment of imported goods and between the delivery of raw materials and the production and sale of the finished product. Most managers recognize the prohibitive cost of locking up their funds for such long periods and the companies experience severe cash-flow problems. In addition local companies cannot, under the present circumstances, benefit from their suppliers' credit.

It is very important to note that almost all companies have had to abandon any form of customer credit to mobilize the financing they need in local currency operating funds. While the rapid depreciation of the local currency is undoubtedly a major cause of the disappearance of customer credit, the severely limited access to working capital financing through the commercial banking system also played an important role in the almost universal implementation of a (usually large) downpayment and/or a sales-on-cash policy. All companies are well aware that this policy restricts their volume of sales but increasing their cash turnover is often the only recourse they have to generate the financing they need.

The main causes of the shortage of financial resources, both in foreign currency and in local currency credit, made available to small- and medium-sized companies in Zaire, and particularly to manufacturing enterprises, through the commercial banking sector have been documented in detail in a previously submitted report. ("Private Sector Strategy and Program Design - The Financial Intermediaries in Zaire - Final Report" - Project 660-0510 - COOPERS & LYBRAND - July 15, 1987)

## 6.2. Estimate of the working capital financing needs

The annual working capital financing needs expressed by the companies interviewed are presented in Exhibit 4.

The interviewees were requested to state the amount of local and foreign currency which they considered indispensable to purchase the goods and services needed to operate in such a way as to respond to the perceived existing market demand.

It was carefully stressed that the market demand was to be the criterion, and that they could not base their estimate of financing needs on the amount required to operate their equipment at full theoretical capacity. With this restriction however, the companies were asked to estimate not only amounts required for the



purchase of raw materials but also amounts required to restock spare parts and for other needs.

Next, the companies were requested to state the amount of financing which is presently made available to them through the commercial banking sector in local and in foreign currency. Equity financing and other resources (parallel market) were to be excluded.

The difference between the two figures represents the need for financing through the financial intermediaries system. On the average, the medium-sized companies of the sample declared that they needed, in working capital, an additional U.S \$ 1 million in foreign currency and zaires 61.4 million in local currency to operate comfortably.

The total funds needed would be in the range of U.S.\$ 37 million and zaires 2.2 billion per annum.

These figures sound valid if they are compared to i) the consolidated data on 1987 purchases documented in section 5.2.1. (2.8 billion zaires and U.S.\$ 40 million), ii) the 1987 utilization rate of the companies surveyed as defined and documented in section 5.2.2. (around 50 %) and iii) the percentage that the purchase of raw materials and spare parts represents in the total expenses, as documented in section 5.2.6. (61 % on average).

According to these consolidated individual results, an increase of the utilization rate (see definition) to a figure closer to 100 % would require an increase of roughly 60 % of the financing availability, or in the range of 1.7 billion zaires and U.S.\$ 24 million for the sample surveyed.

It is clear then that the calculation made from two different series of data gives similar results, which is comforting, since it speaks for the soundness of the research.



SURVEY OF MEDIUM-SIZED COMPANIES

Exhibit 4

ANNUAL WORKING CAPITAL FINANCING REQUIRED

	NAME OF COMPANY	REVENUE 87 ( '000 \$ )	% UTIL.	FINANCING NEEDS	
				FOREIGN C. ( '000 \$ )	LOCAL C. ( '000 Z )
1	AMBASSADOR	671	0.40	600	20 000
2	BIA	3 743	0.80	1 200	7 000
3	BKTF	4 124	0.50	550	322 859
4	BOISSONS NATIONALES	4 909	0.50	898	45 000
5	BOUKIN	5 071	0.75	700	11 800
6	BRIKIN	523	0.30	430	4 735
7	CAMEZA	884	0.12	43	44 000
8	CARRIGRES	1 517	0.70	340	0
9	COBEGA	5 848	0.45	1 300	0
10	COMINGEM	2 840	0.50	1 315	60 000
11	CYCLOR	2 879	0.25	1 700	0
12	ELRE (Gpe HASSON)	465	0.62	401	33 000
13	ESB-ZAIRE	4 867	0.75	1 000	30 400
14	ETERNIT DU ZAIRE	1 391	0.50	250	54 000
15	ITENCO-MARBREZA	164	0.55	200	10 000
16	LINDA (Gpe HASSON)	716	0.65	905	75 000
17	MAZAL	2 545	0.75	900	0
18	MEFERCO	1 577	0.20	318	0
19	MOBILIA-DUX	1 179	0.70	193	36 000
20	NOVATEX (Gpe HASSON)	3 085	0.56	2 031	169 619
21	PENAZA	2 706	0.25	1 264	0
22	PROMATEL	274	0.15	0	8 000
23	SACHERIE DU ZAIRE	1 734	0.24	840	0
24	SIMF	1 500	0.75	1 125	0
25	SOCALZA	1 452	0.65	735	14 000
26	SOCOBELAM	417	0.10	1 142	46 500
27	SODIMCA	2 003	0.45	2 855	10 000
28	SOFATEX (Gpe HASSON)	1 147	0.76	780	65 000
29	SOGALKIN	3 719	0.40	3 374	0
30	SOZAPLAST	8 879	0.65	4 000	0
31	SULFO-ZAIRE	4 948	0.50	1 100	963 000
32	TISSAKIN	3 445	0.56	1 527	175 000
33	TREFILKIN	1 894	0.60	1 325	7 000
34	TUBETRA-ZAIRE	5 437	0.74	856	0
35	USINE TEXTILE DE NSANGI	329	0.40	236	3 000
36	UTEMA-TRAVHYDRO	5 815	0.80	400	0
37	VAP	2 674	0.30	446	60 000
	SUM:			=====	=====
				37 279	2 274 913
	AVERAGE:	2 645	0.51	1 008	61 484(*)

(\*) U.S.\$ 1 = 120 zaires approx.



The global size of the medium-sized economic sector in the region of Kinshasa and on a national basis is difficult to determine precisely because of a lack of published data. Based on experience, the consultant estimates that the sample probably represents between 50 and 70 % of the total number of companies meeting the research criteria in Kinshasa, and possibly between 40 and 60 % of the total number in Zaire.

In addition to the problem of estimating the global size of the sector, it is possible that the financing needs have been somewhat over-estimated by the respondents. However, due to the well-known unreliability of published financial statements in this country, it is unfortunately impossible to reach definite conclusions on the subject. Still, highly confidential financial information was sometimes made available to the consultant during the course of the research, and the data collected among a sample of more than 38 companies proved to be relatively consistent from one company to another. Aberrations did exist but, in general, it is felt that the results presented above form a reliable enough picture of the situation for the purpose of the project.

On the basis of this estimate, we would venture that the short-term foreign currency financing needs of the medium-sized companies in Zaire, which are not presently available through the banking system, would be in the range of between U.S. \$ 60 and 100 million a year. This does not mean that the real short-term financing gap amounts to that much, since companies might find some needed foreign exchange through other channels, albeit at a high cost and great legal risk.

The reliability of this rough estimate, however, can be indirectly verified. This figure, which derives from the data collected individually from 38 different companies is to be compared with the global amount of needed foreign currency financing consistently mentioned by managers of manufacturing companies of Kinshasa, or \$ 120 million, minus the sum of the individual report of financing available, or around 65 million. Using these data, one again reaches a figure of approximately 60 million. In addition, this estimate ties in quite nicely with the amount that the petroleum import financing now eliminates from the system, especially if one assumes that medium-sized companies were probably the first to be affected.

The volume of local currency credit required is more difficult to assess since a number of the companies surveyed included the coverage of the additional amount of letters of credit requested in their local currency needs appraisal. Based on a detailed analysis of the questionnaires and supplementary contacts with the respondents, we estimate however that less than 50 % of



the total mentioned in Exhibit 4 represent this coverage financing.

Consequently, the need for local currency financing of the small and medium-sized companies in Zaire could be roughly estimated at 2.2 billion zaires annually, or around U.S.\$ 18 million in 1987.

While neither accurate data can be provided, nor can unquestionable validation of the figures be produced, we nevertheless feel confident that the range mentioned constitutes a fair estimate of the real situation.

### 6.3. Investment financing needs

The following table, which presents the various components of Zaire's balance of payments for the last four years, indicates that the net private transfers have been deteriorating since 1983 in such a proportion that the net public transfers have not been able to compensate for the fall. They have consistently been negative for the past three years, which might indicate how little new private foreign investment has been realized during the period.

It must be noted that the deterioration of Zaire's external account also has a direct impact on the situation of the government budget and its capacity to finance new public investments. The funds earmarked in the government budget for investment spending have been reduced, in current zaires, from 3.2 billion in 1985 to 1 billion in 1986. The unavoidable decrease in public equipment spending is now such that even the maintenance of the existing infrastructure cannot be guaranteed. It is now estimated that several tens of billions of zaires would be needed just to rehabilitate the existing public installations.



**BALANCE OF PAYMENTS**  
(in constant U.S.\$ million)

	1983	1984	1985	1986
Export of goods	1 686	1 918	1 852	1 846
Export of services	100	115	126	156
Import of goods	1 444	1 399	1 413	1 550
Import of services	459	470	359	425
Balance	----- -117	----- 164	----- 206	----- 27
Factor income	-409	--571	--569	-575
- Revenues	15	27	27	33
- Expenses	424	598	596	608
Net transfers	124	31	34	78
- Private	3	-91	-55	-62
- Public	121	122	139	140
Balance of Payments	===== -401	===== -377	===== -279	===== -470

(Source: The World Bank)

The preoccupations of the managers interviewed during the course of the research were largely focused, in the difficult economic situation most are presently experiencing, towards their working capital needs. We nevertheless found that a significant percentage of them, or 27 % of the sample, still had some investment projects. Another 19 % had completed some investment project over the past five (5) years, or were in the final stage of its completion. Of those, one was major, since it consisted in the building of a whole new plastics plant; the others concerned the purchase of machines. In almost all cases, the investment was self-financed or financed by the (foreign) parent company. Most had benefited from the provision of the Investment Code.

Of the 27 % which mentioned an investment project, it must be noted that the project often was in the early planning stage, or still only an idea.

Of the companies contemplating a future investment, for a total of approximately U.S.\$ 14 million, only two of them were actively engaged in the search for financing at the time of the research. All the other investment projects had been postponed for the time being. A number had long been considered but still were nowhere near the starting point. However, since a number of the managers interviewed hoped that part of the proposed project funds



might be used for investment financing, they nevertheless mentioned their projects.

The average investment contemplated was on the order of U.S.\$ 1.4 million, of which only U.S.\$ 260 000 could be self-financed as shown in the table below.

#### INVESTMENT PROJECTS

DATA FROM SAMPLE	INVESTMENT PROJECTS	FINANCING AVAILABLE
Nber having a project	10	9
% of sample	27%	24%
Minimum size of Invst.	100	0
Maximum size	3 200	640
Average	1 400	260
Sum of all projects	14 000	2 300

(Figures are expressed in thousand dollars equivalent)

Since very little medium- to long- term financing can be obtained through the commercial banks, or currently through SOFIDE, which presently experiences a difficult financial situation, the investment financing gap could be estimated at approximately U.S.\$ 11.7 million equivalent, a large proportion of which would require foreign currency.

#### 7. CONCLUSION

The research conducted among a representative sample of medium-sized private companies in the region of Kinshasa clearly illustrates the extremely difficult situation this economic sector has been experiencing for the past two years.

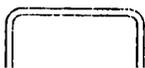
The lack of financing, especially the shortage of foreign exchange, itself a direct result of the general economic situation this country presently faces, of the macro-economic monetary policies it had to implement, and of the commercial banking sector's attitude towards the small and medium-sized manufacturing sector, is the major constraint hampering the development, and even endangering the survival, of these companies.

For a number of reasons, however, this economic sector is well worth maintaining, and helping to grow.



The Private Sector Support Project, while it will not fundamentally change the present disquieting operating environment, would nevertheless help, in the short-term, to alleviate some of the most harmful constraints the target group encounters. In addition, it could, in the longer-term, help assist in the acceptance and implementation of policy changes that will enable Zairian commercial banks to expand financial services necessary for growth of the private sector, and improve some of those institutional aspects which are not conducive to a healthy and dynamic private economic sector.

TERMS OF REFERENCE



c. The contractor also agrees to furnish data which the Contracting Officer may request on costs expended or accrued under this contract in support of the budget information provided herein.

B.4. Costs Reimbursable

Reimbursement of United States dollar and local currency costs incurred under this contract shall be paid to the Contractor as described in the clauses of this contract entitled "Allowable Cost and Payment" (FAR 52.216-07) and "Payment" (AIDAR 752.7003, Alternates 70 - 71), and shall be limited to reasonable, allocable, and necessary costs determined in accordance with the clause of this contract entitled "Allowable Cost and Payment" (FAR 52.216-07).

SECTION C -- Work Statement

- C.1. Background
- C.2. Objectives
- C.3. Scope of Work

C.1. Background

In February 1987, USAID/Zaire began a research effort to identify priority needs and possible interventions for its proposed \$40 million private sector project. USAID's private sector strategy provides for the possibility of various foreign exchange and local currency lending programs to private sector companies operating in Zaire. The programs would be administered through local commercial banks. A key policy element in any of these programs will be the freedom that participating commercial banks will have in making loan decisions and assuming borrower credit risks.

USAID contracted in early 1987 with a local consulting firm to carry out the initial research on the private financial sector and to survey potential participant companies in the program. In the survey USAID defined potentially eligible private sector companies as follows: 10 to 50 employees for "small sized" enterprises and 50 to 100 employees for "medium sized" companies. Analysis of this original research and further discussions with commercial banks indicated that a relatively small percentage of private companies in the original sample were considered by bankers to be qualified borrowers. These private companies included in the survey proved to be too limited in terms of the number of personnel and sales, and hence unlikely candidates for participation in a loan program.

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USAID has determined that the definition of private sector companies needs to be broadened in order to assess the capital and operating fund requirements of companies potentially eligible for commercial bank credit. Thus, USAID now seeks to extend its survey to cover private sector companies with 100 to 500 employees and 100 to 500 million zaires in 1987 sales.

C.2. Objectives:

The Contractor will conduct a survey of a representative sample of 35 to 40 companies in the range of 100 to 500 employees and 100 to 500 million zaires in 1987 sales. The firm or individuals will prepare a report that includes the following:

- a. Estimates of the dollar-value of imported inputs per year for existing operations in the sample companies, and the sources of financing of such imports (equity, short-medium- or long-term loans).
- b. Estimates of outstanding bank credits (short-, medium-, and long-term) to subject companies, and the role of local commercial banks in financing these credits.
- c. Estimates for subject companies of employment by category, output, sales, and value added over the last three years.
- d. Assessment of investment plans of subject companies over next 3-5 years, including estimates of financial needs (dollar-valued imports, short- and medium-term credit), output, employment, sales, etc.
- e. Assessment of the commercial banks' willingness to extend short- and medium-term credit to sample companies under their current credit and collateral policies.
- f. Estimates of the total foreign exchange and local currency credit demands in both the original and extended survey samples. An extension of these estimates to include the total estimated population of companies in these categories.
- g. Assessment of the role of women in the companies surveyed, including ownership, management, labor force, and as suppliers or customers. E.g., is the company's product sold or used predominantly by women? Are the suppliers of raw materials predominantly women traders or women producers? A specific effort should be made to identify women-owned or managed firms in the prescribed size category in order to identify characteristics that may differentiate those firms from the rest of the sample. Any observations about the determinants of women's role in the firms surveyed should be noted.

C.3. Scope of Work:

- a. Define and specify the company size criteria, location, and number of companies to be included in the extended survey, in consultation with USAID prior to beginning field work.
- b. Review and recommend, if necessary, the appropriateness of the research methodology and interview instruments utilized in the first survey. Agree on such changes with USAID prior to beginning field work.
- c. Carry out the agreed interview and analysis program.
- d. Prepare individual company profile sheets following formats developed in the original and extended surveys (as agreed to in B above).
- e. Estimate the needs of subject companies for capital and operating capital, including essential imports requiring foreign exchange.
- f. Assess the type and size of current banking credit relationships of sample companies.
- g. Obtain views of the commercial banks on their willingness to extend credit to the sample companies; explore bankers' attitudes toward lending to women.
- h. Estimate total credit demands, foreign exchange and local currency, for the sample companies in the initial and extended samples. Extend these estimates to include the total estimated demand of companies in both surveys.
- i. Participate in presentations and working sessions with USAID management groups in reviewing findings, conclusions and recommendations.
- j. Provide gender-disaggregated data on all the variables for which data is to be collected.

SURVEY QUESTIONNAIRE



COOPERS & LYBRAND

PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

INTERVIEW QUESTIONNAIRE  
(for use with the sample of medium-size companies)

PART I: GENERAL CHARACTERISTICS OF THE COMPANY

Date of interview:  
Name and title of interviewee:

1. IDENTIFICATION OF THE COMPANY

- 1.1. Name of the company:
- 1.2. Legal status:
- 1.3. Registration number:
- 1.4. Name of the General Manager (and gender):
- 1.5. Address of the company's head office:
  - Street, number, city:
  - Post office box number:
  - Telephone number:
  - Telex number:
- 1.6. Date of the formation of the company:

2. ACTIVITIES

- 2.1. Brief description of the activities of the company and, for each:
  - the location,
  - the type of products or services,
  - the raw materials.
- 2.2. Changes in production volume over the past three years (please mention the unit of measure: tons, m<sup>3</sup>, pieces, etc..):
  - 1985:
  - 1986:
  - 1987:



4-1

- 2.3. Utilization of the production capacity as a percentage of the potential output of the equipment in its present condition ?
- 2.4. If the capacity is under-utilized, major causes:
- lack of spare parts for the equipment,
  - lack of raw materials,
  - decrease in the market demand for the products,
  - other reasons (explain) ?
- 2.5. Proposed new products and services to be produced and marketed:

### 3. PROVISIONING

- 3.1. 1987 value and source of financing (equity, loan) for the company' supply of:
- locally purchased raw materials (in Zaïres):
  - imported raw materials (in U.S.\$ equivalent):
- 3.2. 1987 value and source of financing (equity, loan) for the company' supply of:
- locally purchased spare parts (in Zaïres):
  - imported spare parts (in U.S.\$ equivalent):
- 3.3. Conditions of purchases:
- documentary credit (please indicate the yearly value of the letters of credit requested and obtained),
  - cash on order,
  - cash on delivery,
  - suppliers' credit (please mention average duration and percentage of orders) ?
- 3.4. Do you have women-owned or -operated companies among your suppliers ? If so, what percentage of your purchases do these companies supply ?

### 4. MARKETING AND SALES

- 4.1. Market served:
- one or several regions of Zaire (which ones),
  - all of Zaire,
  - export to other countries (which ones) ?



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- 4.2. Marketing methods:
- direct retail sales in company's own shops,
  - sales to wholesalers,
  - marketing representatives,
  - other sales channels ?
- 4.3. Do you have women-owned or -operated companies among your clients ? If so, what percentage of your sales do these companies represent ?
- 4.4. Sales policy:
- mandatory downpayment (percentage of total order),
  - cash on delivery,
  - credit sales (duration of credit, interest rate charged) ?
- 4.5. Are the company's products predominantly used by women consumers ?

5. ORGANIZATION AND PERSONNEL

- 5.1. Name of the shareholders and their percentage of capital:
- 5.2. Percentage of capital held by women:
- 5.3. Breakdown of personnel employed by category and by gender:
- managers (Nber of males/females):
  - workers (Nber of males/females):
- and by department:
- production,
  - administration,
  - sales,
  - others ?
- 5.4. Change in the number of total permanent employees over the past three years:
- 5.5. Use of temporary workers and average number of men-days:
- 5.6. Type of training needed by the employees:
- technical training (which trade),
  - management training (which functions),
  - other types ?



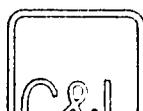
- 5.7. Have some employees been trained in external training organization(s); in this case:
- which organization(s),
  - how many employees,
  - which type of training,
  - total cost for the company ?

- 5.8. Evaluation of the quality of the training services used:

## 6. FINANCIAL DATA

- 6.1. Change in turnover over the past three years (in current Zaires):
- Value of the 1985 gross sales:
  - Value of the 1986 gross sales:
  - Value of the 1987 gross sales:
- 6.2. Change in profit, in zaires and as a percentage of turnover, over the past three years:
- 1985:
  - 1986:
  - 1987:
- 6.3. Value of the main components of the income statement in 1987:

INCOME STATEMENT	Zaires	%
REVENUES		
Sales		
Other income		
	-----	-----
Total Revenues:		100 %
EXPENDITURES		
Raw materials		
Spare parts and supplies		
Other products & services		
Personnel		
Finance charges		
Depreciation		
Taxes		
	-----	-----
Total Expenditures:		100 %

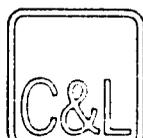


## 6.4. Value of the main components of the balance sheet in 1987:

BALANCE SHEET	Zaires
<b>ASSETS</b>  Buildings Equipment Vehicles Other fixed assets  Inventory raw materials Inventory finished products Accounts receivables Cash and Bank  Total Assets:	
<b>LIABILITIES</b>  Capital Reserves Long & Medium-term debts Short-term debts Accounts payables Other liabilities  Total Liabilities:	

(For the fixed assets, please indicate if the amounts represent i) the historical or ii) revalued depreciated book value, or iii) their replacement values).

## 6.5. Are the books of the company audited ?



PART II: FINANCIAL NEEDS ASSESSMENT

7. FINANCING OF THE COMPANY

7.1. Sources and amount of financing presently available:

- equity,
- suppliers' credit (amount),
- bank overdraft (amount, interest rate),
- short-term bank loans (amount, interest rate),
- long or medium term bank loans (amount, interest rate),
- other sources (describe) ?

7.2. Name of banks or other financial intermediaries used by the company:

7.3. To operate adequately (answer existing market demand, increase in utilization rate of existing equipment), what would be the total amount of financing that your company would require for:

- the purchase of imported raw materials (in U.S.\$ equivalent),
- the purchase of local raw materials (in Zaïres),
- the purchase of imported spare parts and other other supplies (in U.S.\$ equivalent),
- the purchase of local spare parts and other supplies (in Zaïres),
- other type of purchases (in Zaïres and in U.S.\$ equivalent) ?

7.4. Type and amount of short-term financing that your company would need IN ADDITION TO THE RESOURCES THAT ARE ALREADY AVAILABLE AS STATED IN 7.1 ABOVE:

- increase in availability of foreign exchange to open Letters of Credit for purchase of imported raw materials: state the yearly amount required, in U.S.\$ equivalent, for this purpose:
- increase in availability of foreign exchange to open Letters of Credit for purchase of imported spare parts and other imported supplies: state the yearly amount required, in U.S.\$ equivalent, for this purpose:



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- short-term loans: state the amount in Zaires or in foreign currency that you would like to borrow in addition to your already available loans, if any (mention the interest rate you would be prepared to pay and any other conditions you seek):
  - increase in bank overdraft: state the amount in Zaires:
  - other ?
- 7.5. Amount and destination (type of investment) of the capital expenditures realized by the company over the past three years ? Source of financing of these investments:
- issue of new shares (amount collected),
  - equity (amount self-financed),
  - long or medium term loans (financial intermediary used, amount borrowed, interest rate paid),
  - other source(s) ?
- 7.6. Proposed new 3 to 5 years investment(s) for which the company seeks a financing:
- brief description of the project (rehabilitation of existing equipment, increase in existing capacity, new plant),
  - additional employment that would be created,
  - expected additional volume of production and value of sales generated by the investment ?
- 7.7. Financing of the project(s):
- total investment required: state the required amount in Zaires and in foreign currency,
  - percentage of investment financed through equity,
  - external financing needed (long or medium term, percentage in Zaires and in foreign currency, schedule of expenditures, repayment conditions) ?



LIST OF THE MEDIUM-SIZED ENTERPRISES SURVEYED

AND

PROFILE SUMMARIES

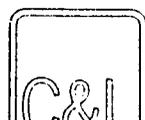


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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

LIST OF THE MEDIUM-SIZED COMPANIES INTERVIEWED  
(sorted by name)

NAME OF COMPANY: -----	SECTOR: -----
1. AMBASSADOR	TEXTILE
2. B.K.T.F.	FOOD PRODUCTS
3. BIA	METAL WORKSHOP AND CONSTRUCTION
4. BOISSONS NATIONALES	FOOD PRODUCTS
5. BOUKIN	GLASS
6. BRIKIN	BUILDING MATERIAL
7. CAMEZA	METAL PRODUCTS
8. CARRIGRES	BUILDING MATERIAL
9. COBEGA	METAL PRODUCTS
10. COMINGEM	PAINT AND CHEMICALS
11. CYCLOR	MECHANICAL ASSEMBLY
12. ELRE	TEXTILE PART OF A TRADING GROUP
13. ESB-ZAIRE	ELECTRICAL PRODUCTS
14. ETERNIT DU ZAIRE	BUILDING MATERIAL
15. ITENCO-MARBREZA	BUILDING MATERIAL
16. LINDA	TEXTILE PART OF A TRADING GROUP
17. MAZAL	WOOD PRODUCTS
18. MEFERCO	METAL PRODUCTS
19. MOBILIA-DUX	WOOD PRODUCTS
20. NOVATEX	TEXTILE PART OF A TRADING GROUP
21. PENAZA	PAINT AND CHEMICALS
22. PROMATEL	ELECTRICAL PRODUCTS
23. SACHERIE DU ZAIRE	PAPER AND CARDBOARD
24. SIMP	PLASTICS
25. SOCIALZA	WOOD PRODUCTS
26. SOCOBELAM	WOOD PRODUCTS
27. SODIMCA	PAPER AND CARDBOARD
28. SOFATEX	TEXTILE PART OF A TRADING GROUP
29. SOGALKIN	METAL PRODUCTS
30. SOZALU	METAL PRODUCTS
31. SOZAPLAST	PLASTICS
32. SULFO-ZAIRE	SOAP
33. TISSAKIN	TEXTILE
34. TREFILKIN	METAL PRODUCTS
35. TUBETRA-ZAIRE	METAL PRODUCTS
36. USINE TEXTILE DE NSANGI	TEXTILE
37. UTEMA-TRAVHYDRO	METAL PRODUCTS
38. VAP	FOOD PRODUCTS



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

LIST OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

(sorted by sector)

<u>SECTOR:</u>	<u>NAME OF COMPANY:</u>
1. BUILDING MATERIAL	CARRIGRES
2. BUILDING MATERIAL	BRIKIN
3. BUILDING MATERIAL	ETERNIT DU ZAIRE
4. BUILDING MATERIAL	ITENCO-MARBREZA
5. ELECTRICAL PRODUCTS	ESB-ZAIRE
6. ELECTRICAL PRODUCTS	PROMATEL
7. FOOD PRODUCTS	BOISSONS NATIONALES
8. FOOD PRODUCTS	B.K.T.F.
9. FOOD PRODUCTS	VAP
10. GLASS	BOUKIN
11. MECHANICAL ASSEMBLY	CYCLOR
12. METAL PRODUCTS	SOZALU
13. METAL PRODUCTS	SOGALKIN
14. METAL PRODUCTS	CAMEZA
15. METAL PRODUCTS	UTEMA-TRAVHYDRO
16. METAL PRODUCTS	MEFERCO
17. METAL PRODUCTS	TUBETRA-ZAIRE
18. METAL PRODUCTS	COBEGA
19. METAL PRODUCTS	TREFILKIN
20. METAL WORKSHOP AND CONSTRUCTION	BIA
21. PAINT AND CHEMICALS	PENAZA
22. PAINT AND CHEMICALS	COMINGEM
23. PAPER AND CARDBOARD	SODIMCA
24. PAPER AND CARDBOARD	SACHERIE DU ZAIRE
25. PLASTICS	SIMP
26. PLASTICS	SOZAPLAST
27. SOAP	SULFO-ZAIRE
28. TEXTILE PART OF A TRADING GROUP	SOFATEX
29. TEXTILE PART OF A TRADING GROUP	ELRE
30. TEXTILE PART OF A TRADING GROUP	NOVATEX
31. TEXTILE PART OF A TRADING GROUP	LINDA
32. TEXTILE	AMBASSADOR
33. TEXTILE	USINE TEXTILE DE NSANGI
34. TEXTILE	TISSAKIN
35. WOOD PRODUCTS	SOCOBELAM
36. WOOD PRODUCTS	SOCALZA
37. WOOD PRODUCTS	MOBILIA-DUX
38. WOOD PRODUCTS	MAZAL



*de*

PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: AMBASSADOR

SECTOR: TEXTILE

USED CAPACITY (in % of present potential): 40 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Competition from imported products
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	6
- Female managers:	0
- Male workers:	186
- Female workers:	6

GROSS SALES:

- 1985:	37 173 480	Zaïres
- 1986:	59 494 010	Zaïres
- 1987:	93 393 727	Zaïres

WORKING CAPITAL:

- Needs in Zaïres:	40 000 000	Zaïres
- Zaïres availability:	20 000 000	Zaïres
- Needs in foreign currency:	1 800 000	U.S.\$ equivalent
- Foreign currency availability:	1 200 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	100 000	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	48 %
- Spare parts:	3 %
- Personnel:	38 %
- Finance charges:	1 %
- Other charges:	10 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 650-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: B.K.T.F.

SECTOR: FOOD PRODUCTS

USED CAPACITY (in % of present potential): 50 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
- 2.
- 3.

MARKET SERVED: KINSHASA

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	9
- Female managers:	0
- Male workers:	497
- Female workers:	26

GROSS SALES:

- 1985:	204 483 563	Zaires
- 1986:	337 116 200	Zaires
- 1987:	577 309 774	Zaires

WORKING CAPITAL:

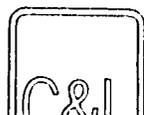
- Needs in Zaires:	652 583 000	Zaires
- Zaires availability:	329 724 000	Zaires
- Needs in foreign currency:	700 000	U.S.\$ equivalent
- Foreign currency availability:	100 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	U.S.\$ equivalent
- Amount potentially self-financed:	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	72 %
- Spare parts:	3 %
- Personnel:	8 %
- Finance charges:	3 %
- Other charges:	14 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: BIA

SECTOR: METAL WORKSHOP & CONSTRUCTION

USED CAPACITY (in % of present potential): 80 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
- 2.
- 3.

MARKET SERVED: KINSHASA, KASAI, SHABA

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	31
- Female managers:	0
- Male workers:	295
- Female workers:	7

GROSS SALES:

- 1985:	212 000 000	Zaires
- 1986:	251 824 000	Zaires
- 1987:	524 075 000	Zaires

WORKING CAPITAL:

- Needs in Zaires:	85 000 000	Zaires
- Zaires availability:	15 000 000	Zaires
- Needs in foreign currency:	2 600 000	U.S.\$ equivalent
- Foreign currency availability:	1 400 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	720 000	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	44 %
- Spare parts:	30 %
- Personnel:	18 %
- Finance charges:	1 %
- Other charges:	7 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: BOISSONS NATIONALES

SECTOR: FOOD PRODUCTS

USED CAPACITY (in % of present potential): 50 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
- 2.
- 3.

MARKET SERVED: KINSHASA, BAS-ZAIRE, BANDUNDU

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	8
- Female managers:	2
- Male workers:	229
- Female workers:	6

GROSS SALES:

- 1985:	232 187 888	Zaires
- 1986:	379 306 631	Zaires
- 1987:	687 238 261	Zaires

WORKING CAPITAL:

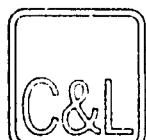
- Needs in Zaires:	175 000 000	Zaires
- Zaires availability:	130 000 000	Zaires
- Needs in foreign currency:	2 250 000	U.S.\$ equivalent
- Foreign currency availability:	1 352 222	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	3 000 000	U.S.\$ equivalent
- Amount potentially self-financed:	1 000 000	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	63 %
- Spare parts:	5 %
- Personnel:	9 %
- Finance charges:	2 %
- Other charges:	21 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: BOUKIN

SECTOR: GLASS

USED CAPACITY (in % of present potential): 75 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
- 2.
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	16
- Female managers:	0
- Male workers:	257
- Female workers:	5

GROSS SALES:

- 1985:	284 900 654	Zaires
- 1986:	450 194 230	Zaires
- 1987:	710 000 000	Zaires

WORKING CAPITAL:

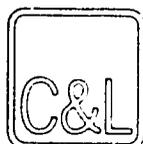
- Needs in Zaires:	51 800 000	Zaires
- Zaires availability:	40 000 000	Zaires
- Needs in foreign currency:	1 790 000	U.S.\$ equivalent
- Foreign currency availability:	1 090 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	3 200 000	U.S.\$ equivalent
- Amount potentially self-financed:	640 000	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	38 %
- Spare parts:	27 %
- Personnel:	20 %
- Finance charges:	4 %
- Other charges:	11 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: BRIKIN

SECTOR: BUILDING MATERIAL

USED CAPACITY (in % of present potential): 30 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Age of machinery
2. Insufficient provisioning of raw materials
3. Decrease in the population's purchasing power

MARKET SERVED: KINSHASA, some EXPORT

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers: 7
- Female managers: 0
- Male workers: 290
- Female workers: 6

GROSS SALES:

- 1985: 32 251 890 Zaires
- 1986: 38 482 650 Zaires
- 1987: 73 184 000 Zaires

WORKING CAPITAL:

- Needs in Zaires: 17 235 000 Zaires
- Zaires availability: 12 500 000 Zaires
- Needs in foreign currency: 430 000 U.S.\$ equivalent
- Foreign currency availability: 0 U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed: 0 U.S.\$ equivalent
- Amount potentially self-financed: 0 U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials: 7 %
- Spare parts: 43 %
- Personnel: 33 %
- Finance charges: 2 %
- Other charges: 15 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: CAMEZA

SECTOR: METAL PRODUCTS

USED CAPACITY (in % of present potential): 12 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Decrease in the population's purchasing power
3. Loss of market share to imports

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 2

EMPLOYMENT:

- Male managers: 8
- Female managers: 1
- Male workers: 291
- Female workers: 20

GROSS SALES:

- 1985: 72 515 767 Zaires
- 1986: 98 575 000 Zaires
- 1987: 123 759 966 Zaires

WORKING CAPITAL:

- Needs in Zaires: 108 000 000 Zaires
- Zaires availability: 64 000 000 Zaires
- Needs in foreign currency: 97 000 U.S.\$ equivalent
- Foreign currency availability: 54 000 U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed: 0 U.S.\$ equivalent
- Amount potentially self-financed: 0 U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials: 35 %
- Spare parts: 0 %
- Personnel: 19 %
- Finance charges: 5 %
- Other charges: 41 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: CARRIGRES

SECTOR: BUILDING MATERIAL

USED CAPACITY (in % of present potential): 70 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Poor condition of machinery
2. Decrease in the population's purchasing power
3. Insufficient provisioning of raw materials

MARKET SERVED: KINSHASA, BANDUNDU, EQUATOR, BAS-ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	4
- Female managers:	0
- Male workers:	193
- Female workers:	2

GROSS SALES:

- 1985:	N/A	Zaires
- 1986:	142 567 912	Zaires
- 1987:	212 443 177	Zaires

WORKING CAPITAL:

- Needs in Zaires:	0	Zaires
- Zaires availability:	0	Zaires
- Needs in foreign currency:	571 500	U.S.\$ equivalent
- Foreign currency availability:	242 800	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	1 085 000	U.S.\$ equivalent
- Amount potentially self-financed:	514 200	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	0 %
- Spare parts:	61 %
- Personnel:	14 %
- Finance charges:	6 %
- Other charges:	19 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: COBEGA

SECTOR: METAL PRODUCTS

USED CAPACITY (in % of present potential): 70 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
- 2.
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	8
- Female managers:	0
- Male workers:	290
- Female workers:	2

GROSS SALES:

- 1985:	188 939 243	Zaires
- 1986:	318 627 896	Zaires
- 1987:	829 209 332	Zaires

WORKING CAPITAL:

- Needs in Zaires:	500 000 000	Zaires
- Zaires availability:	500 000 000	Zaires
- Needs in foreign currency:	N/A	U.S.\$ equivalent
- Foreign currency availability:	N/A	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	N/A	%
- Spare parts:	N/A	%
- Personnel:	N/A	%
- Finance charges:	N/A	%
- Other charges:	N/A	%



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-C50-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: COMINGEM

SECTOR: PAINT AND CHEMICALS

USED CAPACITY (in % of present potential): 50 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Poor condition of machinery
2. Insufficient provisioning of raw materials
- 3.

MARKET SERVED: EQUATOR, HAUT-ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT.

- Male managers:	53
- Female managers:	3
- Male workers:	510
- Female workers:	16

GROSS SALES:

- 1985:	79 966 320	Zaires
- 1986:	202 303 483	Zaires
- 1987:	397 656 897	Zaires

WORKING CAPITAL:

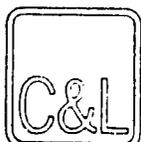
- Needs in Zaires:	330 000 000	Zaires
- Zaires availability:	270 000 000	Zaires
- Needs in foreign currency:	2 650 000	U.S.\$ equivalent
- Foreign currency availability:	330 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	64 %
- Spare parts:	1 %
- Personnel:	17 %
- Finance charges:	3 %
- Other charges:	15 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: CYCLOR

SECTOR: MECHANICAL ASSEMBLY

USED CAPACITY (in % of present potential): 25 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Decrease in the population's purchasing power
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers: 7
- Female managers: 0
- Male workers: 192
- Female workers: 4

GROSS SALES:

- 1985: 175 000 000 Zaïres
- 1986: 280 000 000 Zaïres
- 1987: 403 000 000 Zaïres

WORKING CAPITAL:

- Needs in Zaïres: 0 Zaïres
- Zaïres availability: 0 Zaïres
- Needs in foreign currency: 3 428 500 U.S.\$ equivalent
- Foreign currency availability: 1 714 800 U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed: 642 850 U.S.\$ equivalent
- Amount potentially self-financed: 320 000 U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials: 68 %
- Spare parts: 0 %
- Personnel: 9 %
- Finance charges: 3 %
- Other charges: 20 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: ELRE

SECTOR: TEXTILE (PART OF TRADING GROUP)

USED CAPACITY (in % of present potential): 62 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Competition from imported products
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	16
- Female managers:	0
- Male workers:	169
- Female workers:	4

GROSS SALES:

- 1985:	36 657 248	Zaires
- 1986:	44 220 949	Zaires
- 1987:	65 034 976	Zaires

WORKING CAPITAL:

- Needs in Zaires:	46 000 000	Zaires
- Zaires availability:	13 000 000	Zaires
- Needs in foreign currency:	1 015 000	U.S.\$ equivalent
- Foreign currency availability:	614 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	38 %
- Spare parts:	14 %
- Personnel:	38 %
- Finance charges:	6 %
- Other charges:	4 %



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PRIVATE SECTOR STRATEG/ AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: ESB-ZAIRE

SECTOR: ELECTRICAL PRODUCTS

USED CAPACITY (in % of present potential): 75 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Competition from imported products
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	17
- Female managers:	0
- Male workers:	273
- Female workers:	10

GROSS SALES:

- 1985:	177 400 000	Zaïres
- 1986:	287 000 000	Zaïres
- 1987:	681 400 000	Zaïres

WORKING CAPITAL:

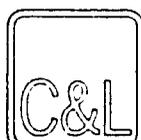
- Needs in Zaïres:	117 400 000	Zaïres
- Zaïres availability:	87 000 000	Zaïres
- Needs in foreign currency:	3 750 000	U.S.\$ equivalent
- Foreign currency availability:	2 570 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	1 704 000	U.S.\$ equivalent
- Amount potentially self-financed:	1 327 000	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	79 %
- Spare parts:	3 %
- Personnel:	10 %
- Finance charges:	1 %
- Other charges:	7 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: ETERNIT DU ZAIRE

SECTOR: BUILDING MATERIAL

USED CAPACITY (in % of present potential): 50 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Decrease in the population's purchasing power
2. Poor condition of machinery
3. Difficulty in transporting goods to the interior

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	14
- Female managers:	0
- Male workers:	105
- Female workers:	4

GROSS SALES:

- 1985:	104 400 000	Zaires
- 1986:	142 600 000	Zaires
- 1987:	264 800 000	Zaires

WORKING CAPITAL:

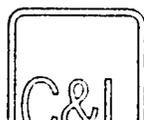
- Needs in Zaires:	144 000 000	Zaires
- Zaires availability:	90 000 000	Zaires
- Needs in foreign currency:	630 000	U.S.\$ equivalent
- Foreign currency availability:	380 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	49 %
- Spare parts:	0 %
- Personnel:	32 %
- Finance charges:	2 %
- Other charges:	17 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: ITENCO-MARBREZA

SECTOR: BUILDING MATERIAL

USED CAPACITY (in % of present potential): 55 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Poor condition of equipment
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	10
- Female managers:	0
- Male workers:	100
- Female workers:	4

GROSS SALES:

- 1985:	19 000 000	Zaires
- 1986:	21 000 000	Zaires
- 1987:	23 000 000	Zaires

WORKING CAPITAL:

- Needs in Zaires:	15 000 000	Zaires
- Zaires availability:	5 000 000	Zaires
- Needs in foreign currency:	250 000	U.S.\$ equivalent
- Foreign currency availability:	50 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	800 000	U.S.\$ equivalent
- Amount potentially self-financed:	400 000	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	33 %
- Spare parts:	0 %
- Personnel:	25 %
- Finance charges:	14 %
- Other charges:	28 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: LINDA

SECTOR: TEXTILE (PART OF TRADING GROUP)

USED CAPACITY (in % of present potential): 65 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Decrease in the population's purchasing power
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers: 8
- Female managers: 0
- Male workers: 425
- Female workers: 15

GROSS SALES:

- 1985: 37 377 377 Zaires
- 1986: 46 422 152 Zaires
- 1987: 100 216 788 Zaires

WORKING CAPITAL:

- Needs in Zaires: 222 000 000 Zaires
- Zaires availability: 147 000 000 Zaires
- Needs in foreign currency: 1 975 000 U.S.\$ equivalent
- Foreign currency availability: 1 070 000 U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed: N/A U.S.\$ equivalent
- Amount potentially self-financed: N/A U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials: 40 %
- Spare parts: 8 %
- Personnel: 32 %
- Finance charges: 13 %
- Other charges: 7 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: MAZAL

SECTOR: WOOD PRODUCTS

USED CAPACITY (in % of present potential): 75 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
- 2.
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	16
- Female managers:	0
- Male workers:	216
- Female workers:	4

GROSS SALES:

- 1985:	158 000 000	Zaires
- 1986:	156 000 000	Zaires
- 1987:	356 360 000	Zaires

WORKING CAPITAL:

- Needs in Zaires:	43 000 000	Zaires
- Zaires availability:	43 000 000	Zaires
- Needs in foreign currency:	1 980 000	U.S.\$ equivalent
- Foreign currency availability:	1 080 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	50 %
- Spare parts:	6 %
- Personnel:	13 %
- Finance charges:	3 %
- Other charges:	28 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: MEFERCO

SECTOR: METAL PRODUCTS

USED CAPACITY (in % of present potential): 20 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Decrease in the population's purchasing power
2. Competition from imported products
3. Insufficient provisioning of raw materials

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	10
- Female managers:	0
- Male workers:	158
- Female workers:	22

GROSS SALES:

- 1985:	96 750 400	Zaires
- 1986:	140 400 240	Zaires
- 1987:	220 780 650	Zaires

WORKING CAPITAL:

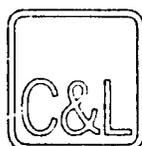
- Needs in Zaires:	N/A	Zaires
- Zaires availability:	N/A	Zaires
- Needs in foreign currency:	840 000	U.S.\$ equivalent
- Foreign currency availability:	522 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	3 000 000	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	50 %
- Spare parts:	5 %
- Personnel:	28 %
- Finance charges:	1 %
- Other charges:	16 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: MOBILIA-DUX

SECTOR: WOOD PRODUCTS

USED CAPACITY (in % of present potential): 70 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Decrease in the population's purchasing power
- 3.

MARKET SERVED: KINSHASA

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	11	
- Female managers:	0	
- Male workers:	196	
- Female workers:	2	

GROSS SALES:

- 1985:	70 416 000	Zaires
- 1986:	105 129 300	Zaires
- 1987:	165 000 500	Zaires

WORKING CAPITAL:

- Needs in Zaires:	74 800 000	Zaires
- Zaires availability:	38 800 000	Zaires
- Needs in foreign currency:	350 000	U.S.\$ equivalent
- Foreign currency availability:	157 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	42 %
- Spare parts:	10 %
- Personnel:	42 %
- Finance charges:	2 %
- Other charges:	4 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: NOVATEX

SECTOR: TEXTILE (PART OF TRADING GROUP)

USED CAPACITY (in % of present potential): 58 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
- 2.
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	23
- Female managers:	3
- Male workers:	440
- Female workers:	11

GROSS SALES:

- 1985:	173 507 446	Zaïres
- 1986:	248 383 347	Zaïres
- 1987:	431 871 894	Zaïres

WORKING CAPITAL:

- Needs in Zaïres:	452 000 000	Zaïres
- Zaïres availability:	282 381 000	Zaïres
- Needs in foreign currency:	6 431 000	U.S.\$ equivalent
- Foreign currency availability:	4 400 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	52 %
- Spare parts:	9 %
- Personnel:	18 %
- Finance charges:	15 %
- Other charges:	6 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: PENAZA

SECTOR: PAINT AND CHEMICALS

USED CAPACITY (in % of present potential): 25 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Competition from imported products
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 1  
(Majority shareholder)

EMPLOYMENT:

- Male managers: 22
- Female managers: 0
- Male workers: 249
- Female workers: 11

GROSS SALES:

- 1985: 198 343 789 Zaïres
- 1986: 202 857 175 Zaïres
- 1987: 378 965 059 Zaïres

WORKING CAPITAL:

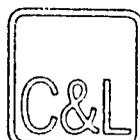
- Needs in Zaïres: 0 Zaïres
- Zaïres availability: 0 Zaïres
- Needs in foreign currency: 1 714 200 U.S.\$ equivalent
- Foreign currency availability: 428 500 U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed: 0 U.S.\$ equivalent
- Amount potentially self-financed: 0 U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials: 69 %
- Spare parts: 0 %
- Personnel: 18 %
- Finance charges: 2 %
- Other charges: 11 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: PROMATEL

SECTOR: ELECTRICAL PRODUCTS

USED CAPACITY (in % of present potential): 15 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Decrease in the population's purchasing power
3. Loss of market share to imports

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	5
- Female managers:	0
- Male workers:	96
- Female workers:	3

GROSS SALES:

- 1985:	12 060 621	Zaïres
- 1986:	55 898 743	Zaïres
- 1987:	38 404 869	Zaïres

WORKING CAPITAL:

- Needs in Zaïres:	33 000 000	Zaïres
- Zaïres availability:	25 000 000	Zaïres
- Needs in foreign currency:	N/A	U.S.\$ equivalent
- Foreign currency availability:	N/A	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	65 %
- Spare parts:	0 %
- Personnel:	13 %
- Finance charges:	5 %
- Other charges:	17 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: SACHERIE DU ZAIRE

SECTOR: PAPER AND CARDBOARD

USED CAPACITY (in % of present potential): 24 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Decrease in the population's purchasing power
- 3.

MARKET SERVED: KINSHASA, BAS-ZAIRE, SHABA

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	19
- Female managers:	2
- Male workers:	95
- Female workers:	1

GROSS SALES:

- 1985:	46 285 482	Zaires
- 1986:	100 134 042	Zaires
- 1987:	242 772 846	Zaires

WORKING CAPITAL:

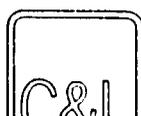
- Needs in Zaires:	5 000 000	Zaires
- Zaires availability:	5 000 000	Zaires
- Needs in foreign currency:	984 800	U.S.\$ equivalent
- Foreign currency availability:	530 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	47	%
- Spare parts:	1	%
- Personnel:	4	%
- Finance charges:	2	%
- Other charges:	46	%



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

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SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: SIMP

SECTOR: PLASTICS

USED CAPACITY (in % of present potential): 75 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Over-capacity in the sector
- 3.

MARKET SERVED: KINSHASA, SHABA, KISANGANI, KIVU

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	12
- Female managers:	0
- Male workers:	510
- Female workers:	0

GROSS SALES:

- 1985:	N/A	Zaires
- 1986:	123 719 611	Zaires
- 1987:	N/A	Zaires

WORKING CAPITAL:

- Needs in Zaires:	0	Zaires
- Zaires availability:	0	Zaires
- Needs in foreign currency:	4 500 000	U.S.\$ equivalent
- Foreign currency availability:	3 375 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	N/A	%
- Spare parts:	N/A	%
- Personnel:	N/A	%
- Finance charges:	N/A	%
- Other charges:	N/A	%



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: SOCALZA

SECTOR: WOOD PRODUCTS

USED CAPACITY (in % of present potential): 65 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Condition of equipment
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	9
- Female managers:	0
- Male workers:	110
- Female workers:	5

GROSS SALES:

- 1985:	20 000 000	Zaïres
- 1986:	80 600 000	Zaïres
- 1987:	203 300 000	Zaïres

WORKING CAPITAL:

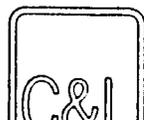
- Needs in Zaïres:	60 000 000	Zaïres
- Zaïres availability:	46 000 000	Zaïres
- Needs in foreign currency:	2 100 000	U.S.\$ equivalent
- Foreign currency availability:	1 365 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	440 000	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	58 %
- Spare parts:	4 %
- Personnel:	7 %
- Finance charges:	16 %
- Other charges:	15 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: SOCOBELAM

SECTOR: WOOD PRODUCTS

USED CAPACITY (in % of present potential): 10 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Poor condition of equipment
- 2.
- 3.

MARKET SERVED: KINSHASA

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	44
- Female managers:	0
- Male workers:	200
- Female workers:	9

GROSS SALES:

- 1985:	35 191 840	Zaires
- 1986:	35 622 347	Zaires
- 1987:	58 431 980	Zaires

WORKING CAPITAL:

- Needs in Zaires:	50 000 000	Zaires
- Zaires availability:	50 000 000	Zaires
- Needs in foreign currency:	1 142 800	U.S.\$ equivalent
- Foreign currency availability:	0	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	1 420 000	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	1 %
- Spare parts:	3 %
- Personnel:	64 %
- Finance charges:	1 %
- Other charges:	31 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
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SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: SODIMCA

SECTOR: PAPER AND CARDBOARD

USED CAPACITY (in % of present potential): 45 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
- 2.
- 3.

MARKET SERVED: ALL OF ZAIRE and some EXPORT

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	4
- Female managers:	0
- Male workers:	178
- Female workers:	15

GROSS SALES:

- 1985:	114 123 479	Zaires
- 1986:	132 547	Zaires
- 1987:	083	Zaires

WORKING CAPITAL:

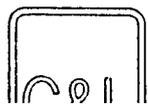
- Needs in Zaires:	260 000 000	Zaires
- Zaires availability:	250 000 000	Zaires
- Needs in foreign currency:	4 285 700	U.S.\$ equivalent
- Foreign currency availability:	1 428 500	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	869 000	U.S.\$ equivalent
- Amount potentially self-financed:	305 000	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	64 %
- Spare parts:	1 %
- Personnel:	19 %
- Finance charges:	0 %
- Other charges:	16 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: SOFATEX

SECTOR: TEXTILE (PART OF TRADING GROUP)

USED CAPACITY (in % of present potential): 76 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
- 2.
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers: 13
- Female managers: 0
- Male workers: 340
- Female workers: 24

GROSS SALES:

- 1985: 81 660 310 Zaires
- 1986: 87 009 170 Zaires
- 1987: 160 548 383 Zaires

WORKING CAPITAL:

- Needs in Zaires: 110 000 000 Zaires
- Zaires availability: 45 000 000 Zaires
- Needs in foreign currency: 1 670 000 U.S.\$ equivalent
- Foreign currency availability: 890 000 U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed: 0 U.S.\$ equivalent
- Amount potentially self-financed: 0 U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials: 65 %
- Spare parts: 3 %
- Personnel: 22 %
- Finance charges: 6 %
- Other charges: 4 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: SOGALKIN

SECTOR: METAL PRODUCTS

USED CAPACITY (in % of present potential): 40 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Decrease in the population's purchasing power
- 3.

MARKET SERVED: ALL OF ZAIRE

NBER OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	6
- Female managers:	0
- Male workers:	101
- Female workers:	2

GROSS SALES:

- 1985:	219 660 761	Zaires
- 1986:	297 034 269	Zaires
- 1987:	570 657 882	Zaires

WORKING CAPITAL:

- Needs in Zaires:	0	Zaires
- Zaires availability:	0	Zaires
- Needs in foreign currency:	6 500 000	U.S.\$ equivalent
- Foreign currency availability:	3 150 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	77	%
- Spare parts:	3	%
- Personnel:	6	%
- Finance charges:	2	%
- Other charges:	12	%



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: SOZALU

SECTOR: METAL PRODUCTS

USED CAPACITY (in % of present potential): 20

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Decrease in the population's purchasing power
3. Competition from imported products

MARKET SERVED: KINSHASA, BAS-ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers: 2
- Female managers: 0
- Male workers: 28
- Female workers: 1

GROSS SALES:

- 1985: 16 485 000 Zaires
- 1986: 31 189 700 Zaires
- 1987: 34 844 900 Zaires

WORKING CAPITAL:

- Needs in Zaires: 40 000 000 Zaires
- Zaires availability: 17 000 000 Zaires
- Needs in foreign currency: 608 000 U.S.\$ equivalent
- Foreign currency availability: 134 000 U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed: 0 U.S.\$ equivalent
- Amount potentially self-financed: 0 U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials: 69 %
- Spare parts: 7 %
- Personnel: 14 %
- Finance charges: 1 %
- Other charges: 9 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: SOZAPLAST

SECTOR: PLASTICS

USED CAPACITY (in % of present potential): 65

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Transport problem to reach interior markets
2. Insufficient provisioning of raw materials
- 3.

MARKET SERVED: KINSHASA, SHABA, KIVU

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	22
- Female managers:	0
- Male workers:	410
- Female workers:	8

GROSS SALES:

- 1985:	124 000 000	Zaires
- 1986:	648 000 000	Zaires
- 1987:	1 243 000 000	Zaires

WORKING CAPITAL:

- Needs in Zaires:	N/A	Zaires
- Zaires availability:	N/A	Zaires
- Needs in foreign currency:	10 000 000	U.S.\$ equivalent
- Foreign currency availability:	6 000 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	60	%
- Spare parts:	3	%
- Personnel:	9	%
- Finance charges:	0	%
- Other charges:	28	%



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
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SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: SULFO-ZAIRE

SECTOR: SOAP

USED CAPACITY (in % of present potential): 50

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Condition of machinery
- 3.

MARKET SERVED: KINSHASA, SHABA, EQUATOR, KASAI

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers: 4
- Female managers: 0
- Male workers: 247
- Female workers: 1

GROSS SALES:

- 1985: 62 161 000 Zaires
- 1986: 401 610 000 Zaires
- 1987: 692 748 000 Zaires

WORKING CAPITAL:

- Needs in Zaires: 1 600 000 000 Zaires
- Zaires availability: 637 000 000 Zaires
- Needs in foreign currency: 1 500 000 U.S.\$ equivalent
- Foreign currency availability: 400 000 U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed: 0 U.S.\$ equivalent
- Amount potentially self-financed: 0 U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials: 87 %
- Spare parts: 5 %
- Personnel: 5 %
- Finance charges: .2 %
- Other charges: 2.8 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

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SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: TISSAKIN

SECTOR: TEXTILE

USED CAPACITY (in % of present potential): 56

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Decrease in the population's purchasing power
2. Insufficient provisioning of raw materials
- 3.

MARKET SERVED: ALL OF ZAIRE and some EXPORT

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers: 20
- Female managers: 1
- Male workers: 570
- Female workers: 7

GROSS SALES:

- 1985: 204 151 116 Zaïres
- 1986: 262 877 035 Zr
- 1987: 482 260 992 ?

WORKING CAPITAL:

- Needs in Zaïres: 380 356 000 Zaïres
- Zaïres availability: 205 366 000 Zaïres
- Needs in foreign currency: 3 070 000 U.S.\$ equivalent
- Foreign currency availability: 1 543 000 U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed: 2 500 000 U.S.\$ equivalent
- Amount potentially self-financed: 250 000 U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials: 38 %
- Spare parts: 17 %
- Personnel: 18 %
- Finance charges: 20 %
- Other charges: 7 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN

(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: TREFILKIN

SECTOR: METAL PRODUCTS

USED CAPACITY (in % of present potential): 60

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Competition from imported products
2. Insufficient provisioning of raw materials
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers: 7
- Female managers: 0
- Male workers: 150
- Female workers: 3

GROSS SALES:

- 1985: 60 500 000 Zaires
- 1986: 196 000 000 Zaires
- 1987: 265 150 000 Zaires

WORKING CAPITAL:

- Needs in Zaires: 12 000 000 Zaires
- Zaires availability: 5 000 000 Zaires
- Needs in foreign currency: 1 725 000 U.S.\$ equivalent
- Foreign currency availability: 400 000 U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed: 650 000 U.S.\$ equivalent
- Amount potentially self-financed: 250 000 U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials: 60 %
- Spare parts: 11 %
- Personnel: 10 %
- Finance charges: 4 %
- Other charges: 15 %



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: TUBETRA-ZAIRE

SECTOR: METAL PRODUCTS

USED CAPACITY (in % of present potential): 74 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
- 2.
- 3.

MARKET SERVED: KINSHASA, SHABA, BAS-ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	15
- Female managers:	1
- Male workers:	313
- Female workers:	11

GROSS SALES:

- 1985:	297 422 165	Zaires
- 1986:	434 390 191	Zaires
- 1987:	761 222 605	Zaires

WORKING CAPITAL:

- Needs in Zaires:	0	Zaires
- Zaires availability:	0	Zaires
- Needs in foreign currency:	2 570 000	U.S.\$ equivalent
- Foreign currency availability:	1 715 000	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	69	%
- Spare parts:	0	%
- Personnel:	18	%
- Finance charges:	2	%
- Other charges:	11	%



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PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-U50-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: USINE TEXTILE DE NSANGI

SECTOR: TEXTILE

USED CAPACITY (in % of present potential): 40 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Poor condition of machinery
2. Insufficient provisioning of raw materials
- 3.

MARKET SERVED: ALL OF ZAIRE

Nber OF FEMALE SHAREHOLDEPS: 0

EMPLOYMENT:

- Male managers:	19
- Female managers:	2
- Male workers:	188
- Female workers:	10

GROSS SALES:

- 1985:	43 649 986	Zaires
- 1986:	64 031 298	Zaires
- 1987:	46 091 083	Zaires

WORKING CAPITAL:

- Needs in Zaires:	33 000 000	Zaires
- Zaires availability:	21 000 000	Zaires
- Needs in foreign currency:	0	U.S.\$ equivalent
- Foreign currency availability:	0	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	1 000 000	U.S.\$ equivalent
- Amount potentially self-financed:	700 000	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	37 %
- Spare parts:	2 %
- Personnel:	24 %
- Finance charges:	7 %
- Other charges:	30 %



PRIVATE SECTOR STRATEGY AND PROGRAM DESIGN  
(Project 660-050-C-00-8193-00)

SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: UTEMA-TRAVHYDRO

SECTOR: METAL PRODUCTS

USED CAPACITY (in % of present potential): 80

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
- 2.
- 3.

MARKET SERVED: KINSHASA, SHABA, BAS-ZAIRE

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	4
- Female managers:	1
- Male workers:	111
- Female workers:	7

GROSS SALES:

- 1985:	289 695 568	Zaires
- 1986:	398 860 735	Zaires
- 1987:	814 090 923	Zaires

WORKING CAPITAL:

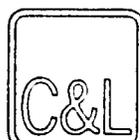
- Needs in Zaires:	0	Zaires
- Zaires availability:	0	Zaires
- Needs in foreign currency:	1 285 700	U.S.\$ equivalent
- Foreign currency availability:	885 700	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	94	%
- Spare parts:	0	%
- Personnel:	4	%
- Finance charges:	.3	%
- Other charges:	1.7	%



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SUMMARY PROFILE OF THE MEDIUM-SIZED COMPANIES INTERVIEWED

NAME OF COMPANY: VAP

SECTOR: FOOD PRODUCTS

USED CAPACITY (in % of present potential): 30 %

REASONS MENTIONED FOR EQUIPMENT UNDER-UTILIZATION:

1. Insufficient provisioning of raw materials
2. Reduction of the market share
3. Decrease in the population's purchasing power

MARKET SERVED: KINSHASA, SHABA, KASAI, KIVU, HAUT-Z

Nber OF FEMALE SHAREHOLDERS: 0

EMPLOYMENT:

- Male managers:	22
- Female managers:	0
- Male workers:	260
- Female workers:	15

GROSS SALES:

- 1985:	188 701 000	Zaires
- 1986:	268 763 000	Zaires
- 1987:	374 426 000	Zaires

WORKING CAPITAL:

- Needs in Zaires:	110 000 000	Zaires
- Zaires availability:	50 000 000	Zaires
- Needs in foreign currency:	788 500	U.S.\$ equivalent
- Foreign currency availability:	342 800	U.S.\$ equivalent

INVESTMENT PROJECTS:

- Total amount needed:	0	U.S.\$ equivalent
- Amount potentially self-financed:	0	U.S.\$ equivalent

BREAKDOWN OF THE CHARGES (in % of total charges):

- Raw materials:	52 %
- Spare parts:	2 %
- Personnel:	24 %
- Finance charges:	4 %
- Other charges:	18 %



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