

SWAZILAND MAPS REPORT--PHASE I

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in cooperation with

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1. INTRODUCTION

The private-sector strategy assessment being done in Swaziland at the request of the USAID Mission uses the Manual for Action in the Private Sector (MAPS) methodology developed by J.E. Austin Associates and tested in the Dominican Republic, Sri Lanka, and Costa Rica. It is also now being applied in Lesotho. The assessment has been modified in Swaziland, in accordance with Mission instructions, to cover the following sectors:

- Agribusiness: the processing of agricultural commodities.
- Services: except for tourism, and social services (e.g., health and education).
- Mining
- Finance/Insurance
- Commerce
- Small-Scale Enterprise: small-scale enterprises (fewer than twenty-five employees and E100,000 in fixed capital)
- Commercial Agriculture: citrus, sugar, and timber only.

The MAPS assessment approach is used by the Office of Market Development and Investment in the Africa Bureau of A.I.D. (AFR/MDI) to help match USAID programs with private-sector environments in selected countries. The MAPS exercise may assist a Mission in better using private-sector resources in its current program and/or designing new private-sector-led strategies or projects. The assessment consists of seven phases (a summary description can be found in Annex A):

- Phase I: Defining the current mission strategy.
- Phase II: Describing the local private sector.
- Phase III: Diagnosing opportunities and constraints to private-sector growth.
- Phase IV: Engaging in dialogue with the private sector.
- Phase V: Designing A.I.D. private-sector strategy.
- Phase VI: Developing new projects and programs.
- Phase VII: Debriefing and evaluating.

The MAPS assessment team to Swaziland consisted of Ms. Tessie San Martin and Mr. M. Peter Leifert of LABAT-ANDERSON Incorporated, the principal contractor with AFR/MDI, and Dean Bernius, Deputy Director, AFR/MDI. Ms. San Martin was one of the developers of the MAPS assessment methodology and a member of the Dominican Republic MAPS team. Mr. Alberto Ruiz de Gamboa and others of the USAID/Swaziland Mission ably backstopped and supported the team.

The Swaziland team, which arrived November 19 and departed December 3, 1988, completed Phase I of the MAPS process (articulating the current Mission strategy) and started Phase II (describing and surveying the local private sector).

The team interviewed a range of entrepreneurs and government officials. Using the information gathered from these interviews, the team refined the private-sector survey methodology to fit local needs and conditions and designed a draft survey instrument. They then developed terms of reference for the survey and for collecting and processing descriptive data on the private sector, conducted interviews with potential local consultants and firms, and passed notes on proposals received and expected to the Mission.

The survey will require roughly six to eight weeks to complete and involve approximately 200 firms and entrepreneurs, approximately 100 of which will be small-scale enterprises. The description of the private sector, which will involve collecting information from secondary sources, will also take six to eight weeks. The survey and descriptive work will be done concurrently.

In all countries, Mission input to the MAPS assessment effort is essential. Discussions with the Mission helped to define the current Mission strategy and provided orientation for implementing the MAPS exercise. Continued Mission involvement in the MAPS process is critical to the achievement of MAPS exercise objectives; that is, results that can be used to help the Mission attain its development objectives.

Immediate next steps include finalizing the contract(s) for the private-sector description and survey. The Mission is planning a \$75,000 buy-in to the LABAT-ANDERSON contract as its contribution to the costs of the MAPS exercise. LABAT-ANDERSON will then contract with local firms for the survey and description portions of the MAPS exercise. It is anticipated that both the description and survey work will begin in early February and be completed by late March.

LABAT-ANDERSON will assist AFR/MDI in analyzing the collected data, identifying opportunities and constraints to private-sector-led growth, guiding the dialogue with the private sector, and designing new activities or modifying current projects. The final report will take a further two to three weeks to prepare, with completion scheduled for mid- to late April 1989.

2. STRATEGY ARTICULATION

In fiscal year 1989, the USAID Mission to Swaziland will submit its fiscal year 1990-94 Country Development Strategy Statement (CDSS) for Washington approval. Pursuant to the development of this strategy document, the Mission wishes to assess the extent to which alternative mechanisms--in particular private-sector mechanisms--exist to help implement this new strategy.

A number of conditions and developments in the political, social, and economic environments of Swaziland have made this a particularly appropriate time to undertake this review. A new and young king has recently ascended to the throne of the nation, the country is enjoying an unprecedented boom of investment, and there has been encouraging macroeconomic growth. Nevertheless, a number of serious concerns exist: The population growth rate continues at approximately 3.4 percent and employment generation continues to fall behind the country's capacity to use its educated human resources.

Moreover, there is concern that the benefits of recent economic growth have not been distributed equitably. Two-thirds of the country's 750,000 people remain tied to subsistence agriculture. This more "traditional" segment of the population, which contributes less than 10 percent to Swaziland's gross domestic product and has a lower overall health status and educational level, is effectively not benefiting from the country's accelerated rate of growth. There is also growing concern that Swaziland's culture and traditions may be jeopardized by the investment boom and the nation's relatively rapid economic growth.

A review of the development strategy for the country is also appropriate at this time because the A.I.D. program in Swaziland is at a turning point: The Mission has successfully trained large numbers of upper- and mid-level public-sector employees who are now contributing to the development of the nation. With this public sector institution-strengthening process largely completed, the Mission feels that this is a propitious time to examine how it might focus its energies on other key development constraints.

In the Mission's new CDSS, it is expected that increasing attention will be directed to the private sector and to programs targeted to the traditional sector which, there is reason to believe, perceives itself as having been omitted from the positive benefits of development. The MAPS assessment effort and a number of other studies and reports now being undertaken with Mission guidance and involvement will provide the underpinning for the development of this new Mission strategy.

The Mission already has in place a number of initiatives that are oriented toward getting small-scale farmers to increase their participation in commercial agriculture. One example is the new Commercial Agricultural Production and Marketing Project, the flagship of the newly evolving Mission strategy. This project, and such others as the Small Enterprise Support and Training for Entrepreneurs projects, will test concepts and ideas while providing financial and technical support to increase small-scale commercial production and private-sector entrepreneurial growth.

The MAPS process, which clarifies Mission objectives and seeks to identify means to accomplish those objectives through the private sector, is a particularly useful tool in this environment. It is useful in policy discussions with the government and promotes understanding within government of the effect of public policy on private-sector activity. It also provides the private sector with a forum in which to express its own development priorities to the Mission, to other donors, and to the Government of

Swaziland, so that more cohesive and comprehensive policies and projects may be developed.

The first step in the MAPS process is articulating the USAID Mission's strategy, particularly as it relates to the private sector. The purpose of this phase is to create a consensus within the Mission regarding what its role is and should be. Successful organizations, both in the private and the public sectors, are generally those that have been able to articulate a clear sense of purpose. Morale and productivity are higher in these organizations. Similarly, the better the Mission understands how what it does can affect the private sector, the easier it will be to design Mission activities to achieve development objectives through and with the cooperation of the private sector.

Private-sector development has played a relatively modest role to date in the Mission's overall strategy for Swaziland's development. A review of the Mission's project papers, Project Implementation Reports (PIRS), CDSS, and other documents (see Annex I), as well as consultations with USAID/Swaziland officials, has shown that, while the largest portion of the Mission's resources has been channeled to or through the public sector, growing attention is being directed to the private sector.

The overall "Mission Statement," as culled from the above documents and gleaned from discussions with Mission personnel, can be stated as follows:

"To promote well-being and achieve self-sufficiency and equitable growth principally through human resources development in public institutions and the private sector."

The MAPS team, working with staff from USAID/Swaziland, has articulated three key goals. These goals, which were derived from an examination of the Mission's current project portfolio, have been found to be consistent with the development objectives contained in the above statement:

- Improve the policy environment. "Policy" as used here refers to changes in government approach or degree of involvement in an area of economic activity. To date, the Mission has concentrated its efforts on affecting policy change through formal education of Government of Swaziland decisionmakers and by training and exchanges that expose them to alternative, more desirable approaches. Since the Government of Swaziland has had a fairly laissez-faire attitude toward private-sector development, much of the Mission's effort in the area of policy change has been focused on improving the efficiency of the decisionmaking process rather than attempting to change Government of Swaziland philosophy or policies toward the private sector. Recently, effort has also been directed towards modernizing the thinking of traditional leaders and providing them with some basic analytical tools to use in making changes in rural chieftomship practices.

This human resource development approach has been supported by Mission-funded efforts to install information systems, create coordinating bodies, design facilitating systems and management groups, and strengthen long-range planning and other system-type activities. In addition, direct action has been taken to identify constraints and design and implement policy changes to remove them. A majority of the Mission's staff time and funding has gone into efforts to reach this first goal.

- Expand and increase productivity of economic activities. As noted in the strategy articulation diagram that follows, achievement of this

goal is expected to come about through (1) improved and expanded service delivery, (2) improved business skills, (3) increased commercial agriculture activity, and (4) the growth of private enterprises. The first of these activities, service delivery, is being carried out mostly by strengthening government and public university extension-type capabilities. The others are implemented more directly with the private sector.

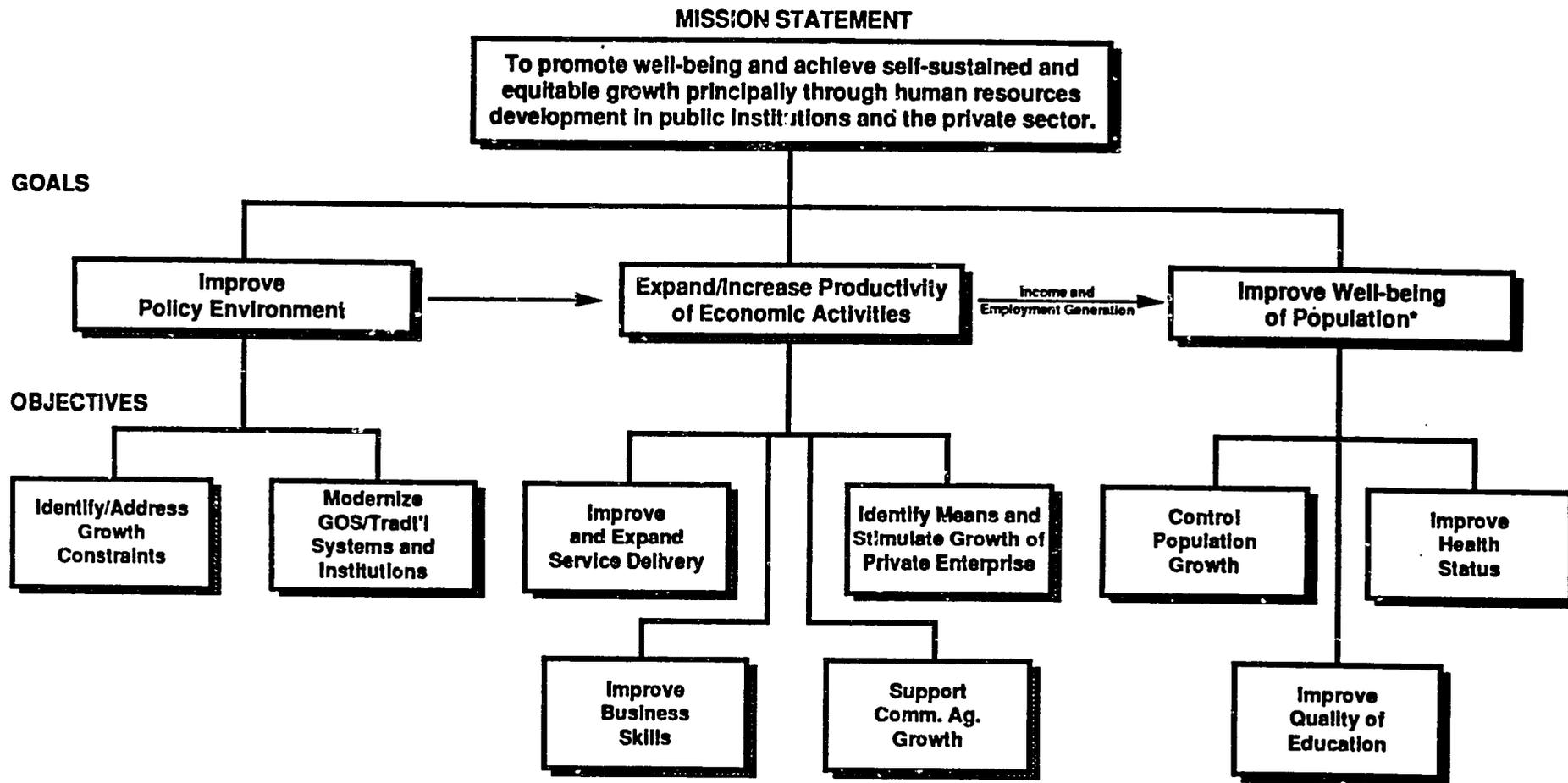
The strengthening of service delivery mechanisms is also a strategy for accomplishing the "well-being" Mission goal, listed below. The detail of the strategy articulation contained in Annex B and figures 1 and 2 show how Mission project activities have been divided between these economic impact and well-being goals.

- Improve the well-being of the population. The USAID Mission's activities oriented to improving the well-being of the people of Swaziland also promote private-sector growth and diversification, inasmuch as a more educated and healthier population is also a more productive population. Two of the USAID-supported activities in this goal area are developing health-related products that might prove to be exploitable by private-sector interests.

The strategy articulation exercise, as it has been performed so far, has shown that most of the Mission's objectives are being implemented through public-sector institutions, though all, to one degree or another, affect the private sector. Various activities can be said to be part of a private-sector program. There is, however, no private-sector strategy *per se*, and the majority of USAID funded activities use implementing agents that are one or two steps removed from the individuals in the private sector that the Mission is trying to assist.

The articulation exercise and Mission discussions raised a number of questions, examples of which follow:

- Are all projects that could be dealing with policies affecting the private sector doing so?
- Employment generation has been identified by the Mission in its latest Annual Budget Submission (ABS) and CDSS as an area of serious concern. There is concern that the Swazi economy will not be able to absorb the growing number of school leavers. Currently, 2,500 jobs are being created annually in the country, but there are 15,000 fourteen year olds and 19,000 seven year olds in school at this time. Will these students and many more others to follow benefit from changes in the modern sector without significant "affirmative action" efforts to bring them up to speed?
- Do private-sector human resource development activities overlap? Or do they coordinate and complement each other? Do project teams in the same ministry or university talk to each other and believe in a private-sector-led approach to development? Is there a separate coordinated private-sector human resource development strategy, or a need for one?
- Are there opportunities for increased cooperation with other donors in private-sector-led development activities? Has the Mission considered joint efforts?
- Well-being is being addressed with emphasis on health improvement. Can or should population control and quality primary education, which



STRATEGIES (see next page)

*Directly and through improved delivery systems

Figure 1. Strategy articulation—USAID/Swaziland.

	Modernize Systems & Institutions	Ident./Address Growth Constraints	Imp./Expand Service Delivery	Improve Business Skills	Support Comm. Ag. Growth	Stimulate Private Enterprise	Control Population Growth	Improve Quality Basic Ed.	Improve Health Status
USAID									
RWBDC	●	●							●
CSRET		●	●		●				
TT	●		●					●	
SWAMPD*	●	●	●	●					●
PHC	●	●					●		●
SESP*				●					
STEP*						●			
FHS		●					●		●
CAPM*	●	●	●	●	●	●			
REGIONAL AND CENTRAL									
IRS						●			●
HOPE	●								●
NUTRITION						●			●
CCCD	●	●							●
AFGRAD	●			●					●
SADOC	●	●							
SARP/RRSS	●	●	●						

*Employment generation an indirect objective

Figure 2. Swaziland projects/objectives matrix.

can provide a manageable and marketable labor force, be given increased priority and attention? Can or should more pressure be put on the Government of Swaziland in the area of family planning?

- Only one project provides direct assistance to Swazi businesspersons, and it basically is oriented to research. How or should more be done? Hopefully, the MAPS exercise will be able to provide some insight.

One of the objectives of the MAPS process is examining how current projects are related and how they affect the private sector. The strategy articulation exercise of Phase I of MAPS, including the discussions it motivates and the search for answers it anticipates, has begun this process.

A second objective is not only to examine new opportunities for private sector-led growth, but also to stimulate thinking on implementing agents other than the government. Increased resources can be channeled directly to and/or through the private sector if it is concluded that the private sector can be a more efficient conduit for the delivery of resources and economic growth. Doing so may increase a donor's leverage with the government and enhance its ability to achieve a desired change in policy. As long as the government feels that it is "the only game in town" it may be less inclined to get its house in order and to be responsive to suggested policy changes. Working directly through the private sector sends a clear signal to government--other people and nongovernmental organizations are willing and able to work with donors to achieve self-sustained and broad-based growth.

The results of the strategy articulation phase presented here should be taken as preliminary and tentative. The Mission should use these comments as a springboard for expanded discussions regarding current goals and objectives and how to best coordinate project activities to reach Mission goals.

3. MAPS IMPLEMENTATION--TIMETABLE

A timetable the Mission may follow for full MAPS implementation is shown in figure 2. Please note that there are activities the Mission will need to undertake prior to February when the description and survey work are scheduled to begin. These activities are as follows:

- With AFR/MDI and LABAT-ANDERSON Incorporated, decide on the contractors and provide funding through a buy-in (PIO/T) to the LABAT-ANDERSON contract for the local consultant(s) who will undertake the data collection and survey activities.
- Identifying and communicating, at least informally, with key entrepreneurs and Government of Swaziland personnel regarding the exercise.

With regard to the contracting actions, this report includes notes on potential contractors, outlines of the terms of reference (TORs) to be used to draw up the contracts, and the formal responses, received to date, of the consultants to these TORs, including resumes and their best estimates regarding what the survey and description exercises would cost. (See Annexes D through H). The contract(s) should be finalized in January to permit the MAPS exercise to begin in full by early February.

In addition, draft TORs for Mr. Derik von Wissel and an unnamed Swazi private-sector consultant were prepared (Annex G). As agreed among Mr. von Wissel, the Mission, and the MAPS team, Mr. von Wissel will act as overall "mentor" for the survey, descriptive work, focus group discussions, and for the preparation of the final MAPS report to ensure accuracy and relevance. It is anticipated that the as-yet-unnamed Swazi contractor will join in time to participate in and help guide the MAPS dialogue group process.

The MAPS team has begun the second type of activity as well. It has met with business and Government of Swaziland leaders to explain MAPS and the Mission's desire to work with the private sector. It also has begun identifying Government of Swaziland private-sector objectives and development priorities. Summaries of the conversations with these persons are included in Annex C. This process of dialogue should continue. The officer responsible for A.I.D. private-sector activities in Swaziland, Mr. Alberto Ruiz de Gamboa, assisted by Mr. Derik von Wissel, should continue to meet with leading entrepreneurs, other donors and the Government of Swaziland.

Finally, it is recommended that the Mission request backstop support from AFR/MDI and LABAT-ANDERSON Incorporated for the beginning of the next phase of the MAPS exercise (weeks 1 and 2 in February) and towards the end (mid- to late April), to assist in survey preparation and organization, data interpretation, graphics preparation, presentation of description and survey results to the Mission, organization of the focus group discussions, and drafting of an action paper.

TASK	Nov.		Dec/Jan		Feb.				March				April			
	1	2			1	2	3	4	1	2	3	4	1	2	3	
1. Articulate strategy																
• Orientation		X														
• MAPS design		X	X													
• Presentation				X												
2. Description																
• Outline terms of reference			X													
• Identify local contractors			X													
• Contract				X	X											
• Collect data						X	X	X	X		X					
• Analyze data							X	X	X		X					
• Produce graphics								X		X						
• Presentation															X	
3. Diagnosis																
• Outline terms of reference			X													
• Identify local contractors			X													
• Contract				X	X											
• Draft survey instrument			X													
• Refine and test survey instrument						X	X									
• Implement survey							X	X	X		X	X				
• Enter and process data								X			X	X				
• Analyze data											X	X				
• Produce graphics											X	X				
• Presentation															X	
4. Dialogue																
• Identify private-sector leaders		X	X	X	X	X	X	X	X		X	X	X	X		
• Informal consultation		X	X	X	X	X	X	X	X		X	X	X	X		
• Focus groups												X		X	X	
• Presentation															X	
5. Private Sector Strategy Development																
• Identify Government of Swaziland priorities		X	X	X	X	X	X	X	X		X	X	X	X	X	
• Identify donor priorities		X	X	X	X	X	X	X	X		X	X	X	X	X	
• Match Mission objectives to MAPS results												X		X	X	
• Options menu														X	X	
• Feasibility															X	
6. Orient programs																
															X	X
7. Evaluation and Debriefing																
																X
Coordinate USAID/ Washington support																
		X	X	X	X	X	X				X	X		X	X	X

Figure 2. Swaziland timetable--MAPS implementation.

4. USAID AND THE PRIVATE SECTOR--SOME PRELIMINARY THOUGHTS

The following comments are observations only. They should not be taken as recommendations or conclusions because they are based on limited work in-country and a limited number of interviews and discussions. More and better data, useful in discussing the thoughts contained below, will become available through the MAPS process. In addition, as MAPS progresses, other discussion needs may emerge. Within this framework of present limited knowledge, the following thoughts are offered for discussion.

(Note: Comments in parentheses following each discussion point record Mission reactions, as noted in its last meeting with the MAPS team on December 2.)

1. Preparation of the Mission's fiscal year 1990-94 Country Development Strategy Statement (CDSS) is now under way. As part of this process of strategy development, the MAPS team was invited to Swaziland by the Mission to examine the role the private sector could play in helping the Mission achieve its development goals.

The first part of the MAPS process is now completed; the Mission's present strategy and its relationship with the private sector has been reviewed, the terms of reference for a full MAPS exercise have been developed, initial interviews in the private sector have been conducted, and the MAPS survey questionnaire has been refined to accommodate the information developed through the interview process. The Mission must now decide if it wishes to proceed with the full MAPS exercise, which involves research, the development of dialogue groups, and the preparation of a report that will outline potential options and recommendations for the Mission's consideration.

For Discussion:

Based on Mission perceptions and the MAPS information gathered to date, there are any number of opportunities for positive engagement of the private sector. Accordingly, the MAPS team encourages the Mission to implement the full MAPS exercise, as identified above and detailed in the Swaziland timetable (figure 1), and to put mechanisms in place for continued dialogue and information collection in the private sector.

(The Mission concurred in the utility of implementing the full MAPS process as designed.)

2. After several years of negligible economic growth, the Swazi economy has experienced real growth rates in the last two to three years. This is attributable, according to a number of reporting cables and reports, to "progressive movement in the industrial sector"; that is, industrial investment. In short, investment growth, largely foreign, appears to have become the engine of economic growth in Swaziland.

For Discussion:

The full MAPS process will serve to confirm or contest the above conclusion and the presumption that economic growth will continue to come, in the near future, through private-sector investment. However, a question can now be raised for discussion: Should development of the private sector be seen as an objective that will inter alia produce broad-based economic growth and attainment of

development goals, or is the private sector only one of the vehicles to attainment of these same goals? In other words, should the Mission be thinking in terms of a private-sector program, or in terms of private-sector activities in a general development program.

(The Mission is contemplating a private-sector-led approach to development that will involve the design of a private-sector strategy for its new CDSS.)

3. Interviews to date suggest that the Swazi small business sector has been largely ignored by the government and by the donors. There also appears to be considerable confusion regarding Swazi traditions, capabilities, and motivations, and a less-than-perfect understanding of the Swazi small businessman's needs, concerns, and aspirations. Traditional organizations such as the Commercial Amadoda, for example, say they have had little or no contact with the government, the donors, and the trade missions that have visited the country.

For Discussion:

- a. Is the Mission undertaking sufficient efforts to study and understand the traditional culture and sociological underpinnings of the Swazi society in anticipation of a new CDSS in which the private sector may play a more important role? Studies such as that of the Commercial Amadoda being undertaken by CARE and the study "Culture and the Private Sector," whose terms of reference are currently being drafted by USAID, will provide insight and information useful in the development of the Mission's CDSS and private sector strategy. However, will these studies produce the desired results? Can the USAID study be designed and implemented to give the Mission the basis for decisionmaking it needs, that is, find out who the important players are, what process is actually followed in new investment decisionmaking, and so on?

(The Mission will send a facsimile of the draft TORs for its proposed "Culture and the Private Sector" study to AFR/MDI and LABAT-ANDERSON for review and comment. The possibility of buying in to the LABAT-ANDERSON contract for the performance of this study also was discussed.)

- b. While the MAPS effort may provide information of relevance on the private sector, it is only a process. It is important for the Mission to commit itself to involvement, followup, and dialogue with the private sector if it is to take proper advantage of the process started by MAPS and if it is to make informed decisions regarding the private sector and its role in the economic development of the country. These decisions may, however, dictate a new program with much greater emphasis on private-sector implementation mechanisms. Will the Mission be able to convince the Government of Swaziland that going directly to and through the private sector--that is, not providing training and other institution-building assistance to the Government of Swaziland--is not only valid, but acceptable practice for a foreign donor agency?

(The Mission Director noted that he had already anticipated the need to hold discussions with the Government of Swaziland, and had, for example, already set up a meeting with the Government of Swaziland to discuss the probable impact of a private-sector emphasis in the USAID program.)

- c. The appointment of Derik von Wissel to work with the Mission in the MAPS process is applauded, as is the decision to balance white and black Swazi views through the employment of a second advisor to assist with the MAPS dialogue process. In this same vein, the Mission may wish to consider the appointment of a committee of Swazi small entrepreneurs to advise the Mission on future private-sector programming and strategy decisions. Such a committee would be appointed after conclusion of the MAPS exercise. Its members would be taken from those who have participated in the MAPS focus groups. The committee's work would not conflict or overlap with the efforts of Mr. von Wissel or his Swazi colleague. Is the identification and forming of such a committee desired by the Mission? Should the MAPS team keep this in mind as the MAPS process is implemented?

(No closure was reached on this item; however, individuals outside of the general staff meeting voiced approval of such a move.)

4. There appear to be two private sectors in Swaziland with a middle-ground group of undetermined size and composition. The two end groups are the modern industrial sector, which is largely fueled by foreign investment, and the more traditional Swazi small business sector, which has participated peripherally, if at all, in the investment and industrial boom taking place in Swaziland.

For Discussion:

All private-sector entities participate and have roles in the economic development of Swaziland. While more work must be done before definitive recommendations can be made with regard to strategies or programs that might be targeted to any group, it is possible that the results of MAPS will suggest targeting all private-sector audiences. However, there is strong evidence to suggest that assistance directed to the industrial sector should be different in character from assistance directed to the traditional Swazi small business sector. For example, the capital needs of the Swazi small entrepreneur are a major constraint. Capital is less of a constraint for foreign investors who have preferential access to credit. Is the Mission ready to set out on two paths that may merge in the future, but for the time being may require separate activities and resources? More still, can a third track be added that will be directed to the middle group, but act as a link between the ends?

(A program that establishes linkages between the industrial and the small indigenous private sectors and that emphasizes helping small ventures to grow larger was mentioned as desirable. In any case, however, the Mission is ready to advance in the areas of greatest perceived need and positive impact.)

5. The Mission program has stressed and focused on training and the strengthening of public-sector institutions. In project documents and the existing Mission strategy, training also was to be directed to strengthening of the private sector. An examination of participant training documents shows, however, that very little private-sector training has actually been done. Yet training has been identified as one of the key needs of the Swazi small entrepreneur, particularly management training.

For Discussion:

As noted above, increased Mission attention to the private sector may be productive in stimulating economic growth in Swaziland. The MAPS process may suggest increased training in the private sector and the establishment of a local capability to provide managerial "learning" onsite, for example. In this regard, should the Mission consider MAPS results before taking steps to implement the recommendations contained in the November 1988 report "Opportunities and Options for HRD in Swaziland for 1989 and Beyond"?

(The need to consider the MAPS results, the above-mentioned report and other studies in process or to be undertaken was noted.)

6. The Mission may much more actively engage the private sector in the near future. Yet Mission staff is not oriented to implementing a private-sector development strategy.

For Discussion:

- a. Should the Mission assign a senior Mission official to handle private-sector responsibilities? The workload of this person then would have to be adjusted, to ensure that the individual will have adequate time to devote to promoting the private sector. Can the present staff, with its significant current workload, handle the additional work burden? Should a reorganization on a wider scale be considered?

(The Mission is contemplating the likelihood of a reorganization as its program changes to one that includes a private-sector focus.)

- b. Should the Mission employ a local private-sector advisor? If so, when would this advisor be employed?

(This option will be examined as MAPS evolves and a new strategy is put in place.)

(Comment: In any case, the Mission's private-sector strategy should drive the appointment of an advisor, if one is to be hired. Simply hiring a person to handle private-sector activities is not encouraged. Rather, the advisor should possess the requisite skills required to implement the Mission strategy. For example, if the Mission concludes that microenterprise creation should be at the heart of its private-sector strategy, it should hire a microenterprise rather than an investment promotion specialist.)

7. The "modern" industrial sector may have the capacity, according to information collected to date, to go it alone. However, it appears that investment in the modern sector could be creating a considerable amount of local Swazi skepticism and irritation; they are using Swazi money rather than bringing in their own financing, they are benefitting from rather generous incentive packages not available to Swazis, they are not known to have made provision for Swazi equity participation in the ownership of the firms, and the investment is not creating any noticeable spin-offs for local Swazi entrepreneurs. The modern-sector industrial firms, largely foreign and largely South African, are also perceived as having taken control of the Swazi Chamber of Commerce and Industry and the Swaziland Federation of Employers. As a result, Swazi small entrepreneurs have formed their own Chamber of Commerce, SIBAKHO.

Nevertheless, this investment does offer some positive return for Swaziland; the investment is creating jobs, widening the tax base, and creating an industrial capacity that has considerable promise for the future, if Swazis can be brought into the process.

Some of those interviewed consider Swaziland's present foreign industrial investment as negative and being of marginal value to them or to their nation. There is a risk in assisting this sector in terms of how this assistance will be viewed by local citizens, but while there is risk, there also may be opportunity. Policy changes that would encourage Swazi equity participation in future investment could be one possibility. This could be accomplished through stock option plans, but there may also be any number of incentive packages and other strategies that could be devised by the Mission. Equally, there may be opportunity for rewarding firms who use affirmative promotion programs for Swazi nationals which, in turn, will increase the pool of Swazi managerial talent. Policy measures that are positive in design (that is, provide additional write-offs or other benefits to firms) could be emphasized.

For Discussion:

Growth in Swaziland, as noted above, may continue to be dependent on this foreign investment for the foreseeable future. Should the Mission allow this investment to occur without explicit Mission involvement? How great is the need and what are the potential rewards of involvement with the large, basically foreign-owned industrial sector? If the Mission does get involved at the top end, must there also be Mission involvement for small-scale enterprise at the bottom end to even things out and to minimize the risk of being seen only at the top?

(It was generally recognized that the Mission will have to remain very sensitive to the Swazi business community's perceptions of its activities. Further, it will probably not be acceptable or desirable, to become too heavily involved in the modern, larger-scale sector without the same or more effort in the "traditional" business sector. A lengthy discussion produced recognition of the risks involved in being involved only at the top end. The need to be involved in and knowledgeable about changes in the modern sector, however, was generally seen as valid.)

ANNEX A

MAPS: A SEVEN-STAGE PROCESS

MAPS: A SEVEN PHASE PROCESS

1. DEFINE CURRENT AID MISSION STRATEGY.
2. DESCRIBE THE LOCAL PRIVATE SECTOR.
3. DIAGNOSE OPPORTUNITIES AND CONSTRAINTS TO PRIVATE SECTOR GROWTH.
4. DIALOGUE WITH THE PRIVATE SECTOR.
5. DESIGN AID PRIVATE SECTOR STRATEGY.
6. DEVELOP NEW PROGRAMS AND PROJECTS.
7. DEBRIEF AND EVALUATE.

**MANUAL FOR ACTION IN THE PRIVATE SECTOR
(OVERVIEW)**

PHASE	KEY QUESTIONS	ANALYTICAL TECHNIQUES	OUTPUTS
1. DEFINE CURRENT MISSION STRATEGY	<ul style="list-style-type: none"> * WHAT IS THE CURRENT MISSION STRATEGY? * WHAT DO AID & OTHERS BELIEVE WILL BE IMPORTANT COMPONENTS OF FUTURE STRATEGY? * HOW SHOULD MAPS BE TAILORED TO RESPOND TO MISSION NEEDS? 	<ul style="list-style-type: none"> * STRATEGY AUDIT * PROJECT INVENTORY * BUDGET ANALYSIS * CONSENSUS BUILDING 	<ul style="list-style-type: none"> * ARTICULATION OF CURRENT MISSION STRATEGY
2. DESCRIBE LOCAL PRIVATE SECTOR	<ul style="list-style-type: none"> * WHO IS THE PRIVATE SECTOR? * WHERE IN THE ECONOMY IS IT LOCATED? * HOW IMPORTANT IS THE LOCAL PRIVATE SECTOR? * WHAT IS THE SOE'S ROLE? * HOW STRONG ARE THE CAPITAL MARKETS? * WHAT IS THE IMPACT OF PUBLIC POLICY? * HOW HAS THE PRIVATE SECTOR PERFORMED OVER TIME? * WHAT ARE THE LEADING & LAGGING SECTORS? 	<ul style="list-style-type: none"> * DATA GATHERING & ANALYSIS * PRIVATE SECTOR MAPPING 	<ul style="list-style-type: none"> * DATA BASE * PRIVATE SECTOR MAP * PRIVATE SECTOR DESCRIPTION PRESENTATION

**MANUAL FOR ACTION IN THE PRIVATE SECTOR
(OVERVIEW)**

PHASE	KEY QUESTIONS	ANALYTICAL TECHNIQUES	OUTPUTS
<p>3. DIAGNOSE CONSTRAINTS TO GROWTH</p>	<ul style="list-style-type: none"> * WHAT ARE THE PRIVATE SECTOR'S PERCEPTIONS OF ITS OPPORTUNITIES & CONSTRAINTS? * WHAT ARE THE MOST CRITICAL RESOURCE CONSTRAINTS? * WHAT ARE THE IMPACTS OF PUBLIC POLICY ON THE PRIVATE SECTOR? * WHAT PRIVATE SECTOR INITIATIVES WILL RECEIVE GREATEST SUPPORT AMONG LOCAL LEADERSHIP? * WHAT IS THE IMPACT OF THE COMPETITIVE ENVIRONMENT? * WHAT ARE THE CAPABILITIES OF LOCAL CAPITAL MARKETS & FINANCIAL INSTITUTIONS? 	<ul style="list-style-type: none"> * PRIVATE SECTOR SURVEY * CAPITAL MARKETS SURVEY 	<ul style="list-style-type: none"> * PRIVATE SECTOR DIAGNOSTIC PAPER & PRESENTATION
<p>4. DIALOGUE WITH PRIVATE SECTOR</p>	<ul style="list-style-type: none"> * HOW DO KEY PRIVATE/ PUBLIC SECTOR DECISION MAKERS VIEW THE DIAGNOSIS? * WILL PRIVATE SECTOR SUPPORT AID INITIATIVES? * WHAT INITIATIVES IS LOCAL PRIVATE SECTOR ALREADY UNDERTAKING? * WHO ARE THE IMPORTANT POTENTIAL IMPLEMENTING AGENTS? * WHAT ARE OTHER DONOR GROUPS DOING? * WHAT FORMAL AGREEMENTS WILL BE REQUIRED & HOW LIKELY WILL IT BE TO GET THEM? 	<ul style="list-style-type: none"> * INFORMAL DIALOGUE SESSIONS * FOCUS GROUPS 	<ul style="list-style-type: none"> * MINUTES OF MEETINGS * SUMMARY REPORT ON DIALOGUE RESULTS

**MANUAL FOR ACTION IN THE PRIVATE SECTOR
(OVERVIEW)**

PHASE	KEY QUESTIONS	ANALYTICAL TECHNIQUES	OUTPUTS
5. DESIGN STRATEGY	<ul style="list-style-type: none"> * WHAT ARE HOST GOVTS PRIVATE SECTOR DEVELOPMENT STRATEGY OBJECTIVES? * HOW ARE GOVT GOALS RELATED TO AID'S OVERALL COUNTRY STRATEGY? * WHAT ARE THE PRIORITIES AMONG ACTION AREAS GIVEN CURRENT LEVEL OF RESOURCES? * WHOSE SUPPORT IN PRIVATE & PUBLIC SECTOR IS CRUCIAL & HOW CAN THE EXISTENCE OF SUCH SUPPORT BE DEMONSTRATED? 	<ul style="list-style-type: none"> * OPTIONS MENU * STRATEGY MATRIX 	<ul style="list-style-type: none"> * PRIVATE SECTOR DEVELOPMENT STRATEGY PAPER (FOR CDSS) * PRELIMINARY FEASIBILITY ASSESSMENT
6. DEVELOP NEW PROJECTS & PROGRAMS	<ul style="list-style-type: none"> * WHAT SPECIFIC PROGRAMS & PROJECTS WILL MOST EFFECTIVELY ACHIEVE GOALS? * WHO WILL IMPLEMENT THE PROJECTS? * DO THEY HAVE THE NECESSARY INSTITUTIONAL CAPABILITY? 	<ul style="list-style-type: none"> * PIDS * PROJECT PAPERS * PAIPS * PAADS 	<ul style="list-style-type: none"> * PROJECTS * PROGRAMS
7. DEBRIEF & EVALUATE	<ul style="list-style-type: none"> * WHAT HAVE BEEN THE FINDINGS & RECOMMENDATIONS OF MAPS FOR USAID PRIVATE SECTOR INITIATIVES? * WHAT RECOMMENDATIONS FOR ONGOING AID PROCESS SHOULD BE PRESENTED? * WHAT HAS BEEN LEARNED FROM THE PROCESS FOR SIMILAR FUTURE EFFORTS IN OTHER COUNTRIES? 	<ul style="list-style-type: none"> * MEETINGS WITH AID 	<ul style="list-style-type: none"> * FINAL REPORT

ANNEX B
STRATEGY ARTICULATION DETAILS

OBJECTIVES/STRATEGIES--SWAZILAND

OBJECTIVE 1: To Modernize GOS and Traditional Systems and Institutions

STRATEGIES:

- Decentralize health care (PHC)
- Health education and information system in MOH (CCCD)
- Strengthen agricultural information systems (CAPM)
- Rural Water Supply Board (RWBDC)
- RWSB/MOH linkages (RWBDC)
- Drug and medical supply system (HOPE)
- Orientation of women's groups (SWAMDP)
- Administration leadership cadre (SWAMDP)
- Teacher training and accreditation systems (TT)
- Traditional leader education (SWANDP)
- AFGRAD
- Meet SADCC needs (SADCC)
- Strengthen institutional linkages (SWAMDP)
- OPEX support (SWAMDP)
- Railway management performance (SARP/RRSS)
- Equipment and maintenance of rail system (SARP/RRSS)

OBJECTIVE 2: Identify and Address Growth Constraints

STRATEGIES:

- Policy analysis, change, and implementation (CAPM, SWAMDP)
- Manpower analysis in marketing, agriculture, and transport (SADCC)
- Manpower development and OPEX support (SWAMDP)
- Recurrent health systems expenses (PHC)
- FP leadership awareness (FHS)
- Identify policies and practices for EPI, CDD, and malaria (CCCD)
- Long-range planning (RWBDC)
- Regional training institutions analysis (SADCC)
- Agricultural policy options (CSRET)

OBJECTIVE 3: Improve and Expand Service Delivery

STRATEGIES:

- Dialogue and outreach with private sector (CAPM)
- Agricultural information (CSRET)
- Extension training (CSRET)
- Increase rail traffic (SARP)
- Teacher training (TT)
- UNISWA training (TT)
- Practical arts (TT)
- Business skills (SWAMP)
- Improve development communications in all fields (SWAMP)
- World market studies for agricultural products (CAPM)
- UNISWA infrastructure development, skills training, and curriculum development (CAPM)

OBJECTIVE 4: Improve Business Skills

STRATEGIES:

- Accountancy (SWAMP)
- Direct training (SWAMP)
- MITC training (SESP)
- AFGRAD
- Management and technical courses (CAPM)

OBJECTIVE 5: Support Commercial Agriculture Growth

STRATEGIES:

- Prefeasibility studies (CAPM)
- Technical guidance (CAPM)
- Agricultural research and information (CSRET)
- Private cooperative marketing and other assistance (CAPM)

OBJECTIVE 6: Stimulate Growth of Private Enterprises

STRATEGIES:

- Research on SSE development (STEP)
- New investment analysis (CAPM)
- Health products (Nutrition, ISR/ENDOD)

OBJECTIVE 7: Control Population Growth

STRATEGIES:

- FLAS strengthening and service delivery (FHS)
- Child spacing (PHC)

OBJECTIVE 8: Improve Quality of Basic Education

STRATEGIES:

- Trained teachers (TT)
- Commodities--kits and books (TT)

OBJECTIVE 9: Improve Health Status

STRATEGIES:

- Child spacing (FLAS/FHS)
- Child weaning (Nutrition)
- Product research (ISR/ENDOD)
- Primary and MCH (PHC)
- Reduce child mortality and morbidity (CCCD)
- Water systems and latrines (RWBDC)
- Community participation and education (RWBDC)
- Nurse training (HOPE, AFGRAD)
- Health professionals (SWAMDP)

ANNEX C
MEMORANDA OF CONVERSATIONS--SWAZILAND

MEMORANDA OF CONVERSATIONS--SWAZILAND

A. Person/Organization: Tim Zwane, Principal Secretary/Ministry of
Commerce and Industry

Date: November 21, 1988

MAPS Team Participants: Leifert, San Martin, Carlson (USAID/S), Diaz
(USAID/S), Ruiz de Gamboa (USAID/S)

1. Mr. Zwane pointed out that the Ministry does not have a focused private-sector development strategy. Their policy has been up to this point one of laissez-faire.
2. He thinks that the textile manufacturing sector has great potential for growth in the country. It is an ideal industry to develop because most of the raw material is available in Swaziland. Textile firms here have been able to obtain all the cotton of quality they need from Swaziland. There are some smaller amounts imported from Zimbabwe for instance, but this is only for blending purposes. Textile companies can contract with small and large growers to obtain their raw material. He thinks that cotton would be an ideal commercial crop to promote in SNL farms.
3. Another area or idea he would like the Ministry to promote is that of using SNL homestead land for small-scale enterprise development. This is quite new, since SNL land is only used for agricultural purposes. It would require creating consensus among chiefs and the communities they represent. Apparently though, some chiefs have expressed an interest in this sort of activity.
4. When asked about the possibility of using SNL land for the expansion of larger businesses, however, he was considerably less enthusiastic. He opined that SNL land could never be used for such purposes. Leasing the land to non-Swazis is not acceptable; even leasing land to foreigners means alienating the Swazis from their right to this national resource. Thus the larger enterprises, as long as they remain expatriate controlled, can only be established in freehold title land.
5. Freehold title land for industrial purposes is very scarce. Though there has been a 50-percent expansion of the Matsapha industrial park, Mr. Zwane thinks that in five years it will again be insufficient to accommodate business expansion.
6. Mr. Zwane is bullish on the potential for attracting much more foreign investment to Swaziland. The amount of foreign investment that can be attracted to the country has not yet reached its peak. The Ministry is considering several proposals for projects, and receives many inquiries from firms.
7. The organization that promotes small-scale enterprises (SSEs), SEDCO, has not been doing well. It is now essentially moribund, as most of the projects in which they have invested have gone under. Mr. Zwane thinks the problem is that SEDCO concentrated on promoting and helping established businesses. These businessmen were already set in their ways. They were not open to changes in their operations and

not willing to apply the skills they were being taught to run their businesses. He thinks the GOS should concentrate its SSE development programs on the young entrepreneurs, who are willing to learn and apply what they learn when they start a new business. SEDCO's task in this regard would be one of identifying these young entrepreneurs, providing them with training, helping them prepare feasibility studies, and perhaps providing them with seed capital to start their businesses. This is similar to the Indian model. He realizes that this approach requires a lot of resources, but thinks there is no other option if one wants to develop an entrepreneurial class in the country.

8. SIDC has taken over most of the operations formerly undertaken by NIDC. SIDC is basically a clearinghouse for investors. It helps promote investment in Swaziland by organizing seminars, and can help put together joint ventures as well as help businesses who wish to establish in the country process the paperwork.
9. The Ministry of Commerce is poorly staffed. Mr. Zwane feels he does not have the personnel with the training required to undertake the types of promotion and policy-making activities the Ministry should be undertaking (e.g., formulating more focused private-sector promotion strategies, assessing the costs and benefits of various investment promotion strategies and activities, etc.). Even the expatriates working in the Ministry do not have the training necessary. He has requested USAID to consider training for people in his Ministry. He has also requested the Peace Corps for one or two persons with quantitative skills and a background in statistics and econometrics to undertake some of the analysis work that is necessary to support the Ministry's policy-making and policy-analysis activities.
10. Mr. Zwane is quite negative about the presence of the RSA in the country and is particularly troubled by the prospect of SAPPi buying out the Usutu Pulp operation. The GOS is apparently hoping that the United States will be able to come up with some sort of white knight to buy the RSA concern out. This would entail a \$60-million investment.

B. Person/Organization: Mr. Peter Dodds/Federation of Swazi Employers

Date: November 23, 1988

MAPS Team Participants: San Martin, Leifert, Bernius, and Ruiz de Gamboa (USAID economist)

1. The Federation has approximately 350 members who employ approximately 85 to 90 percent of all wage earners in Swaziland. The Federation represents the "employer as an employer." It has a two-person staff: Director Dodds and secretary. It was formed because the Chamber of Commerce was seen as ineffective. It acts as "ombudsman" for Swazi employers--represents employers in commenting upon legislation, acts as advisor to member firms, and acts as advisor/protector of employer interests in negotiations with the government.

2. Dodds noted that industrial relations did not exist during the period 1973-83 when unions and the like were banned by decree. He also pointed out that the personnel function does not exist in most firms and employee relations are, as a result, weak.
3. Dodds noted that the king is young and is surrounded by advisors who have not always provided the best of advice to an inexperienced king who was brought home before he could even complete his planned formal education.
4. Dodds said there were two major concerns. In the discussion, however, these were merged into one flowing item/issue. He said there had been a breakdown in law and order; the constitutional laws were giving way to the traditional system of decrees that flowed from the king under the traditional system. This was creating a sense of confrontation between the traditional and constitutional systems of law and creating concern and worry among investors and the private sector. Further, that the right/use of natural Swazis to take matters directly to the king was increasing. This had led, he said, to a "totally unhealthy atmosphere at the moment." The attempted appropriation of Stephan and Allen land was identified as an example. The matter was taken by the squatters to the courtiers of the king. These courtiers may have had an "ax to grind" in carrying the message through to the king and to the eventual issuance of a decree under which the land was to be taken or expropriated (eminent domain). The king and the Government eventually canceled the intended acquisition of the properties. Dodds commended pressure that he said was applied by the U.S. to reverse the action, saying he wished other parties had also acted with such firmness, but was perhaps wrong in thinking that the embassy had applied pressure.
5. While the GOS and the king's actions resulted in a partially favorable result for Allen, Federation action in behalf of Stephan was not expected to be successful. The Federation had requested an audience with the king, but they expected the audience would not be granted until the matter had been totally settled and any recourse or satisfaction effectively precluded. Dodds said that the Allen matter was not entirely satisfactory, as well. Allen had been required as part of the settlement to accommodate the squatters who would stay on the land. Further, that Allen had been subjected to almost two years of chaos and confusion before the matter was finally resolved.
6. Other cases, such as the pulp company employee termination action, were also mentioned to reinforce the point on the breakdown of law and order.
7. Localization: Dodds said the administration of work permits was a disaster; the permits office being staffed with problematic people who were ill-equipped to handle the issuance of permits. One example was a major bank who wanted a permit for a computer specialist. Four applications were filed and lost. When they were finally found all four were processed; the result being that two permits for the individual were approved and two were rejected (same person/same application). The regulations regarding permits were equally so vague, bad, and poorly understood that most companies were or would be in technical violation of the regulations if they were enforced. Accordingly, the permit office always was able to find violations when they made inspections. Dodds said this was creating a sense of unease and irritation in the private sector even though, in most

cases, it was recognized as poor management rather than ill-intent on the part of the government.

8. Dodds said the present environment was turning off some potential investors. A potential Schweppes investment was lost and a Caxton Printing investment had been put on hold due to the uncertainty over the sanctity of land and personal property ownership. Dodds also said that while the recent SIDC investor seminar in the RSA had drawn huge crowds, the present uncertain air in Swaziland had effectively turned off most potential investors.
9. Dodds closed by making a push for A.I.D. support of the National Agriculture Marketing Board, to which he is a consultant. The board, Dodds feels, could be an important factor in increasing the agricultural production of the small/traditional sector farmer whose efficiency could be improved and whose role could be strengthened.

C. Person/Organization: Mr. N. Brentnall, Managing Director and Mr. Patrick H. Noble, Assistant to the Managing Director/Barclays Bank

Date: November 23, 1988

MAPS Team Participants: San Martin, Leifert, and Bernius

1. Brentnall is a British citizen who has been in Swaziland approximately four years. Previous Barclays assignments included Nairobi.
2. Brentnall started by saying there was no shortage of money in Swaziland. Lots of missions have been here and there has been lots of donor and bank lending, which has been generally successful in hitting project targets. Swaziland is a nice country to lend to-- little corruption and a nice open market environment. The government even has trouble coming up with enough projects to absorb available funds. Barclays, according to Brentnall, has its own small development fund as does the head Barclays office in London. Funds are used for worthwhile projects largely in the private sector. Barclays lends both short and medium term--up to sixteen years for secured mortgages.
3. Barclays, Brentnall noted, must be attentive to the RSA and must keep its interest rates fairly compatible with the RSA although Swaziland does sometimes fix its prime slightly lower. Barclays Swaziland has increased its prime in the last two weeks by 2 percent, to 15 percent, which is still slightly lower than the prevailing RSA rate of 16 to 18 percent. Overall, rates in Swaziland must be competitive because there is no government control of interest rates and they are entirely driven by market forces. The GOS, it was noted, is entirely liquid; the surplus last month was on the order of E60 million and Swaziland will not have any appreciable increase in deficit this year. The GOS runs pretty much a balanced budget. It has no real need to issue treasury notes and, as a result, rates are not that attractive. This month's treasury issuance was E3 to 4 million; last month's was E8 to 10 million.

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4. Barclays and the financial sector's greatest need is trained manpower. Barclays began "localizing" in 1974 and has trained any number of people who have been stolen by the Central Bank or other banking institutions. Meanwhile, Barclays continues to train. At the moment, Barclays has approximately thirteen expatriate personnel. Further, Barclays receives no pressure to localize; they have a plan that is satisfactory to the GOS, which, on occasion, will caution them about moving too fast. The GOS is more concerned that standards not be compromised by any localization effort.
5. There are few small lender programs available and Brentnall questioned whether all Swazis really want to become model "small businessmen." A lot of Swazis, he felt, were quite happy as they are--as employees or on their own as farmers or small businessmen. Swazis do not have the competitiveness of other cultures; the Swazis are living comfortably, realize they are generally far better off than many of their neighbors and are generally happy with their situation. Many Swazis, he added, are quite happy to work in the mines where they are highly regarded by the mining firms since they are productive, hard workers who share a common language and common heritage and do not promote or press tribal frictions.
6. Miner remittances are done through the formal system including Barclays. However, more remittances may come through the Swaziland Savings Bank.
7. Brentnall said he was on the boards of any number of training committees, institutes, etc. The MITC was identified as one of the more effective but a number of training organizations, such as SCOT/SIMPA, are also good. However, they are outdated in equipment and are becoming less relevant. For example, SCOT has only manual typewriters. The Institute of Accountancy and VOLTEM were also mentioned as being effective institutions. SCOT was identified as being worthy of support.
8. Brentnall suggested that donors often do not fully understand or appreciate the aspirations of the Swazis they were trying to help.
9. Venture Funds: Brentnall felt that Swaziland was a few years away from the need for venture funds; things were going okay at the moment, and a good base could and was being built for venture starts through the CARE and other programs. With regard to guarantee schemes, a variety of donors, the World Bank being the most recent, had discussed guarantee programs with Barclays. In the final analysis, Brentnall said, the organizations would only cover 50 percent or so leaving the balance of the risk to the bank. This was not attractive.
10. When the Allen case was raised, Brentnall became slightly more serious. He agreed that the case was serious and that it was affecting bank operations; they were being more cautious on loans and slowing the release of funds where collateral was in the form of property. Brentnall expected this would blow over; the Swazis sometimes had the tendency to muck things up but that they would put it right eventually and the advisor who suggested the recent decree would eventually be shamed, humbled, and terminated.
11. Brentnall said they were worried and there were dangers. The king was, on occasion, receiving appalling advice and he was too young and

inexperienced to be able to see through this poor advice. He referred to the former king as able and serious and opined that people have perhaps forgotten or do not know how Sobhuza was when he was twenty.

12. Regarding the Federation of Swazi Employers, Brentnall said he was V.P. of the organization. It was an enlightened organization which was acting in the best interests of the Swazi nation. They did, on occasion, have apartheid type issues arise, but they were able to handle these with little difficulty. The employers that were here did observe local laws and did not press apartheid or other issues of foreign or RSA, in particular, interest which were in conflict with Swazi law or tradition.

D. Person/Organization: Mr. Stephen Potter, General Manager Swaziland Industrial Development Company (SIDC)

Date: November 24, 1988

MAPS Team: Bernius

1. Potter said the SIDC received funding from many international organizations, but the EEC and GOS were perhaps the most important. EEC funds presently cover the costs of Potter and SIDC's technical advisor. The SIDC has taken more than E35 million in assets of the old National Industrial Development Corporation, which had folded because of poor management and other reasons. The SIDC has been in operation for slightly more than one year and their assets include any number of problem projects that the SIDC continues to weed out. Many of these projects were approved for political or other reasons and cleaning them up is a difficult task.
2. In the year Potter has been with the SIDC, significant progress has reportedly been made. Past bad projects have been pared, E25 million in new projects have been approved and partial financial health has been restored to the SIDC. Potter said most good employees had bailed out of the NIDC before it collapsed and he inherited a number of relatively unproductive personnel. This remains his most serious problem.
3. SIDC, he noted, is increasingly going for the smaller traditional Swazi business. This is somewhat at contradiction with SIDC's charter which calls for them to focus on E100,000 to E4 million projects. SIDC now has about twelve such small projects that fall under the E100,000 floor. Larger projects are used to subsidize the smaller, i.e., larger projects are charged a slightly higher interest rate than smaller projects. The smaller projects require about three times the work and monitoring as larger projects.
4. SIDC rates are based on the cost of money obtained in the international community. To this, SIDC adds the cost of administration and salaries. At present the SIDC interest rate is 13 percent, which is down from the 14 to 15 percent charged last year. SIDC offers loans for up to fifteen years at fixed rates.

5. SIDC owns more than thirty properties in the Matsapha Industrial Park. These properties have been ungraded and rents as much as quadrupled. Many of these properties, according to Potter, had been allowed to run down and SIDC is actively renovating them. SIDC is presently the largest landlord in the Matsapha Estate.
6. SIDC is also building 14,000 m² of industrial space at Matsapha which will be subdivided to suit tenant needs. A number of 500m² units are being constructed for smaller Swazi businesses. This project is fully subscribed.
7. Potter said there are problems at Matsapha--property owners are holding land in speculation of higher values. This is holding up further development of the site and the Ministry of Commerce has been ineffective in getting this problem resolved or additional industrial space on line. The GOS has made another 200 hectares of industrial space available at Tilly's Farm, but this site lacks services and infrastructure support. GOS parastatals are not working and overall industrial infrastructure support is woefully inadequate, according to Potter. Electric and water services are terrible and telecommunications support, while improving, is still hopelessly slow. The National Textile plant, as a result, has installed its own electrical plant. This was critical because the plant was working 365 days a year, three shifts a day.
8. The problem of the recent decree under which the Stephan and Allen properties were to be expropriated was again highlighted. Potter said more than 300 business representatives attended the recent SIDC Swaziland investment seminar in the RSA and an additional 400 had expressed written interest. This seminar was being held at the same time the decree was being issued. This effectively put a lid on the interest generated at the seminar, according to Potter.
9. Potter reported that SIDC and USAID were looking for areas where they could collaborate and he was optimistic about the possibilities for such cooperation, given present Mission management.
10. Potter noted that while there are teams and teams of donor experts visiting Swaziland, most of these produce nothing, adding that donors must be less bureaucratic and more flexible in their approach to the private sector. The Center for Development of Industries (Dutch or Belgian) was noted as an example of an organization that had a \$50-million budget for private-sector business creation, but which spent more than \$26 million for administration alone. The bottom line was their offer, after considerable discussion and work, of \$35,000 for projects in Swaziland. It was rejected.

E. Person/Organization: Mr. D. von Wissel/Former Minister of Commerce and private businessman

Dates: November 23 and 24, 1988

MAPS Team Participants: Leifert, San Martin, Bernius, and USAID economist Ruiz de Gamboa

1. Mr. Von Wissel noted that the GOS has had no real policy towards the private sector, aside from its work through SEDCO. SEDCO was established to foment small Swazi-owned enterprises, but he feels SEDCO has not been effective as an agent for fostering the growth of small-scale enterprises in Swaziland. This was because:
 - a. The strategy for fostering SSE growth was ill-conceived. SEDCO's scheme was based on bringing together in a central location in Mbabane small entrepreneurs who were located primarily in the countryside, training them, and, upon "graduation," sending them back to the rural areas. But none graduated, and the failure rate of participants going back was greater than 85 percent.
 - b. Most of the entrepreneurs who were lent money did not repay, so SEDCO decapitalized quickly.
 - c. SEDCO was run by civil servants, who had no experience in business-skills training and had very little idea of what it took to run an enterprise successfully.
 - d. There was some official corruption as well. Though the existence of malfeasance was acknowledged, the political structure and family ties were such that it was "impossible to clean house."
2. Mr. von Wissel believes that Swaziland's future prosperity is based on developing an indigenous private sector, but that the GOS does not belong in the business of training entrepreneurs. The government's proper role is that of creating the infrastructure necessary for business to take place.
3. Mr. von Wissel believes that a major constraint to business development in Swaziland is the regulatory environment. He says that there is "a tremendous amount of law to go through" in order to operate a business in the country: employment regulations, the provident fund, tax and health regulations, etc. Many of these laws are not enforced in the case of small businesses, and most small businesses are ignorant of the variety of regulations with which they must comply in order to stay within the law. The fact that the laws could be enforced in selected cases gives the GOS a good deal of arbitrary power over the SSE owners. Von Wissel believes the GOS could have a very positive effect on the SSEs simply by freeing them from many of these regulations.
4. Access to capital is a major constraint for the SSEs, though not at all for the larger firms. Banks are liquid and willing to lend in Swaziland, but the SSE owner lacks collateral and a credit history, so he is often unable to deal through the commercial banks.
5. According to von Wissel, the single largest constraint to the growth of Swazi-owned enterprises is the lack of entrepreneurial skill.

6. On the positive side, there are few real resource constraints in the country. There is an educated (in relation to the rest of sub-Saharan Africa) and highly trainable labor force and a good industrial base on which to expand. The existing industrial base in particular offers good opportunities for growth of a wide variety of industries supporting or using the byproducts from the factories and mills; e.g., paper manufacturing operations could be formed using the bagasse from the sugar mills.
7. Von Wissel plans to undertake a survey of industries to find out what type of spinoffs or support industries they could use. He has begun surveying some of the firms in the tourism industry informally and has found out, for example, that the Sun chain would like to be able to contract out its gardening and laundry work if it could find a reliable operation close by.
8. The Chamber of Commerce has not been an effective lobbying institution, and as a result has lost much of its clout. Since so many members of the Chamber also belong to the Federation, there are plans to merge both these institutions into a Private Sector Council, one arm of which would be the Chamber, in charge of entrepreneur development, and the other, the Federation, in charge of labor relations. At the moment, the Federation does many of the functions of the Chamber, because its leadership, in the person of Peter Dodds, is very energetic.
9. He believes that the Chamber should take responsibility for entrepreneur development. This could be done by sponsoring seminars for SSEs using the personnel and expertise from the larger firms. These types of activities build up trust between large and small firms and promote cross-fertilization of ideas.
10. Swaziland is facing the possibility of social unrest in the not too distant future because of growing unemployment. There are at the moment 15,000 fourteen year olds in school and 19,000 seven year olds in school. Those in school represent only 85 percent of that age cohort so that there may be over 20,000 young Swazis entering the job market in the next two years, yet there are only 2,500 job openings being created per year.
11. The practice of pushing students up the academic ladder, and the lack of vocational-technical schools as options, exacerbates the social unrest by raising expectations and not being able to satisfy them.
12. Privatization into indigenous hands is not viable, because no single large investor or group of potential investors has the capital. It is possible, however, to sell the equity in small chunks. There is capital here in the hands of small investors, but they often lack investment opportunities that give positive returns. Hence they either put the money into cattle, or invest it in housing (which is a good investment since there is a great shortage of housing in urban areas at the moment).
13. Most of the E30 million in miners remittance go into the rural areas, from where the majority of miners come. Miner intake by the RSA has been static over the last few years.

14. All Swazis have the right to build a house, graze his cattle and get access to water. The chief must grant all this. It is said that because it is the chief who must grant it and who presumably can take it away, there is little security of tenure and hence little incentive to make long-term investments into land improvements. Mr. Von Wissel thinks, however, that this concern is greatly exaggerated. Once land has been granted, the reasons for taking it back from the person are limited and seldom used. Nevertheless, it is a constraint in that the homesteader cannot use his right to land to get a mortgage.
15. Regarding the traditional system, von Wissel said there were certain things in the traditional system that donors/one should not mess with--these were sacrosanct and meddling with them could cause ruptures in relationships and other problems. These include;
 - land tenure
 - water and other natural-resources-type rights
 - cattle
 - chiefs (chiefdomships)
16. Von Wissel thought it was possible to work with the traditional system, but he said a large number of the chiefs were weak and would be satisfied with a bottle of brandy; i.e., they had little interest in development, etc.
17. Von Wissel said there was frequent conflict between the traditional and modern GOS structures. He said power swung back and forth but at this point the traditional authority held sway. He said traditional authority from the kings kraal/through the king, at present is very powerful and the GOS is frightened. The GOS structure, as a result, is often instructed and does issue, without question, orders or decrees that conflict with constitutional process and accepted GOS regulations.
18. Government performance, according to von Wissel, is very poor. This is because of a lack of discipline in the system. He said under prevailing Swazi practice, no action is taken against poorly performing personnel. This greatly hampers the delivery of services and constrains development. Procedures, he said, exist for discipline but they are not implemented. Accordingly, donor assistance to and through the GOS cannot be fully effective or productive.

F. Person/Organization: Mr. Bruce Lowery, Commercial Officer/U.S. Embassy, Mbabane

Date: November 23, 1988

MAPS Team Participants: San Martin, Leifert, Bernius, and Letitia Diaz, USAID/GDO

1. Coca-Cola was pointed to as an example of a U.S. firm that has located in Swaziland. It is registered in the Cayman Islands, but is really a U.S. firm. Coke chose Swaziland, according to Lowery, because of its geographic location and transportation network-- preferring it over even a coastal city like Durban. He said that they were very happy with their investment and are planning to expand slightly. They were able to go from green field to operating plant in roughly ten months.
2. An OPIC team was recently here. The mission originally centered on SADCC countries, but has swung back and forth from a BLS to a SADCC concentration. Right at this moment, it is reportedly focusing on the BLS countries.
3. Pulp Company: Controlling interest in the company is on the block. The RSA company that is interested in purchasing the interest is strongly Boer. The Minister of Commerce, who must approve the sale, has placed a six-month hold on the transaction. After some delay while the GOS pondered a course of action, U.S. investor interest is now being solicited. The U.S. Department of Commerce has indicated its support and reportedly thinks it may be able to identify some U.S. interest. However, some three months of the extension has expired.
4. Other expressed U.S. investor interest: Textiles and wire plant. However, there has been no investment. There is some local interest in InterTrans, the U.S.-based air cargo line that is serving Lesotho. This is the counter-seasonal crop interest.

Comment: The U.S. Embassy is handling contacts with OPIC, although it is not clear as to the support they will provide to promote or facilitate the OPIC interest/visits. It is suggested that the Embassy work closely with USAID and AFR/MDI in the development of project proposals for OPIC consideration.

G. Person/Organization: Mr. Alex Brown/CARE

Date: November 22, 1988

MAPS Team Participants: San Martin, Leifert and Bernius

1. There were several discussions with Brown and notes were not kept on all conversations. The following is a synthesis of some of the topics and issues discussed.
2. Brown noted that there were at least two private sectors in Swaziland. There is the foreign investment sector, and the sector

comprised of people that live here, eat here, get their shoes repaired here, etc. The third sector is the rural sector, which has little or no contact with the modern sector and which derives little or no benefit from it. The contact of this traditional rural sector with the intermediate sector is also somewhat proscribed, according to Brown.

3. The second group, herein called the intermediate sector, is the most knowledgeable and could assist the government or donors in bridging the gap to the traditional rural sector and any nascent Swazi entrepreneurial class or group. Brown says that while this intermediate sector is largely white, it is knowledgeable and concerned with the development of the country.
4. Brown said most firms or enterprises that are headed by Swazis are really fronts--the Swazi being the front person for Indian, RSA, and other investors. He said that while this was hard to confirm, he felt certain this was the situation. Brown said there are a number of Swazis who are "fixers"; it is hard to know if they would also be good managers. Brown said he knew few Swazi businessmen. In looking at Swazi-owned business (ownership issue aside), Brown said most did not invest in a pyramid--they spread out their risks. Starting with a shop, they would then move into another type, a gas station, etc. spreading their investments and interests around.
5. Brown said there was no real policy environment for small business; rules and regulations to assist small business were poor or lacking. Existing regulation was very much anti-small business. For example, a person doing a car repair to order would not have to have a license. However, if the person were to offer his services to the community he must be licensed. Likewise, a trading license was not required if one produced to order. However, if one produced for stock or display, then they must be in possession of a trading license as they were soliciting trade. These and other regulations made it difficult for the small businessperson who was usually in technical violation of the law. The confusing laws also made it difficult to identify with precision the informal sector, because they stayed away from the government and registration since it was so troublesome, confusing and, to some extent, costly.
6. With regard to involvement in the private sector, Brown identified the following as areas for improvement if A.I.D. is to build a creditable reputation with the private sector:
 - The Mission must start to think like a private sector firm thinks; i.e., not be overly bureaucratic. This would include reducing paperwork requirements, particularly for the small Swazi entrepreneur, simplifying procedures which touch the indigenous private sector, etc.
 - A.I.D. must be willing to take risk.
 - A.I.D. must accept that there will be failures when one works with the small Swazi businessperson.
 - Projects and operational implementation must be designed to permit the good to succeed and the poor to fail. In other words, project design should not be modified and heroic efforts to save the inept businessperson avoided--failures must be accepted.

- Decisions must be made on a timely basis.
 - Promises must be kept and kept in a timely fashion.
7. Brown said he felt that too many donor programs trained people in skills but not in practical knowledge. Thus, they ended up with excellent academic or other skills, but were unable to put these skills to work in their daily operational setting.
 8. Cultural traits were discussed and Brown said there was tremendous cultural confusion over the concepts of "having wealth" as opposed to "creating wealth." Stores/businesses are purchased using accumulated wealth, but it is not clearly understood that effort must then be expended to make a profit and further wealth created or generated or the venture may falter and the accumulated wealth in the form of the business possibly lost. He attributes the failure of many Swazi businesses to this ill-understood concept. Taking this even further, he said there is also confusion over cash flow and profit; often the Swazi businessperson sees and equates daily cash flow with profit--again a serious problem.
 9. Brown equated the Swazi situation to a train leaving the station. He said the train has left the station. Now the decision must be made by the GOS and the donors to try to get more people on the train. At the moment, the people on the train are largely foreign investors. If we assist the modern sector, they will gladly accept and laugh all the way to the bank. However, such assistance is not needed--they have the resources and the setting for further growth without donor assistance. The donors must now turn their attention to getting more people on the train--the traditional Swazi who is presently not really benefiting from the growth going on in his country.

H. Person/Organization: Mr. A.B. Ginindza, Executive President/SIBAKHO Chamber of Commerce & Industry

Date: November 28, 1988

MAPS Team Participants: Leifert and Bernius

1. SIBAKHO is comprised of roughly 400 members drawn from the following sectors (percentages are approximate):
 - 15 percent manufacturing
 - 30 percent farmers
 - 10 percent services
 - 10 percent contractors--building, construction, etc.
 - 23 to 30 percent retail--shop owners, etc.

SIBAKHO was formed in 1981, but not officially registered and recognized until 1986. Mr. Ginindza's, and SIBAKHO's philosophy, he

said, was not based on job creation, but rather that a healthy and strong economy would produce jobs.

2. SIBAKHO was formed after members were unsuccessful in getting the established Chamber of Commerce to consider small Swazi concerns and Swazi small business interests. Ginindza said he was encouraged in this matter by former Minister of Commerce von Wissel. When attempts to encourage the Chamber to address and consider Swazi concerns failed, von Wissel formally encouraged him to start SIBAKHO. He said he still has the letter from von Wissel on this matter. Ginindza said von Wissel was very sympathetic, but his views were not shared by other members of the Chamber. Ginindza said the Chamber of Commerce was foreign-owned and was useless in promoting Swazi interests, but effective in promoting larger business, particularly foreign-owned interests, since it had the money to buy its way.
3. Ginindza said the Federation of Swazi Employers was also foreign-owned and did not represent true Swazi interests. He added that it was the donor community rather than the GOS, in the past, that was assisting the Swazi businessman. Now, he said, the present Minister of Commerce and Industry and PS are helping and something is happening, but he feared a reaction from non-Swazi businessmen through the Chamber and its sphere of influence.
4. Ginindza gave several examples of where the Chamber "purposely" left him out of its affairs. One example centered on a formal Chamber trade promotion visit to Maputo. Ginindza said he had indicated his interest in being part of the Chamber visit, had paid his fees, etc., and had applied for his visa. After being told he was part of the group, he was left behind, being told first that his visa application had been denied. When he checked and found that his visa had been approved and had been picked up with all the other visas by the Secretary of the Chamber, he was told he was being dropped from the group because the Swazi Embassy in Maputo had cabled that the delegation was too large. Ginindza said he was the only delegate left behind. He felt the GOS action was taken because of pressure from the Chamber which, he said, has no "real" interest in promoting Swazi businessmen.
5. Ginindza said Swazis are behind the "dias"; i.e., they are not fully participating in the development of their own national economy. The views of Swazi businesspeople are not considered and they are generally not exposed to opportunities to participate in Swaziland's growth. Further, there are a number of Swazis who have the skills but lack opportunities. He said he was an example: Sent abroad for training he now has the skill, but he is not afforded the same opportunities as foreign businesspeople. However, that while he believed that Swazis often possess technical ability and skill, he agreed that most Swazis lack managerial skills.
6. Ginindza said foreigners come and get everything but they are not true investors. An investor should come with his own financial resources and be given, at most, land, licenses, and access to good labor resources. Foreign businessmen come to Swaziland and get financing as well: Swazi financing that the Swazi national cannot get. These investors then take advantage of offered tax benefits and other incentives for five years or so, sell out, reorganize and/or rename, or declare bankruptcy. Swaziland may then be stuck with the debt. This, he said, happens again and again.

7. Policy: Ginindza said cash influences or buys policy in Swaziland. He said many in the government are corrupt and it is common for foreigners to go to the top where, for cash, they can buy protection for their investment/business. This protection often works against Swazi interests and against the small Swazi entrepreneur who tries to compete with these firms. He said a further problem is that these firms often do not observe normal Swazi business practices and customs because of this protection, which causes irritation in the local business community.
8. Ginindza said SIBAKHO does not want cash; it wants facilities. He said the CARE project had been helpful to SIBAKHO and the loan fund that had been worked out through CARE had been quite successful. He said if the evaluation of the loan was as successful as it looked to be, he hoped USAID could expand this type of support. Ginindza said that SIBAKHO reviews all loan applications, whether it be for the CARE project or for local financing. SIBAKHO then rates the proposals and, in cooperation with the bank, periodically reviews progress under the loan. He said SIBAKHO had given loan priority to 30 small shop owners who wished to expand their operations. According to Ginindza, the Union Bank was quite pleased, to date, with their loan program. Under the program, one-year loans are made. They carry an interest rate of 18 percent, which is above the going bank interest rate of 16 percent. The difference is the service charge added by SIBAKHO and the Bank to cover SIBAKHO monitoring and technical assistance.
9. When asked how USAID might assist, Ginindza said managerial training was urgently needed; the type of training being provided through the CARE program. He said SIBAKHO hoped to expand its facilities, but they did not want cash; they wanted a mobile capability to deliver technical assistance direct to Swazi small entrepreneurs and they wanted to be able to expand the package of services they could deliver to Swazi businesspeople--which includes technical assistance, training, and loans. One of the projects they are hoping to initiate soon is a warehouse/central supply facility for their members to be located in Manzini. He mentioned that A.I.D. might also provide assistance to the small Swazi businessperson through other grassroots organizations, such as Swazi Commercial Amadoda, youth clubs, or the Swazi Farmers Association.
10. With respect to the traditional system, Ginindza said 80 percent of the people are under the chiefs and any assistance to the traditional sector must take this into account. He said SIBAKHO has been successful in negotiating written agreements with the chiefs and then submitting agreements for the formal written endorsement of the king. He said that while this paved the way for the location of businesses in rural areas, the business would operate under a lease agreement which still could not be used as collateral. In addition, he said, women were still hampered by established systems that required them to obtain their husbands' consent in business matters. He said, for example, that it was necessary for SIBAKHO to obtain a husband's consent before they could admit a new woman member, because without it, the woman could not be held liable for the repayment of any loan she might get through his organization, and further, the husband could sue SIBAKHO if it entered into any such loan agreement without his approval.

I. Person/Organization: Mrs. Mima/Swaziland Textiles and Mr. D.M.
Maseko/Swazi Brake and Clutch

Date: November 29, 1988

MAPS Team Participants: Leifert and Bernius

1. Swaziland Textiles produces jerseys and warm-up suits for school children. Most of these textiles are sold in Swaziland, although sales to the RSA are increasing. Roughly 80 to 120 units or outfits are produced daily and the factory is on a five-day workweek. Fabrics are imported from the RSA, while the knitting equipment is imported from Europe through RSA companies. The equipment used is secondhand; a new knitting unit costing approximately E70,000.
2. Swaziland Brake and Clutch Ltd. remanufactures brake and clutch linings for the Swaziland market. Maseko operates four leased outlets in other Swazi cities. Two persons in each leased outlet plus one traveling representative handle sales and marketing.
3. Maseko said no businessman wants to remain small. They would all like to expand but they are severely constrained by the lack of finance and run "hand to mouth." Access to technology and training, particularly management-type training, is also a serious bottleneck to Swazi business development. Adequate working capital financing does not exist and collateral requirements for loans are prohibitive. While banks have approved overdraft facilities for both Mima and Maseko, the amount available usually is limited and often not responsive to production requirements. Banks approve overdraft facilities only when they know the client and collateral is usually not required for the overdraft account.
4. Maseko said he is looking for money and training--both technical and managerial. He mentioned IDM/Botswana as a possible source of good training. Mrs. Mima noted that she had attended a management course through ESAMI that was short but quite helpful. At present, both firms operate at a relatively low level of technology. Training at site, on the job, is sufficient. If they were able to expand they would train their personnel in management and other skills. This also would help them keep personnel who now drift away for better-paying employment and advancement elsewhere. When questioned if employees had left to start their own businesses, Maseko replied that they had and provided one example, now a competitor. Trained employees in most cases, however, had left simply for better jobs elsewhere.
5. Regarding the overdraft accounts, banks will often limit overdraft financing without fully understanding enterprise production needs. For example, overdraft requests often have been refused or cut back by their banks without a full understanding of the production cycle of the firm; i.e., that supplies and stocks must be purchased and inventories built up in advance of heavy seasonal sales. With regard to financing, they agreed that it was hard to get money out of the banks. Further, while the Swaziland Savings Bank may be responsive in the rural areas, in Mbabane, it is the same as the other banks. Banks were generally thought to be more sympathetic to farmers due to

the presence of farmer associations, which have some bargaining power.

6. A number of Swazis, they suggested, would go into business if they could find financing. They may not, however, know how to manage and may fail. Again, the management skills training issue.
7. Regarding organizations/agencies of potential support to the Swazi private entrepreneur:
 - SIDC: Too big; not applicable to the Swazi small entrepreneur.
 - Swazi Commercial Amadoda: Largely rural and focused on transport. Not applicable to Swazi small entrepreneurs in urban areas.
 - Chamber of Commerce: Foreign owned. Larger, better-heeled members often stole ideas from Swazi small entrepreneurs. Considered not amenable to Swazi small interests.
 - Federation of Swaziland Employers: Again, foreign owned. Not interested in Swazi small entrepreneurs.
 - African Project Development Facility: Focus is on putting venture partners together. Somewhat a regionally focused institution; i.e., they like to put together ventures serving regional markets. Big and not considered too applicable to Swazi small entrepreneurial interests.
 - SBDC/RSA: Their small-business assistance and lending system is a possible model that might be applied in Swaziland.
 - SEDCO: Not relevant. SEDCO is living off the rents it receives, and these just go to pay employees' salaries.
 - SIBAKHO: Considered by the Swazi small entrepreneur as the only game in town. Serves the Swazi small businessperson.

Maseko said that the African Project Development Facility had been here and had said they were going to recommend a Swazi project (nature unclear), but they had never heard back from the institution.

8. Maseko said he thought highly of von Wissel--that von Wissel listened to and was always available to the Swazi small entrepreneur. Maseko considered him an excellent choice to work with the USAID Mission in the development of its private-sector strategy.

J. Person/Organization: Mr. Reggie S. Msibi, President/Rise Management Consultancy, Ltd

Date: November 29, 1988

MAPS Team Participants: Leifert and Bernius

1. SIBAKHO: Msibi said SIBAKHO was started by Ginindza as a way to fight his opponents; those opponents being banks, government, and others who were not helpful to Ginindza as a Swazi small entrepreneur. Msibi said he had reservations about the organization because he had been unable to get a copy of SIBAKHO's constitution and was not clear on how the officers of SIBAKHO were elected and for what term, etc. Ginindza, Msibi thought, was motivated by economic realities rather than using SIBAKHO as a political or power base.
2. Local Swazi small entrepreneurs, Msibi noted, often did not understand their rights. These businessmen did not need a SIBAKHO to represent and push their interests, they simply needed to understand and be willing to pursue the rights they already were guaranteed in Swaziland.
3. Management, according to Msibi, was a key issue. Swazi businessmen needed training in finance, inventory control, cash flow, etc. Such training should be offered at the business site--not in a training course removed from the business location. Further, care must be taken to relate the training to immediate needs and situation--theoretical training being far less attractive to the Swazi businessman.
4. Swazi small entrepreneurs did not want to fail in business; it was an embarrassment and a matter of personal honor and integrity. Reneging on a loan was equally a matter of shame to the Swazi and they often will go to extremes to keep their business from failing.
5. Foreign business now locating in Swaziland give very little business to local Swazi entrepreneurs. They get nothing and, as a result, are negative with regard to these foreign firms coming into Swaziland.
6. Banks, according to Msibi, claim they have been burned by the Swazi small entrepreneur. This is not the case. They simply use this as an excuse to keep from having to deal with the Swazi small entrepreneur. The banks are able to make more money with less trouble with the large investor than with the small entrepreneur.
7. With respect to his own consulting work, Msibi commented that his biggest problem is that the people who need managerial and business assistance often are the least responsive. For example, Msibi said it is not uncommon to have an entrepreneur instruct his employees that they must cooperate fully with him, yet the entrepreneur will often not take the time to learn the lessons himself.
8. Msibi said A.I.D. could provide invaluable assistance in the area of finance and managerial training. Regarding the latter, he said there was very little relevant managerial training available in Swaziland. He said on-the-job training programs also could be productive.

K. Person/Organization: Mr. W.D. Sukumani, General Secretary/Swazi Commercial Amadoda

Date: November 30, 1988

MAPS Team Participants: Bernius and Leifert, with A. Brown/CARE

1. Swazi Commercial Amadoda (SCA) is a rural small enterprise licensing agency of the "traditional" sector of the Swazi government; i.e., it approves, registers, and gives licenses to SSE located on Swazi National Land. It has been in existence for forty years.
2. Mr. Sukumani said that SCA would like to be giving assistance to its members, but presently is only able to carry out its licensing function. It is interested in getting assistance from CARE and USAID so that it may broaden its work.
3. SCA approves the use of a specific piece of land for a specific business purpose. When endorsement is received from the concerned area chief, SCA makes its decision whether to approve or not and then takes the proposal to the king for his endorsement before the license is issued. If there is no building or construction, such as for a person working out of his own home or for a "hawker," the king's approval is neither necessary nor sought.
4. The process of obtaining the king's approval can take anywhere from a few weeks to five or more years. There are currently between 700 and 1,000 applications before the king. Mr. Sukumani said that the old king was not as modern thinking as the new king, and he expected a much more rapid pace of processing. This will help minimize the number of businesses that are not consummated because the applicant loses interest, uses his capital for something else while he is waiting, or dies during the long waiting period.
5. SCA can turn requests for business licenses down if it thinks that the new business is not in the public's interest. For example, if the business is going to duplicate one already in the area and SCA believes that there is insufficient business in that field to support another enterprise, it will turn down the application. SCA might suggest an alternative location for the business rather than just turn the application down.
6. If a chief wants to build an SSE industrial estate, he would still have to get SCA's approval, and the individual businesses also would have to get their own individual approvals. Endorsement would be sought from the king on both the estate and individual business levels.
7. There is only one paid employee in SCA, a secretary/office manager. All others are volunteers "in the king's service." Expenses and the one salary are covered by the business registration and licensing fees they collect. The yearly registration fee, currently E4, is being increased to E10. These fees more than cover SCA's costs of operation. It currently has a bank balance of E57,000. Rent from four shops and one gas station/service center complete SCA's revenue base.

8. SCA plans to use its excess funds in ways that may benefit its members. They are currently receiving assistance from CARE (funded by USAID), which should help them to get organized and plan their client assistance activity. However, SCA believes that their own resources are not sufficient to undertake the type of program they see as necessary, such as a loan fund for their client entrepreneurs who do not have the collateral that banks require. They would like CARE/A.I.D. assistance to help them with such a fund.
9. Mr. Sukumani does not know Mr. Ginindza and his organization, SIBAKHO. He said that apart from what SIBAKHO may be doing, there is no organization that speaks for the Swazi entrepreneur.
10. As to internal organization, Swaziland is split up into eleven districts by SCA. Each has a president, general secretary, and treasurer who elect their national officers, a president, executive secretary, and a treasurer, every three years.

Mr. Sukumani has been Executive Secretary for thirty years.

11. "Amadoda" means "man", more or less, in Siswati. There are no woman-owned businesses registered by SCA. It is against Swazi tradition. If a woman wants to start a business, her husband must sign the necessary forms and be legally recognized as the owner.
12. Comment: Mr. Alex Brown of CARE is knowledgeable about SCA and is an excellent source of additional information. Also, Mr. Reggie Msibi of Rise Management Company (Pty) Ltd., who should be submitting a proposal for the MAPS survey and description work and who was interviewed (see above), is a CARE contractor working on the SCA study.

L. Person/Organization: Mike Memema, Managing Director/Express Textile Mills and Mrs. A.S. Zwane, Director/Cletta's Uniforms

Date: December 1, 1988

MAPS Team Participants: Weinstein, Leifert and Bernius

1. Both firms produce for the school market, although Mrs. Zwane also produces bridal and made-to-order items. This was the second meeting with Express Textile Mills--the first meeting being with Mrs. Mmemma. Express manufactures jerseys and warmup suits; Cletta's manufactures tunics and graduation gowns. As such, they do not compete, but neither do they do joint marketing, delivery, etc., even though both serve the same market and often the same schools.
2. Mrs. Zwane said she was a trained dress-maker and she had also been a teacher. Mr. Mwema had also been a teacher and had joined his wife's operation roughly three years ago. Cletta's Uniforms employs ten full time, and up to twenty during seasonal rush periods; Express Textiles employs twenty full time and unnumbered additional employees during seasonal rush periods.

3. According to Mrs. Zwane, she started with a E300 machine that was financed with the assistance of an American who was in-country some twelve years ago. With successive loans of E5,000 and E20,000 from SEDCO, she has arrived at her present situation. It was indicated that the SEDCO loans had not been repaid, in part or in total. Starting at home, Mrs. Zwane had rented space at the SEDCO site to improve her access to the market. She said she had applied for a hawkers license through the GOS--not through the Commercial Amadoda. In fact she knew little about the organization and had little or no contact with it. Despite a lack of contact, Mrs Zwane added that the Commercial Amadoda did not help Swazi businesspeople. It did not finance, did not train, etc. Further to this point, Mrs. Zwane said the business was registered in her name as were her loans. She added that while tradition says that the Swazi women must go through their husbands, in fact, she can do everything she needs to do (in business) under her own name and signature. Mmema confirmed this saying his last loan had been taken out by his wife and that she owned 50 percent of the shares in the firm. Mrs. Zwane added that "women are coming up."
4. With regard to SIBAKHO, Mmema said, "it represents the Swazi in the streets," adding that it is on clear ground. When he was told about expressed concerns about the organization (election of officers and terms of same) and asked if SIBAKHO followed its constitution, Mmema said last year SIBAKHO was not stabilized, confirming that there may have been some flexibility taken with regard to the election of officers, etc. Mmema then reluctantly gave us a copy of SIBAKHO's constitution. [NOTE: A quick read of the constitution indicates it has an exclusatory membership; i.e., voting membership appears to be reserved to indigenous Swazis, although there is a provision for honorary members (voting) and associations and groups of similar interest (non-voting).] Officers, according to Mmema, are elected for terms of three years (confirmed by SIBAKHO constitution). Mmema and Zwane added that while they would not profit from SIBAKHO's construction of a central stores facility in Manzini, they understood fully why they would not benefit, the reason for the construction, and said they supported the construction fully. Only a very few members of SIBAKHO are in manufacturing and the large majority of SIBAKHO members are in small retail.
5. Both had profited from training; Zwane at IDM several years ago and Mmema in Zambia. Mrs. Zwane stressed that the training course took her away from her "baby" and as she had no one to cover the business while she was gone, she had been quite concerned. As a result, she had not taken advantage of other training courses that would have pulled her away. Training in the following was identified by both as badly needed.
- Training in quality control (how to plan control, etc), particularly by Mrs. Zwane.
 - Design.
 - Management.

Accounting was deemed less important by Mrs. Zwane because she had her eldest son working with her and he has had some accounting and business training. Her son was being trained to take over the business. Several employees, according to Zwane, had left her

employee to start on their own. Many did this without enough skill or training and subsequently failed.

Both agreed they were not exposed to training opportunities, often learning about course opportunities well after the fact.

6. Mmema added that he was in need of machine-repair training--at present he has his son learning the business and he hoped, at some point, to have his son trained in machine repair. Mmema also noted that he needed exposure to a wider market--he needed to know and better understand textile marketing opportunities. SIBAKHO was one way, they felt, that training needs could perhaps be handled--through targeted courses organized by SIBAKHO.
7. With regard to Swazi industrial development, both agreed that they had not been approached by any of the large, non-Swazi firms with regard to potential business. None of the new firms had approached them about uniform manufacture, etc. Mmema added that he had gone downtown to market his products to OK and other stores, only to be told that all purchasing was done through central purchasing offices in the RSA. Mrs. Zwane indicated that she had tendered several times to government, but had always lost the tenders. No advantage was accorded Swazi business in making tenders; as a result she had stopped making bids. Both again agreed that RSA firms frequently priced to drive out local Swazi competition. SIBAKHO was mentioned as one way the Swazi businesspeople can get government attention on matters such as this. They added that SIBAKHO was already proving itself productive inasmuch as the government was now beginning to write to and acknowledge SIBAKHO's existence formally. It was acknowledged to be a slow process.
8. Mmema and Zwane said they both hoped to expand and Zwane showed us the detailed plans for her new facility. They had both approached the local banks who had reportedly not been very supportive. Amounts being sought--E600,000 by Zwane; E800,000 to 900,000 by Mmema. They both had purchased land for their facilities, but the bank valued the unimproved land low and insisted they come up with more up-front security. It was not clear if they would be able to come up with the funds required to secure the financing.
9. Profitability: Mmema said they made roughly E300,000 last year, up from E210,000 the previous year. After paying themselves a salary and after taxes, etc., they put E17,000 back into the business. Zwane was more vague on her bottom line, saying only that she was doing quite well. She was seeking financing to expand her product line.
10. Working capital also was mentioned as a problem--this had been picked up in our earlier meeting with Mrs. Zwane and Mr. Maseko of Swazi Brake and Clutch Ltd.

ANNEX D

TERMS OF REFERENCE--DESCRIPTION

**OUTLINE OF THE TERMS OF REFERENCE
DESCRIPTION OF THE PRIVATE SECTOR IN SWAZILAND FOR MAPS**

1. The key objective is to identify data sources and develop reliable statistics that describe the private sector contribution to GDP, export earnings, investment, savings and employment, at both the national and sectoral levels.
 - a. These statistics will, to the extent possible, cover the period 1976 to 1988.
 - b. These statistics should come from the most recent and reliable sources available.
 - c. Sectors of interest are: Agroindustry, Finance, Manufacturing, Mining, Commerce, Services, and Agriculture. Within each of these sectors, data will be broken down at the following level of detail, unless otherwise specified:
 - i. Agribusiness production: livestock/meat products, dairy products, fresh (commercial farming only) and processed fruits (canning), cotton ginning, wood products (timber, charcoal, pulp, etc.), sugar (including bakery/confectionery), brewing products, beverages, agriculture inputs (feed mill, fertilizer, seeds, implements, other), and other.
 - ii. Finance: Commercial and development banks, building societies, nonbank financial institutions, insurance companies, and other.
 - iii. Manufacturing: handicraft (pottery, jewelry, etc), clothing (textiles), footwear and leather goods, plastics, bricks, metal products, and other manufactures.
 - iv. Services: sales/repairs of vehicles, transportation (including air, road, and rail), building and construction, communications, and other services.
 - v. Commerce: retail and wholesale storefront, and trading.
 - vi. Mining and Quarrying: asbestos, coal, diamond, and stone quarries.
 - vii. Agriculture: citrus, timber, and sugar production only.
2. Using Lotus (or another comparable spreadsheet program), the statistics identified and developed in 1, above will be incorporated into a matrix that will be used to estimate the following parameters at both the national, sectoral and subsectoral level (as described in 1.c., above):
 - a. Contribution of private sector to GDP 1978 to 1988 (or for the most recent years available).
 - b. Contribution of private sector to employment (Swazi and expatriate if available) for 1978 to 1988 (or for the most recent years available).

- c. Contribution of private sector to fiscal revenue, compared to other sources of revenue (migrant labor, SACU receipts). This will be done for the years 1978 to 1988 at the sectoral level only.
 - d. Contribution of private sector to investment 1978 to 1988 (at the sectoral level only).
 - e. Contribution of private sector to foreign exchange generation (1978 to 1988 by subsector).
3. Data will also be collected to estimate the following:
- a. Contribution of internal and external sources to credit availability (1978 to 1988 at the national level only).
 - b. Government budget (central and parastatal) as percentage of GDP (1978 to 1988).
 - c. Tibiyo equity shares by industry sector.
 - d. SWAKI equity positions by industry sector.
 - e. Government expenditures by source (1978 to 1988).
 - f. Imports as a percentage of total supply of goods by subsector (1978 to 1988), from RSA and from other countries.
 - g. Exports to RSA, EEC, and other countries by subsector (1978 to 1988).
4. Identification and development of descriptive statistics on parastatals, including:
- a. The contribution of each parastatal to GDP (1978 to 1988)
 - b. Contribution of each parastatal to direct and indirect employment.
 - c. Contribution of each parastatal to foreign exchange generation and to volume of exports.
 - d. Financial results (profits and losses) for parastatals (1978-1988).
 - e. Parastatal losses (or profits) as a percentage of their contribution to GDP and as a percentage of foreign exchange generated.
5. Identification of statistics on migrant labor income 1978 to 1988, including:
- a. Migrant labor wages as a percentage of GDP.
 - b. Contribution of migrant labor income to fiscal revenue.
 - c. Primary uses of migrant labor income, e.g., amount destined to consumption and to investment (reliable data may not be available to estimate this, but the contractor should make every effort to produce at least a rough estimate of these parameters).
6. Identification and development of descriptive statistics on small-scale enterprises (SSEs) in all the sectors noted in item 1, above, including

their contribution to GDP (by sector if possible) and employment (Swazi and expatriate) for the most recent years available.

Small-scale enterprises are defined here as under E100,000 in fixed assets and employing fewer than twenty-five employees. Individual and family businesses not employing outside labor and not licensed to operate need not be included in the SSE category.

7. Data Sources:

It is not expected that the work detailed in 1 through 6 above will require original research; only secondary sources of data should be used. While it may not always be possible to develop statistics at the level of detail for the time period specified above, the MAPS team has been able to establish that much of the data needed available.

The DIMPEX study should be considered as one source for the descriptive statistics for the formal (large, expatriate-owned), and to a much lesser extent for the small-scale, Swazi-owned sectors. The DIMPEX study seems to provide adequate descriptive data for the large formal sector, all of which is owned and/or managed entirely by expatriates, with some smaller participation by Swazis, particularly in the form of Tibiyo equity participation. The study provides information on the sectors in which these firms operate in the economy, the capital ownership structure, their market orientation, and their contribution to employment, both Swazi and expatriate. The DIMPEX study, however, does not provide much detail on the agribusiness sector.

CARE International has been sponsoring studies of small-scale enterprises in Swaziland that also may be useful for this exercise. Coopers and Lybrand (C&L) were contracted by CARE to review the data bases available to describe the small-scale enterprises in the country. C&L assessed the adequacy of these sources for gathering data on the capital invested, ownership patterns and so on. Their May 1988 report found that there are a dozen data sources on the small enterprises, but many of these were not reliable, were not computerized, and were not updated. The first phase of the C&L study concluded that the best data source for a listing of SSEs was the NPF, which gives information on the location of the businesses (only the P.O. Box, so that even this may not be an accurate depiction of where the businesses are actually located) and the number of Swazi employees. But the data provided by the NPF are incomplete; they do not give information on the ownership patterns and on who actually controls the business. The data base also is inadequate for providing information on all the sectors in which these businesses operate (so that only one carpentry shop actually shows up on the data base). Despite these obvious shortcomings, the C&L study can be useful as a starting point for quantifying some aspects of relevance to this exercise, such as contribution to employment and size distribution.

Quarterly Reviews put out by the Central Bank of Swaziland also may provide some of the figures, especially for trends. The Central Bank also may have figures on parastatal performance.

The Economist Intelligence Unit (EIU) has good, fairly up-to-date data on important trends, such as trade balances, diversification of exports, and sources of imports.

8. The MAPS description will include the development of a set of that will illustrate the data estimates described in 1 through 6 above.

9. These graphs will need to be of high quality (of the sort produced by such software as Harvard Graphics or Quatro--Lotus graphics capability is inadequate for this exercise). They should be produced on a laser printer for optimal results.
10. It is expected that the description team will provide weekly updates to the Mission and the MAPS team on the progress towards the objectives specified above.
11. It is expected that the time period allowed for this exercise will not exceed four weeks. There should be a bonus awarded for delivery of the final product prior to the deadline.
12. Manpower requirements will be: one or two economists and two research assistants (up to a total of six to eight person weeks of economist time and eight person weeks of research assistant time).

ANNEX E
TERMS OF REFERENCE--DIAGNOSIS (SURVEY)

OUTLINE OF THE TERMS OF REFERENCE FOR THE DIAGNOSIS OF THE PRIVATE SECTOR IN SWAZILAND

1. The objective is to survey businesses to provide unbiased, statistically significant information on the perceptions of local entrepreneurs regarding opportunities and constraints for private-sector development in Swaziland.
2. The survey will cover private-sector firms in the following industry sectors:
 - a. Agribusinesses: particularly those who produce on a commercial basis and process.
 - b. Construction.
 - c. Mining.
 - d. Finance, accounting, and insurance.
 - e. Commerce (wholesalers and retailers).
 - f. Transport, travel, and other services.
 - g. Agriculture: citrus, timber, and sugar only.
3. The survey will exclude all firms (private, profit or not-for-profit, and public) in the social services sector (health, education, etc.) and tourism.
4. The survey instrument, a draft of which will be developed by the MAPS team, will be structured carefully so that its language and content is appropriate for the level of sophistication and orientation of local businesses. The survey instrument will need to be translated into Siswati. It will be tested on a small number of businesses chosen at random prior to full implementation to ensure that the questions are understandable to the interviewees. It will cover the following areas:
 - a. General firm characteristics, including firm's location, size in terms of yearly sales volume and full time equivalent labor force, the composition of the labor force (percentage managerial, secretarial, technical, professional, unskilled, and the percentage of Swazi and expatriate), market orientation (export or domestic), types of products produced, ties to foreign partners, dependency on imported inputs, length of time in operation, and composition of financing used.

[Note: these questions may need to be altered for finance-sector firms]
 - b. Past business performance and factors responsible for past performance.
 - c. Perceptions regarding future growth potential for business and factors perceived to be responsible for such growth, including availability of finance for expansion, operation.

- d. Perceptions regarding the most critical resource constraints (capital, labor, raw materials, transportation, adequate technology, know-how, etc.).
 - e. Perceptions regarding the most critical policy constraints (tax policy, land tenure, employment legislation, etc.).
 - f. Perceptions regarding which subsectors offer the highest potential return for investment.
 - g. Perceptions regarding business associations providing support, the relevance of each type of service they provide, and the quality and efficiency with which those services are provided.
5. The sampling frame of firms from which the sample will be drawn will need to be as complete as possible to prevent biasing the sample. Since there is no census of industry, the survey team will need to rely on various directories. The best approach, given the lack of a comprehensive data base from which to draw the sample, may be to construct two separate sampling frames. The sample of larger scale firms would be drawn from one frame and the sample of the SSEs would be drawn from the other. Obviously, the two sampling frames should be mutually exclusive, to avoid choosing a particular firm twice. The MAPS team has identified a number of sources from which to construct these two sampling frames:

a. Data on the Formal Sector:

The Swazi Federation of Employers (SFE) has a registry of members that is updated regularly. Its membership accounts for 85 to 90 percent of wage employment in the country and represents the larger (mostly expatriate-owned and/or managed) firms. The registry includes firms in all industry sectors listed in 2, above. It does not cover the small service-sector firms (bus owners, shopkeepers) at all. The SFE registry will probably offer an adequate sampling frame for the formal sector. It is not computerized, but the firms are listed by sector.

The DIMPEX study also provides a list of firms by sector, but it may not be as complete as the SFE registry. The DIMPEX study provides data on perceptions regarding resource constraints, the effect of GOS policy on businesses, and the investment climate, but this information was not quantified in any way; it is essentially anecdotal and impressionistic, except where two small tables attempt to quantify the importance of certain policies and resource constraints. No copy of the questionnaire used by DIMPEX is available however. The MAPS survey focuses on these issues in a slightly different way, by attempting to quantify more systematically how these perceptions are distributed by sector and market orientation.

b. Data on the SSEs:

Small-scale enterprises are defined for the purposes of this survey as under E100,000 in fixed capital and employing fewer than twenty-five employees.

In terms of constructing a sampling frame for SSEs, the following observations are of interest:

- i. Coopers & Lybrand reviewed the data bases available in the country and assessed their adequacy for gathering data on the capital invested, ownership patterns, and so on. They found over a dozen data sources, but many of these were not reliable, were not computerized, and were not updated. The first phase of the C&L study concluded that the best data source for a listing of SSEs was the NPF, but the NPF has several shortcomings. It gives information on numbers of employees, but not on capital assets. It gives information on the location of the businesses, but only the P.O. Box, so that this data may not be an accurate depiction of where the businesses are actually located. The data base also is not representative of all the sectors in which SSEs operate (so that only one carpentry shop actually shows up on the data base, for example).
- ii. C&L is now undertaking a ten-month study to improve this data base. They will be taking specific geographic areas and scanning them fully, finding out what types of businesses are located there, what type of activity they undertake, ownership patterns, etc. This survey is also gathering data on constraints to the development of SSEs. As this work will not be completed until late 1989, the MAPS survey will have to proceed without the benefit of the results from this larger survey if it is to be useful to the May 1989 USAID strategy design exercise. Coopers & Lybrand, however, may have some information of use in the design of the survey methodology for SSEs.

Given the preceding observations, CARE has suggested that for sampling frame purposes, the MAPS team draw the sample from the registry of businesses kept by SIBAKHO. This registry seems to be fairly up-to-date, since the organization is new and (according to CARE) covers most, if not all, industry sectors of interest. This registry is not computerized, however.

6. CARE has sponsored several studies on SSEs of relevance to the MAPS survey. These data will be reviewed so that the survey questionnaire complements and expands on information that already exists on this sector. CARE-sponsored studies suggest areas of inquiry to include in the MAPS survey. Some hypotheses from the CARE work that should be examined or tested:
 - a. Difficulty of getting raw materials for SSEs at a reasonable price; a depot may be a solution.
 - b. SSEs may face no major resource constraints. Access to capital is really not a problem. The real problem is knowledge regarding what to do with that capital, how to invest, and how to prepare feasibility studies to present to banks to get financing for their ventures.
 - c. A policy environment study was undertaken by the Social Science Research Unit at UNISWA. The study gathered information on the various tax laws and investment policies that affect the small businesses, but it does not delve into details regarding how policy differs from practices and on how these practices actually affect the way SSEs conduct business in the country. Date of study: 1987.

7. The sample size is expected to be 200 firms; 100 of these should be small-scale enterprises (SSEs).
8. Depending on the quality of the final list of firms in the universe, the sample will preferably be drawn using stratified random sampling. It may be necessary to stratify the sample to ensure that there are at least thirty firms sampled in the sectors of interest: agribusiness, small-scale enterprises, and industry and commerce. It is possible that because of the relatively small size of the business community, some sectors, including mining and finance, may be surveyed entirely.
9. It will be necessary to assemble a team of personnel experienced in survey work to implement the actual survey. The team should be in charge of recruiting and training the interviewers, testing the survey instrument, overseeing the survey at the field level to ensure quality control, and codifying the survey responses to facilitate data entry and analysis.
 - a. The team of interviewers should have a fairly high level of education. This sort of exercise has been done successfully elsewhere using trained business or economics majors from the national university.
 - b. The interviewer is paid by the number of surveys finished correctly, which means that the survey supervisor needs to approve each completed survey before the interviewer is paid.
10. It will be necessary to assemble a team to enter the codified responses into a data base processing system that can be imported into a statistical package adequate to analyze the responses, such as SPSS.
11. The output expected from the data processing will include the following:
 - a. Frequency distributions of responses to all the questions in the survey instrument.
 - b. Cross-tabulations of specific responses using as control variables key firm characteristics. The control variables used for the cross-tabulations will include, at a minimum, sector in which the firm operates, size (employee and/or sales volume), and market orientation.
 - c. Nonparametric tests to measure the statistical significance of relationships between categorical variables (such as the chi-square) for specific cross-tabulations.
12. It will be necessary to produce high-quality graphics to illustrate key survey results. The MAPS team will draw up a list of the graphics needed after analyzing the output described above. Approximately fifteen to twenty such graphics will be produced. These can be produced by inputting (probably manually) the data into a package, such as Harvard Graphics or Quatro.
13. It is expected that the survey work will take thirty-five to fifty-three days. The time requirement is broken down as follows:
 - a. Four to eight days to draw the list of the universe and draw the sample.
 - b. Two days to test the survey instrument and train the interviewers.

- c. Fifteen to twenty days to implement the survey and codify survey responses.
 - d. Five to ten days to enter and process the data.
 - e. Four to eight days to analyze the data and obtain refinements on the desired output.
 - f. Five days to create high-quality graphics.
14. The survey work will probably require the following personnel:
- a. One to two field supervisors.
 - b. Ten interviewers.
 - c. Two data-entry technicians.
 - d. One data processor.
15. A bonus will be awarded to the survey team for product delivery prior to the deadline for project completion.

ANNEX F
SURVEY INSTRUMENT

SWAZILAND SURVEY QUESTIONNAIRE [DRAFT]

The purpose of the following survey is to gather information about the private sector in Swaziland, the beliefs held by business persons on different aspects of doing business, and the general investment climate. This study is financed by the U.S. Agency for International Development (USAID). USAID will use this information in designing its future development projects. The information obtained here will be treated in a private and confidential manner. Nevertheless, questions deemed inappropriate do not have to be answered.

Questionnaire No. _____

Name of Interviewer: _____

Approved by: _____

Position of the person interviewed: 1. Owner
2. Manager
3. Professional/Technical
4. Other _____

Date the survey was performed: _____ (day/month/year)

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SECTION 1: GENERAL INFORMATION OF THE FIRM

1. Location of the firm:
 1. Mbabane 2. Manzini 3. Matsapha
 4. Other [specify]: _____

2. Please indicate the number of persons you employ (full and part time):
 1. Less than 25
 2. 26 to 50
 3. 51 to 100
 4. 101 to 400
 5. More than 400

3. What is the value of your fixed capital assets?
 1. Less than E100,000
 2. More than E100,000

4. What proportion of your workforce (approximately) is female?:
 1. Less than 10 percent
 2. Between 11 and 50 percent
 3. Between 51 and 75 percent
 4. More than 75 percent

5. What proportion of your workforce is Swazi?
 1. Less than 10 percent
 2. Between 11 and 50 percent
 3. Between 51 and 75 percent
 4. More than 75 percent

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6. What proportion of your management team is Swazi?
 1. Less than 10 percent
 2. Between 11 and 50 percent
 3. Between 51 and 75 percent
 4. More than 75 percent

7. Sector in which your business operates:
 1. Agriculture production (go to #8)
 2. Agroindustry (go to #9)
 3. Services (go to #10)
 4. Manufacturing (go to #11)
 5. Finance (go to #12)
 6. Commerce (go to #13)
 7. Mining (go to #14)

9. Mark the appropriate subcategory if involved in the agriculture sector:
 1. Sugar
 2. Fruit crops
 3. Cotton
 4. Livestock
 5. Timber/wood products
 6. Other
(go to #14)

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9. Mark the appropriate category if involved in the agroindustrial sector:
1. Butchery products
 2. Dairy products
 3. Processed fruit and canning
 4. Cotton ginning
 5. Brewing and beverage products
 6. Textiles
 7. Other
- (go to #14)
10. Mark the appropriate category if involved in the service sector:
1. Sales/repairs of vehicles
 2. Transportation
 3. Building construction
 4. Communications
 5. Other
- (go to #14)
11. Mark the appropriate category if involved in the manufacturing sector:
1. Handicraft
 2. Clothing
 3. Footwear and leather
 4. Plastics
 5. Metal products
 6. Other
- (go to #14)

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12. Mark the appropriate category if involved in the finance sector:
1. Commercial or development bank
 2. Building society
 3. Non-bank financial institution
 4. Insurance
 5. Other
- (go to #14)
13. Mark the appropriate category if in commerce:
1. Wholesale/retail
 2. Trading
 3. Other
14. Where do you sell your products?:
1. Domestic market only
 2. Export to RSA mostly
 3. Export mostly to other than the RSA
 4. Both the domestic and the export markets are important to my business.
15. Do you have some foreign equity holders?
1. YES 2. NO 3. Don't know
- [if NO or Don't know, go to #17]
16. What is the extent of foreign equity participation in your firm?:
1. Less than 20 percent
 2. Between 20 and 50 percent
 3. More than 50 percent
 4. Unsure
 5. Not applicable

17. Do you have government equity
(including Tibiyo and SWAKI)
participation in your firm?

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1. YES 2. NO 3. Don't know/no answer

[if YES, [If NO or don't know, go to #19]
go to
#18]

18. What is the extent of government equity
(including Tibiyo and/or SWAKI)
participation in the firm?

1. Less than 20 percent
2. Between 20 and 40 percent
3. More than 40 percent

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SECTION 2: FACTORS ACCOUNTING FOR BUSINESS PERFORMANCE

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Indicate whether you agree or disagree with the following statement:

19. The environment within which my firm operates is better today than it was a year ago.

1. Agree 2. Disagree 3. Don't know/unsure

20. Have the following factors affected the performance of your business over the last year?:

	No Effect	Some Effect	Large Effect	Don't Know
1. Input prices	1	2	3	4
2. Interest rates	1	2	3	4
3. Exchange rate	1	2	3	4
4. Taxes	1	2	3	4
5. Tax incentives	1	2	3	4
5. Output prices	1	2	3	4
6. Loan collateral requirements	1	2	3	4

21. How has your sales volume changed since one year ago?

1. Increased more than 20 percent
2. Increased 20 percent or less
3. Has not changed
4. Decreased 20 percent or less
5. Decreased more than 20 percent
6. Unsure/don't know

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22. What do you think will happen to your sales over the next twelve months?

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1. Increase less than 20 percent
2. Increase more than 20 percent
3. No change
4. Decrease less than 20 percent
5. Decrease more than 20 percent
6. Unsure/don't know

Specify the extent to which you agree with the following statements:

23. if I could produce more, I could sell more.

1. Agree 2. Disagree 3. Unsure/don't know

24. I am unable to sell all that I produce.

1. Agree 2. Disagree 3. Unsure/don't know

25. Specify how important the following factors have been in influencing your sales last year:

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	Very Important	Somewhat Important	Not Important	Not Apply
1. Competition from other Swazi firms	1	2	3	4
2. Competition from RSA firms	1	2	3	4
3. Low demand for my product	1	2	3	4
4. Lack of market infrastructure (such as warehouses, cold storage facilities, etc.)	1	2	3	4
5. Transportation infrastructure	1	2	3	4
6. Lack of market information	1	2	3	4
7. Access to production technology	1	2	3	4
8. Government incentive policies	1	2	3	4
9. Government regulations (work permits, licensing, etc.)	1	2	3	4
10. GOS export promotion incentives	1	2	3	4

SECTION 3: RESOURCE CONSTRAINTS AND GOVERNMENT POLICIES

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26. Please indicate if the following factors have had an effect on the productivity of your firm:

	Negative Effect	Positive Effect	No Effect	Not Apply
1. Access to credit	1	2	3	4
2. Access to inputs	1	2	3	4
3. Access to land	1	2	3	4
4. Access to labor	1	2	3	4
5. Access to services (energy, transport, etc)	1	2	3	4
6. Power supply (price or reliability)	1	2	3	4

Please specify the extent to which you agree with the following statements:

27. Land use restrictions limiting the availability of Swazi National Land for commercial and industrial purposes have hindered the growth of my firm.

1. Strongly agree
2. Agree
3. Unsure/don't know
4. Disagree
5. Strongly disagree

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28. Land tenure rights (rights to buy, sell) for freehold title land are very unclear.

1. Strongly agree
2. Agree
3. Unsure/don't know
4. Disagree
5. Strongly disagree

29. I have had to invest a lot in training my employees.

1. Strongly agree
2. Agree
3. Unsure/don't know
4. Disagree
5. Strongly disagree

30. I have invested in training because tax breaks make it attractive to do so.

1. Strongly agree
2. Agree
3. Unsure/don't know
4. Disagree
5. Strongly disagree

31. Unskilled and semiskilled labor wages are too high, compared to other countries in the region.

1. Strongly agree
2. Agree
3. Unsure/don't know
4. Disagree
5. Strongly disagree

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32. I have to pay very high salary and benefits packages to attract quality technical or professional personnel from OUTSIDE Swaziland.
1. Strongly agree
 2. Agree
 3. Unsure/don't know
 4. Disagree
 5. Strongly disagree
33. I have to pay very high salary and benefits packages to attract quality technical or professional personnel from INSIDE Swaziland.
1. Strongly agree
 2. Agree
 3. Unsure/don't know
 4. Disagree
 5. Strongly disagree
34. I have to pay very high salary and benefit packages to attract quality managers or administrators from OUTSIDE Swaziland.
1. Strongly agree
 2. Agree
 3. Unsure/don't know
 4. Disagree
 5. Strongly disagree
35. I have to pay very high salary and benefits packages to attract quality managers or administrators from INSIDE Swaziland.
1. Strongly agree
 2. Agree
 3. Unsure/don't know
 4. Disagree
 5. Strongly disagree

38. Please provide an estimate of the percentage of your capital (long and short term) which comes from the following categories:

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	Less than 20%	Between 21-50%	More than 50%	Unsure
1. Local commercial banks (Union, Barclays, Standard, BCCI)	1	2	3	4
2. Development bank (SDBS)	1	2	3	4
3. Foreign sources (RSA)	1	2	3	4
4. Foreign sources (other)	1	2	3	4
5. Remittances	1	2	3	4
6. family/friends	1	2	3	4
7. Personal	1	2	3	4
8. Not apply	1	2	3	4
9. Other [specify]:_____	1	2	3	4

Specify the extent to which you agree with the following statements:

39. Collateral requirements make it difficult for me to obtain financing.

1. Strongly agree
2. Agree
3. Unsure/ don't know
4. Disagree
5. Strongly disagree

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36. The need to pay high salary and benefits packages to attract quality labor has hindered the development of my business.

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1. Strongly agree
2. Agree
3. Unsure/don't know
4. Disagree
5. Strongly disagree

37. For the following personnel categories, please specify how difficult it has been to obtain within Swaziland persons with the training/experience needed in your firm:

	Difficult	Average	Easy
1. Administrative Personnel	1	2	3
2. Secretarial Personnel	1	2	3
3. Professional Personnel	1	2	3
4. Technical Personnel	1	2	3



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40. It is easier for me to obtain working capital than it is to obtain long-term capital.

1. Strongly agree
2. Agree
3. Unsure/ don't know
4. Disagree
5. Strongly disagree

41. I have left undeveloped

1. many projects
 2. a few projects
 3. no projects
- because of lack of capital.

42. What has been the effect of existing collateral requirements?

1. They inhibit production/expansion plans.
2. They are an inconvenience, but have had little effect on business expansion or investment decisions.
3. They have had no effect on my investment/expansion decisions.
4. They are a substantial incentive for investment/expansion.

43. Have you had difficulty obtaining the inputs that you need to operate?

1. YES 2. NO 3. NO ANSWER

[if YES go to 44] [if NO or NO ANSWER, go to 45]

44. Specify how important the following factors have been in influencing your firm's ability to procure all the inputs it needs:

FOR
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ONLY

	Very Important	Somewhat Important	Not Important	Unsure
1. Availability of financing	1	2	3	4
2. Availability of foreign exchange	1	2	3	4
3. Availability of transportation	1	2	3	4
4. Cost of transportation	1	2	3	4
5. Other [specify]: _____	1	2	3	4

Specify the extent to which you agree with the following statements:

45. Reliable and accurate information on the local market trends for my product is available.

1. Strongly agree
2. Agree
3. Unsure/don't know
4. Disagree
5. Strongly disagree
6. Not apply

46. Accurate and reliable information on the international market for my product is available.

1. Strongly agree
2. Agree
3. Unsure/don't know
4. Disagree
5. Strongly disagree

15

47. Specify the sources which you use to get information on the market for your product:

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ONLY

1. The Swazi Ministry of Commerce
2. Foreign partners
3. Personal Contacts
4. The Swazi Chamber of Commerce
5. The Swaziland Federation of Employers
6. SIBAKHO
7. Trade journals or newspapers
8. RSA Marketing Boards
9. Other [specify]: _____

Specify the extent to which you agree with the following statements:

48. I have access to production technology appropriate for my business.

1. Strongly agree
2. Agree
3. Unsure/don't know
4. Disagree
5. Strongly disagree

FOR
CODIFIERS
ONLY

SECTION 4: OPPORTUNITIES

49. Specify how interested you are in investing in the following areas:

	Very int.	Some- what	Not int.	Unsure
1. Personnel training and development	1	2	3	4
2. Improved production technology	1	2	3	4
3. Physical capital (plant improvement)	1	2	3	4
4. Marketing	1	2	3	4
5. Developing new sources of financing	1	2	3	4

50. How important have tax advantages been in influencing your decision to invest in the areas described in #49?

	Very imp.	Some- what	Not imp.	Unsure
1. Personnel training and development	1	2	3	4
2. Improved production technology	1	2	3	4
3. Physical capital (plant improvement)	1	2	3	4
4. Marketing	1	2	3	4
5. Developing new sources of financing	1	2	3	4



FOR
CODIFIERS
ONLY

51. Which ONE of the following areas do you believe offers the best return on investment?
1. Agriculture production for fresh/processed domestic market
 2. Agriculture production for fresh/processed export market
 3. Agroindustry for domestic market
 4. Agroindustry for export
 5. Manufacturing
 6. Construction
 7. Tourism
 8. Commerce and trade
 9. Other services [specify]: _____
 10. Other [specify]: _____

FOR
CODIFIERS
ONLY

SECTION 5: ASSOCIATIONS

52. Are you affiliated with any type of business or trade association?

1. YES 2. NO 3. Unsure
[if YES, #53] [if NO or Unsure, #54]

53. Please specify which associations and rate how effective they have been representing your business interests:

	Very Effective	Moderately Effective	Not Effective	Don't Belong
1. The Swazi Chamber of Commerce	1	2	3	4
2. The Swazi Federation of Employers	1	2	3	4
3. SIBAKHO	1	2	3	4
4. Zenzile	1	2	3	4
5. Other	1	2	3	4

[SPECIFY]: _____

54. What measures should the association(s) take in order to enhance the growth potential of your business?

1. Provide access to credit
2. Provide technical assistance
3. Develop personnel training services
4. Increase lobbying efforts
5. Other [specify]: _____

55. Specify which one best describes why you do not belong to an association:

FOR
CODIFIERS
ONLY

1. No association provides services I find useful.
2. I am unwilling to pay membership dues.
3. I am not able to pay membership dues.
4. Other

ANNEX G
LOCAL CONSULTANTS

THE IDENTIFICATION OF LOCAL TALENT TO ASSIST IN SWAZILAND MAPS IMPLEMENTATION

The terms of reference (TORs) for the description and the survey work of the MAPS exercise were given to four firms with offices in Swaziland. This section lists the firms, the persons contacted, and a brief evaluation of their proposals.

In addition, draft TORs for two consultant positions are included in this annex. The first, written for Mr. Derik von Wissel, as agreed to by Mr. von Wissel, USAID/Swaziland, and the MAPS team, is for the position of overall MAPS process monitor. Mr. von Wissel's role will be that of a "mentor" who will work with the Mission, the MAPS team (AFR/MDI and LABAT-ANDERSON Incorporated), and other contractors in the facilitating, orienting, and coordinating role. The second is for a local Swazi to work with Mr. von Wissel in the process of establishing a dialogue with the private sector.

Comments on the four firms follow:

(Note: No attempt was made to contact the Social Science Research Unit at UNISWA. Comments made by interviewees and Mission staff precluded their consideration as a potential MAPS contractor. While the quality of the work done by the unit was not criticized specifically, their ability to accomplish tasks in a timely manner was. Because of the time constraints placed on this exercise, i.e., the need for MAPS to be completed in time to feed into the CDSS, the unit's record of not meeting deadlines effectively eliminated them from consideration as a MAPS contractor.)

1. Rise Management Consultancy (Pty) Ltd.
P.O. Box 686, Manzini
Tel. 522255, 52466
Mr. Reggie S. Msibi, President

Mr. Msibi obtained his MBA, with USAID assistance, in the United States. Rise is a small firm, but Msibi said he was quite interested in both contracts and would prepare a proposal by Wednesday, December 7.

Contracting with Mr. Msibi is appealing because Rise Management is the only real Swazi firm identified for this exercise. However, the firm is new and Msibi is fairly inexperienced in the consulting business. What he lacks in experience may be made up by the people he chooses to bring to the team and by the contacts he may have within the business, research, and government communities. The Mission will need to evaluate his proposal carefully to find out what it can about Mr. Msibi's contacts, particularly in the research and business community, and the team of consultants he proposes for the task. The Mission may want to consider the possibility of "farming out" smaller tasks within the description or the survey section to his firm, rather than awarding it the full survey or description contract.

2. Khalipha Investments (Pty) Ltd.
P.O. Box A485, Mbabane
Tel. 45412/3
Mr. Peter J. Capozza, Financial Director and
Mr. Scott A. Reid, Joint Managing Director

The total value of the Khalipha bid is E59,200 (approximately US\$24,700) and the total level of effort is eighty person days.

It is difficult to determine precisely for which piece of the MAPS exercise Khalipha submitted its bid. The title of their proposal is related to the "description" of the private sector, but the discussion of the terms of reference and their technical approach focuses on the survey ("diagnosis") exclusively. The level of effort estimated in their proposal is considered insufficient to do both the survey and the descriptive work. In terms of the survey, it does not include level-of-effort estimates for the field interviews and data entry and processing. The Mission needs to clarify with Khalipha what aspects of the MAPS exercise were included in the proposal.

Khalipha is a relatively new firm. Each senior partner has only three to four years of experience working in private sector development in Swaziland. The firm, however, has landed a number of relevant and important contracts. For example, Khalipha undertook a survey of microenterprises for the International Finance Corporation (IFC) fairly recently (the proposal does not specify when). These data may be useful, and accessible for MAPS survey efforts. The Mission should ask for details concerning the work performed for the IFC, the team of interviewers they propose to use in the field (if indeed they wish to bid on the survey portion of the MAPS exercise), and the firm's data processing and graphics-production capabilities.

The burdened rates (\$440 per day for the senior staff and \$211 per day for the junior staff) proposed by Khalipha also seem high and it may be possible to negotiate lower rates. In any case, the Mission, or whoever the contracting agent is, should ask Khalipha for details concerning the loading factors used to arrive at the daily rates.

3. Coopers & Lybrand Associates (S) (Pty) Ltd.
P.O. Box 569, Mbabane
Tel. 52861
Mr. R. J. Anderson, Director

On November 28, Mr. Anderson requested to look over the TOR's and the survey instrument. On December 2, Coopers & Lybrand (C&L) submitted a bid for the survey work.

The total value of the C&L bid for the survey is E148,584 (approximately US\$66,000) and the total level of effort is 359 person days. This appears excessive.

C&L has seriously overestimated the amount of time needed to construct a sampling frame and draw the sample--thirteen days for these tasks in their proposal. Experience with survey work in the Dominican Republic would indicate a maximum of five days. C&L believes that the best sampling frame would be the SMPF register and their own sample census listing. The Mission will need to find out what exactly is contained in these registries. It would be easy to draw a sample from these sampling frames because they are computerized. On the other hand, since the sample size is relatively small, working with noncomputerized registries of firms should present no major problem. Drawing a simple random sample by hand from these registries can be done fairly easily. In the Dominican Republic, where none of the registries were computerized, the firm contracted for the survey was able to draw a random sample in five days. Perhaps C&L has a more sophisticated methodology in mind. This point needs to be clarified.

C&L also appears to have overestimated by 30 to 50 percent the time necessary for coding responses, testing, refining, and translating the survey instrument, and entering and processing the data. Finally, C&L included fifteen days for report writing, which is unneeded because the MAPS team will be in charge of this task.

The rates for the C&L personnel also seem high. The Mission should request a breakdown of these rates, including the base rate and the loading factors. Again, the Mission may be able to negotiate lower rates, should it decide to contract with C&L.

The C&L proposal is quite thorough. Aside from the points discussed above, the firm seems to have a good understanding of the task. Based on the information contained in the proposal and on their previous experience with the CARE survey (see the discussion of this work in the terms of reference for the survey work included in this report), they appear to be the most experienced and capable firm available locally to carry out the survey work. A lower bid, based on a changed proposal, should be able to be negotiated with C&L.

4. Capricorn Africa Economic Associates
P.O. Box 1476, Mbabane
Tel. 44992/3
Dr. Alan Whiteside, Partner

Dr. Whiteside stated originally that he planned to submit a proposal for both the survey and the description. However, his proposal covers the description exercise only. Dr. Whiteside believes that the survey work is best left to Coopers & Lybrand, given that firm's experience with CARE (see above).

Dr. Whiteside's work is well known to the Mission. He will be undertaking a study of the private-sector environment for the Mission in the next few months and he has written extensively on regional development and industrial policy.

As a result of Dr. Whiteside's previous work, Capricorn has extensive data resources on hand (both primary and secondary sources) for the descriptive work. Thus, the amount of time needed to research and develop the data base to produce the analysis and graphics for the description work will be considerably reduced.

The rates and level of effort estimated in the proposal (level of effort: eight person days; total budget of US\$30,000) seem reasonable, given the task. If the data base necessary for the task exists, however, the level of effort estimates may be slightly higher than required. The Mission may want to find out more details concerning the data resources available to Capricorn, and may consider negotiating a lower bid based on a reduction of the number of person days estimated.

The firm reportedly has good graphics-production capabilities, and based on the above observations, Capricorn may be the best candidate to undertake the description work.

Additional observations:

1. The TORs for the survey and description portions of the MAPS work will be amended, based on the comments and observations made by the Mission staff prior to the departure of the MAPS team on December 3. Firm(s) chosen to

undertake these tasks should be given copies of the amended TORs and allowed to comment. The changes may result in changes in their bid. However, these changes should not be major, since the modifications to the TORs should not, for the most part, involve changes in required levels of effort.

2. Mr. von Wissel should be given copies of all the proposals and be included in the evaluation and selection of contractors for both the description and the survey work. He knows all the potential contractors and is acquainted with the environment in Swaziland. Thus, he should be an excellent appraiser of the technical merit of the proposals submitted by the bidders and the reasonableness of their cost estimates.
3. The contracts should include some sort of performance bonus for on time delivery because the timing of the survey and description work is critical. Thus, the contract should be drawn so as to motivate the contractors to deliver a quality product on time. It may be possible to negotiate a slightly lower base price for the work in return for a generous bonus award for completion of the work prior to the due date.

The terms of reference for the two local consultants follow.

**Terms of Reference--Derik von Wissel
MAPS Strategy Assessment--Swaziland**

1. It is anticipated that Mr. von Wissel will act as a resource person for the survey and descriptive work and for the preparation of the final report of the MAPS process. As a resource person, Mr. von Wissel will act as a consultant to the MAPS team. In this capacity, Mr. von Wissel will:
 - a. Act as overall "mentor" for the MAPS strategy assessment, providing counsel and guidance to survey and description work contractors, the MAPS team, and the Mission, as needed, to ensure that the people and firms researched and interviewed provide the MAPS process with a balanced perspective of the private sector in Swaziland, that the conclusions reached are derived from a representative sample of the private sector, and that the conclusions, recommendations, and options presented to the Mission are balanced and "doable" in the Swaziland context.
 - b. Help organize and participate in focus groups made up of individuals from the private sector and A.I.D. whose purpose will be to discuss MAPS findings and suggestions for Mission strategy.
 - c. Review the MAPS team's work and findings, offering comments and ideas for team consideration.
 - d. Provide input into the final analytic report.
2. It is not anticipated or intended that Mr. von Wissel will perform any of the survey or other research work or any of the writing of the reports that will be developed. Rather, Mr. von Wissel will provide overall guidance and direction to the contractors, the Mission and the MAPS team's work. Mr. von Wissel's past experience and background in Swaziland uniquely qualify him to perform this service.
3. Regarding Mr. von Wissel's services, it is intended that he will work with a contractor(s) chosen competitively by the USAID Mission to undertake the MAPS survey and description work. This same contractor(s) will provide input for the drafting of the final MAPS report. Mr. von Wissel will provide oversight of the work of the contractor(s). The final report will be produced with the assistance of the Office of Market Development and Investment in Washington (AFR/MDI), the USAID Mission, and LABAT-ANDERSON Incorporated.
4. It is anticipated that Mr. von Wissel will be hired for a maximum of forty days over a period of four months, beginning in mid-January and continuing until the end of April. The MAPS report provides a timetable for the implementation process, detailing the various steps involved in the MAPS exercise. Mr. von Wissel's involvement is expected to be heaviest in the first two weeks of February, as the MAPS process begins, and in the mid- to latter part of March, when he will be needed to oversee the organization and conduct of the focus groups.

ANNEX H
PROPOSALS
(UNDER SEPARATE COVER)

**Terms of Reference—Contractor to Be Identified
MAPS Strategy Assessment—Swaziland**

1. It is anticipated the contractor will:
 - a. Act as a resource person working with the USAID Mission in Swaziland and Mr. Derik von Wissel, who is also contracted as a resource person for the MAPS exercise.
 - b. Facilitate contacts with firms and individuals in the private sector, donor groups, and Government of Swaziland representatives and agencies working with the private sector.
 - c. Assist in the identification of leaders in the private sector who will participate in the dialogue groups that form part of the MAPS assessment process.
 - d. Help organize the dialogue groups to discuss the results of the survey and private-sector description undertaken as part of the MAPS exercise.
 - e. Help provide oversight to the dialogue process and ensure the Swazi point of view is considered and factored into discussions and results.
 - f. Review the team's work and findings, offering comments and ideas for team consideration.
 - g. Provide input for the final analytic report.
3. It is not anticipated or intended that the contractor/consultant will perform any of the research work or any of the writing of the reports that will be developed. Rather, the consultant/contractor will act as facilitator and provide overall guidance and direction to the MAPS work. The consultant/contractor shall work with a contractor(s) chosen competitively by the USAID Mission to undertake the survey and description work and the MAPS team. This same consultant/contractor shall help draft the final MAPS report. This will be done with the assistance of the Office of Market Development and Investment in Washington (AFR/MDI), LABAT-ANDERSON Incorporated and the USAID Mission. It is anticipated that Mr. Derik von Wissel and the above-described consultant/contractor would have input to this process.
4. The consultant/contractor to be hired should be a native Swazi who has had experience in the private sector as operator or owner of a firm or business. The contractor/consultant must have an excellent understanding of the problems of the Swazi small entrepreneur and a thorough knowledge of Swazi traditions and culture as they affect or are affected by private-sector growth and development.
5. It is anticipated that the contractor/consultant will be hired for a maximum of twenty days over a period of two months beginning in late February and ending in April. This will coincide with the convening of dialogue groups to discuss the MAPS survey data that have been collected, to discuss possible options for private-sector promotion either by A.I.D. or other donors or organizations, and to discuss other topics to include coordination, information exchange, etc.



ANNEX I
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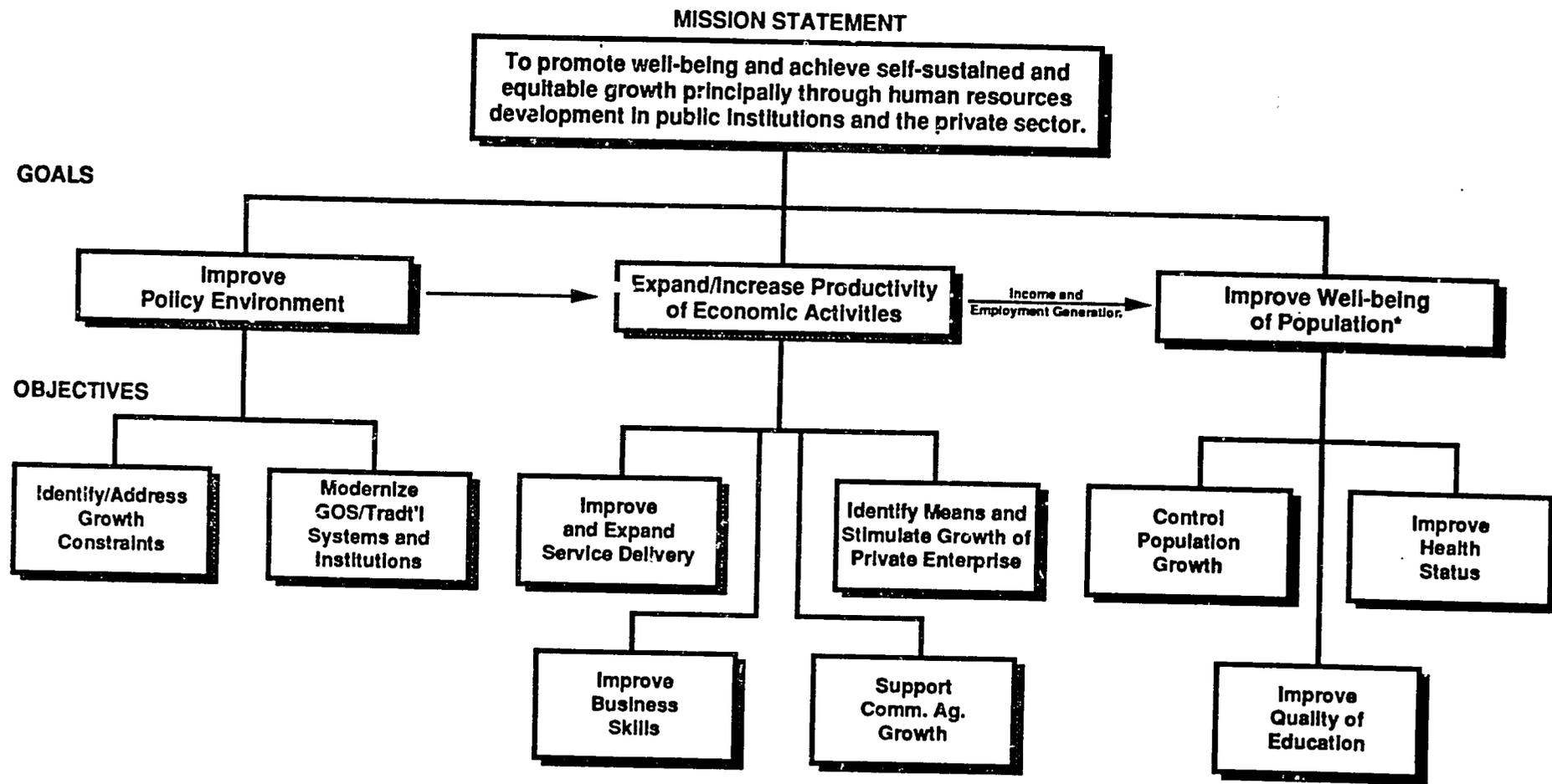
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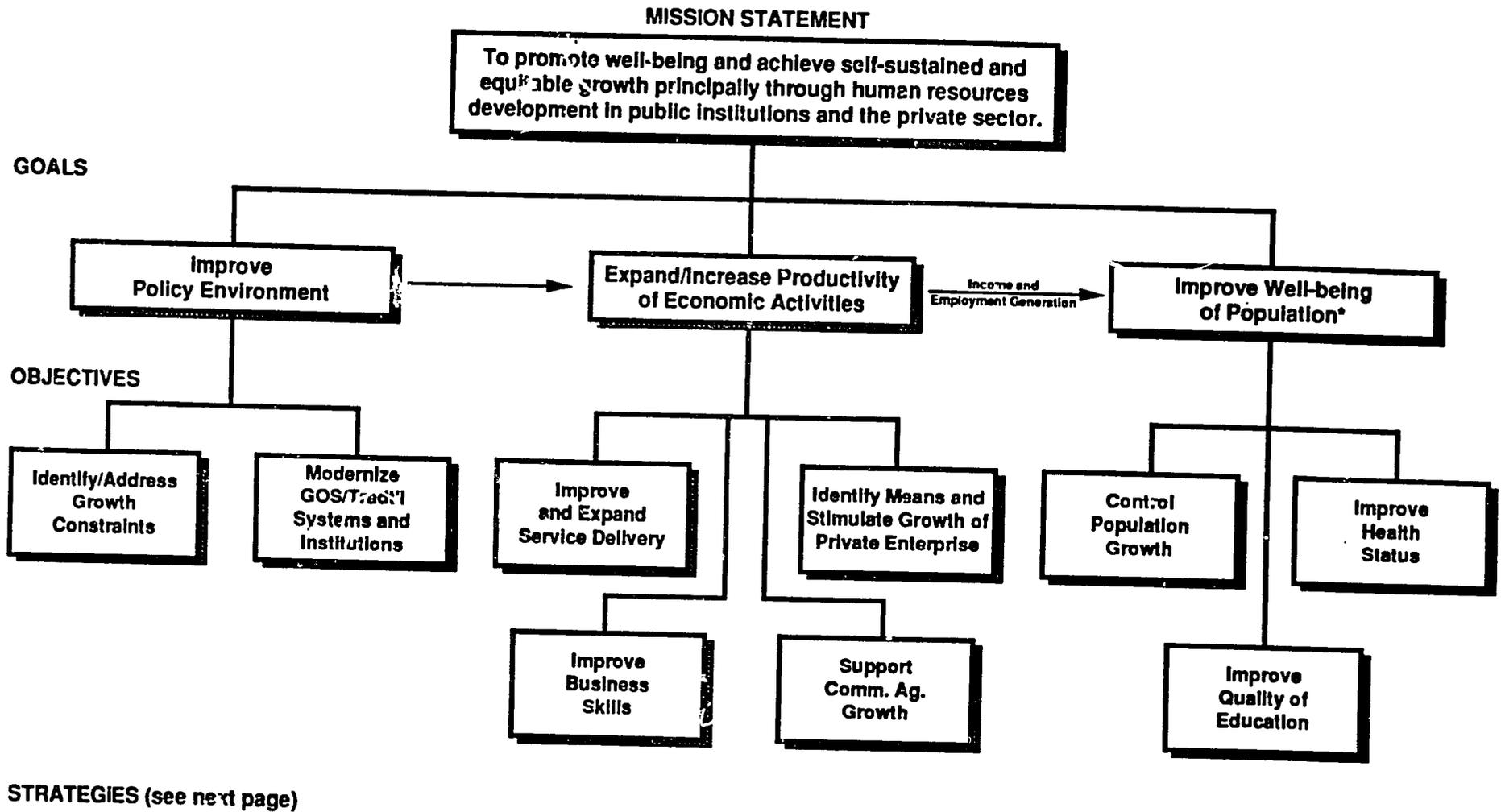


STRATEGIES (see next page)

*Directly and through Improved delivery systems

Figure 1. Strategy articulation—USAID/Swaziland.

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*Directly and through improved delivery systems

Figure 1. Strategy articulation—USAID/Swaziland.

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2.

	Modernize Systems & Institutions	Ident./Address Growth Constraints	Imp./Expand Service Delivery	Improve Business Skills	Support Comm. Ag. Growth	Stimulate Private Enterprise	Control Population Growth	Improve Quality Basic Ed.	Improve Health Status
USAID									
RWBDC	●	●							●
CSRET		●	●		●				
TT	●		●					●	
SWAMPD*	●	●	●	●					●
PHC	●	●					●		●
SESP*				●					
STEP*						●			
FHS		●					●		●
CAPM*	●	●	●	●	●	●			
REGIONAL AND CENTRAL									
IRS						●			●
HOPE	●								●
NUTRITION						●			●
CCCD	●	●							●
AFGRAD	●			●					●
SADOC	●	●							
SARP/RRSS	●	●	●						

*Employment generation an indirect objective

Figure 2. Swaziland projects/objectives matrix.

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MAPS: A SEVEN PHASE PROCESS

1. DEFINE CURRENT AID MISSION STRATEGY.
2. DESCRIBE THE LOCAL PRIVATE SECTOR.
3. DIAGNOSE OPPORTUNITIES AND CONSTRAINTS TO PRIVATE SECTOR GROWTH.
4. DIALOGUE WITH THE PRIVATE SECTOR.
5. DESIGN AID PRIVATE SECTOR STRATEGY.
6. DEVELOP NEW PROGRAMS AND PROJECTS.
7. DEBRIEF AND EVALUATE.

**MANUAL FOR ACTION IN THE PRIVATE SECTOR
(OVERVIEW)**

PHASE	KEY QUESTIONS	ANALYTICAL TECHNIQUES	OUTPUTS
1. DEFINE CURRENT MISSION STRATEGY	<ul style="list-style-type: none"> * WHAT IS THE CURRENT MISSION STRATEGY? * WHAT DO AID & OTHERS BELIEVE WILL BE IMPORTANT COMPONENTS OF FUTURE STRATEGY? * HOW SHOULD MAPS BE TAILORED TO RESPOND TO MISSION NEEDS? 	<ul style="list-style-type: none"> * STRATEGY AUDIT * PROJECT INVENTORY * BUDGET ANALYSIS * CONSENSUS BUILDING 	<ul style="list-style-type: none"> * ARTICULATION OF CURRENT MISSION STRATEGY
2. DESCRIBE LOCAL PRIVATE SECTOR	<ul style="list-style-type: none"> * WHO IS THE PRIVATE SECTOR? * WHERE IN THE ECONOMY IS IT LOCATED? * HOW IMPORTANT IS THE LOCAL PRIVATE SECTOR? * WHAT IS THE SOE'S ROLE? * HOW STRONG ARE THE CAPITAL MARKETS? * WHAT IS THE IMPACT OF PUBLIC POLICY? * HOW HAS THE PRIVATE SECTOR PERFORMED OVER TIME? * WHAT ARE THE LEADING & LAGGING SECTORS? 	<ul style="list-style-type: none"> * DATA GATHERING & ANALYSIS * PRIVATE SECTOR MAPPING 	<ul style="list-style-type: none"> * DATA BASE * PRIVATE SECTOR MAP * PRIVATE SECTOR DESCRIPTION PRESENTATION

MANUAL FOR ACTION IN THE PRIVATE SECTOR
(OVERVIEW)

PHASE	KEY QUESTIONS	ANALYTICAL TECHNIQUES	OUTPUTS
<p>3. DIAGNOSE CONSTRAINTS TO GROWTH</p>	<ul style="list-style-type: none"> * WHAT ARE THE PRIVATE SECTOR'S PERCEPTIONS OF ITS OPPORTUNITIES & CONSTRAINTS? * WHAT ARE THE MOST CRITICAL RESOURCE CONSTRAINTS? * WHAT ARE THE IMPACTS OF PUBLIC POLICY ON THE PRIVATE SECTOR? * WHAT PRIVATE SECTOR INITIATIVES WILL RECEIVE GREATEST SUPPORT AMONG LOCAL LEADERSHIP? * WHAT IS THE IMPACT OF THE COMPETITIVE ENVIRONMENT? * WHAT ARE THE CAPABILITIES OF LOCAL CAPITAL MARKETS & FINANCIAL INSTITUTIONS? 	<ul style="list-style-type: none"> * PRIVATE SECTOR SURVEY * CAPITAL MARKETS SURVEY 	<ul style="list-style-type: none"> * PRIVATE SECTOR DIAGNOSTIC PAPER & PRESENTATION
<p>4. DIALOGUE WITH PRIVATE SECTOR</p>	<ul style="list-style-type: none"> * HOW DO KEY PRIVATE/ PUBLIC SECTOR DECISION MAKERS VIEW THE DIAGNOSIS? * WILL PRIVATE SECTOR SUPPORT AID INITIATIVES? * WHAT INITIATIVES IS LOCAL PRIVATE SECTOR ALREADY UNDERTAKING? * WHO ARE THE IMPORTANT POTENTIAL IMPLEMENTING AGENTS? * WHAT ARE OTHER DONOR GROUPS DOING? * WHAT FORMAL AGREEMENTS WILL BE REQUIRED & HOW LIKELY WILL IT BE TO GET THEM? 	<ul style="list-style-type: none"> * INFORMAL DIALOGUE SESSIONS * FOCUS GROUPS 	<ul style="list-style-type: none"> * MINUTES OF MEETINGS * SUMMARY REPORT ON DIALOGUE RESULTS

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MANUAL FOR ACTION IN THE PRIVATE SECTOR
(OVERVIEW)

PHASE	KEY QUESTIONS	ANALYTICAL TECHNIQUES	OUTPUTS
5. DESIGN STRATEGY	<ul style="list-style-type: none"> * WHAT ARE HOST GOVT'S PRIVATE SECTOR DEVELOPMENT STRATEGY OBJECTIVES? * HOW ARE GOVT GOALS RELATED TO AID'S OVERALL COUNTRY STRATEGY? * WHAT ARE THE PRIORITIES AMONG ACTION AREAS GIVEN CURRENT LEVEL OF RESOURCES? * WHOSE SUPPORT IN PRIVATE & PUBLIC SECTOR IS CRUCIAL & HOW CAN THE EXISTENCE OF SUCH SUPPORT BE DEMONSTRATED? 	<ul style="list-style-type: none"> * OPTIONS MENU * STRATEGY MATRIX 	<ul style="list-style-type: none"> * PRIVATE SECTOR DEVELOPMENT STRATEGY PAPER (FOR CDSS) * PRELIMINARY FEASIBILITY ASSESSMENT
6. DEVELOP NEW PROJECTS & PROGRAMS	<ul style="list-style-type: none"> * WHAT SPECIFIC PROGRAMS & PROJECTS WILL MOST EFFECTIVELY ACHIEVE GOALS? * WHO WILL IMPLEMENT THE PROJECTS? * DO THEY HAVE THE NECESSARY INSTITUTIONAL CAPABILITY? 	<ul style="list-style-type: none"> * PIDS * PROJECT PAPERS * PAIPS * PAADS 	<ul style="list-style-type: none"> * PROJECTS * PROGRAMS
7. DEBRIEF & EVALUATE	<ul style="list-style-type: none"> * WHAT HAVE BEEN THE FINDINGS & RECOMMENDATIONS OF MAPS FOR USAID PRIVATE SECTOR INITIATIVES? * WHAT RECOMMENDATIONS FOR ONGOING AID PROCESS SHOULD BE PRESENTED? * WHAT HAS BEEN LEARNED FROM THE PROCESS FOR SIMILAR FUTURE EFFORTS IN OTHER COUNTRIES? 	<ul style="list-style-type: none"> * MEETINGS WITH AID 	<ul style="list-style-type: none"> * FINAL REPORT