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**REPORT OF THE AUDITOR GENERAL ON THE PERFORMANCE
AUDIT OF THE GOVERNMENT INTERVENTIONS ON MICRO,
SMALL AND MEDIUM ENTERPRISES IN ZAMBIA**

2015-2020



REPUBLIC OF ZAMBIA

**REPORT
OF THE**

AUDITOR GENERAL

**ON THE PERFORMANCE AUDIT OF THE GOVERNMENT
INTERVENTIONS ON MICRO, SMALL AND MEDIUM
ENTERPRISES IN ZAMBIA**

2015-2020



HIGHLIGHTS

Government Intervention on the SME Sector

The Office of the Auditor General carried a performance audit on Government's interventions in the SME sector through the Ministry of Commerce, Trade and Industry whose mandate is now the responsibility of the newly created Ministry of Small and Medium Enterprises.

The Government's intervention in the SME sector was introduced to provide start-up capital for business in some instances and provide finances to help MSMEs to grow their businesses. Financing businesses alone was found to be inadequate; therefore, MSMEs were also exposed to various business development services to help them with business acumen. Value chain development was established to help the MSMEs in the same value chain to benefit from each other. If all these were effective the SME sector could have contributed to job and wealth creation.

Access to treasury funding by the CEEC was inadequate which further reduced the number of MSMEs accessing the empowerment fund.

Value chain support was not fully developed in the districts. Finances were provided to a smaller extent, so were business development services, this affected the empowerment fund whose revolving nature was reducing. The beneficiaries of the financial and business development services from both CEEC and ZDA did not create the expected jobs.

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ABBREVIATIONS

AfDB	African Development Bank of Zambia
BDS	Business Development Services
BDSPs	Business Development Service Providers
CEEC	Citizen Economic Empowerment Commission
CHT	Contract, Handhold and Transfer
CTP	Corporate Turnaround Professionals
CTS	Corporate Turnaround Services
DBZ	Development Bank of Zambia
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
INTOSAI	International Organisation of Supreme Audit Institutions
MCTI	Ministry of Commerce, Trade and Industry
MHID	Ministry of Housing, Infrastructure Development
MSME's	Micro Small and Medium Enterprise
MWDSEP	Ministry of Water Development, Sanitation and Environmental Protection
PACRA	Patent and Company Registration Agency
PEEC	Provincial Empowerment Evaluation Committee
PPC	Preferential Procurement Certificate
RDA	Road Development Agency
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprises
ZABS	Zambia Bureau of Standards
ZCGS	Zambia Credit Guarantee Scheme
ZDA	Zambia Development Agency
ZSA	Zambia Statistical Agency
7NDP	Seventh National Development Plan

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DEFINITION OF TERMS

Term	Definition
Business Enterprise	Any undertaking carrying on business in the field of manufacturing, agriculture, agro-processing, transport, fishing, commerce, energy generation, communications, construction, mining, tourism, education and skills training ¹ .
Business Infrastructure	Are basic facilities, structures and services upon which the rest of the business is built. ²
Citizen	A citizen of Zambia is a person who has attained the age of 18 and was born in Zambia and has been ordinarily resident in Zambia for at least five (5) years ³ .
Development Fund	This is the Trade and Industrial Development Fund that was established under section forty-eight ⁴ .
Development Services	Includes advisory services, promoting training and financing, facilitating the preparation of business plans, project proposals, loan applications, financial statements, audited statements of expenditure and income and other similar services ⁵ .
Empowerment	An integrated broad-based and multi-faceted strategy aimed at substantially increasing meaningful participation of targeted citizens, citizen empowered companies, citizen influenced companies and citizen-owned companies in the economy and decrease income inequalities ⁶ .
Financial Institution	A person who holds a financial institution's license under the Banking and Financial Services Act ⁷ .
Investment	The contribution of capital, in cash or in kind, by an investor to a new business enterprise, to the expansion or rehabilitation of an existing business enterprise or the purchase of an existing business enterprise from the State ⁸ .
Investor	Any person, natural or juristic, whether a citizen of Zambia or not, investing in Zambia in accordance with this Act, and includes a micro or small business enterprise and rural business enterprise ⁹ .
Job Creation	The process by which the number of jobs in an economy increases.
Joint Venture	This is an enterprise that is a business undertaking between two or more persons for mutual benefit ¹⁰ .
Licence	This is a permit from an authority to own or use something, do a particular thing or carry on a trade.

¹ ZDA Act 2006

²<https://simplicable.com/new/business-infrastructure#:~:text=Business%20infrastructure%20are%20the%20basic,can%20also%20be%20considered%20infrastructure.>

³ The Constitution of Zambia amendment Act No. 2

⁴ ZDA Act 2006

⁵ ZDA Act 2006

⁶ Citizen Economic Empowerment Act 2006

⁷ Citizen Economic Empowerment Act 2006

⁸ ZDA Act 2006

⁹ ZDA Act 2006

¹⁰ ZDA Act 2006

Manufacturing	The transforming, on a commercial scale, of raw materials into finished or semi-finished products and includes the assembling of inputs into finished or semi-finished products ¹¹ .
Micro Enterprise	Any business enterprise whose amount of total investment, excluding land and buildings and annual turnover does not exceed a numerical value prescribed by the President and which employs up to ten people ¹² .
Multi-Facility Economic Zone	Any area or premises in Zambia that has been declared a multi-facility economic zone under section eighteen ¹³ .
Reservation Scheme	The area of business within the poultry and domestic haulage sectors or subsectors that are reserved for targeted citizens, citizen-influenced, citizen - empowered and citizen owned companies ¹⁴ .
Small Enterprise	Any business enterprise whose amount of total investment, excluding land and building and annual turnover does not exceed a numerical value prescribed by the President and which employs up to thirty persons ¹⁵ .
Targeted Citizens	A citizen who is or has been marginalized or disadvantaged and whose access to economic resources and development capacity has been constrained due to various factors including race, sex, educational background, status and disability ¹⁶ .
Value Chain	Any sector of the economy that may have an impact on the empowerment of targeted citizens and includes the specific value additions at all levels of a process in the different sectors of industry ¹⁷ .

¹¹ ZDA Act 2006

¹² Citizen Economic Empowerment Act 2006

¹³ ZDA Act 2006

¹⁴ Statutory Instrument No. 1 of 2017

¹⁵ Citizen Economic Empowerment Act 2006

¹⁶ Citizen Economic Empowerment Act 2006

¹⁷ Citizen Economic Empowerment Act 2006

FOREWORD

In accordance with the provisions of Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, Public Audit Act No.13 of 1994 and the Public Finance Management Act No. 1 of 2018. I am mandated to carry out Performance Audits in Ministries, Provinces and Agencies. I am pleased to present to you the Performance Audit Report on the Government Interventions on Micro, Small and Medium Enterprises in Zambia. The audit focuses on activities and programmes implemented by the Ministry of Commerce, Trade and Industry (now Ministry of Small and Medium Enterprises) through the Citizens Economic Empowerment Commission and Zambia Development Agency as regards to Small and Medium Enterprises contribution to job and wealth creation and Gross Domestic Product.

Interventions in the Small and Medium Enterprises sector is not restricted to providing funds but also includes business development services. To achieve a positive result Small and Medium Enterprises must have access to both empowerment funds and business development services. Zambia has incorporated the Sustainable Development Goals in the national planning specifically the Seventh National Development Plan 2017-2021 to improve the contribution of the Small and Medium Enterprises to job and wealth creation and Gross Domestic Product through Sustainable Development Goal No. 8 - Decent Work and Economic Growth.

I therefore, present to you this Performance Audit Report which includes recommendations that will bring about contribution to job and wealth creation and Gross Domestic Product.

I wish to take this opportunity to thank the management and staff of the Ministry of Commerce, Trade and Industry, Citizens Economic Empowerment Commission and Zambia Development Agency for the co-operation and assistance rendered to my team during the audit.



Dr Dick Chellah Sichembe

AUDITOR GENERAL

Executive Summary

Micro, Small and Medium Enterprises (MSMEs) play a major role in most economies, particularly in developing countries. MSMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development. They represent about 90% of businesses and more than 50% of employment worldwide. Formal MSMEs contribute up to 40% of Gross National Income in emerging economies. These numbers are significantly higher when informal MSMEs are included¹⁸.

According to the estimates, about 600 million jobs will be needed by 2030 to absorb the growing global workforce, which makes MSME development a high priority for many governments around the world¹⁹. This is also articulated in the Sustainable Development Goal No. 8 - Decent Work and Economic Growth.

Like the rest of Africa and the world at large, MSMEs in Zambia play an important role in production, employment and income. They represent 97% of all businesses in the country, 70% of Gross Domestic Product (GDP) and 88% of employment. MSMEs play a key role in society, as they tend to employ a large share of the most vulnerable segments of the workforce²⁰.

Key Findings

1.1.1 Facilitation for Contribution to Employment Creation and GDP

The Ministry of Commerce, Trade and Industry (MCTI), Citizen Economic Empowerment Commission (CEEC) and Zambia Development Agency (ZDA) facilitated employment creation and development, however, there were no statistics or reports to show the levels that the MCTI had achieved through its statutory bodies.

1.1.2 Construction and Operationalization of the Industrial Yards

The construction of industrial yards was carried out in seven (7) provinces from 2018 to 2020, however, the construction works were delayed by three (3) to fifteen (15) months and had not been operationalised as at 31st October 2021.

¹⁸ <https://www.worldbank.org/en/topic/smefinance>

¹⁹ <https://www.worldbank.org/en/topic/smefinance>

²⁰ <https://www.zambiainvest.com/economy/enterprenuerial-scheme-smes>

1.1.3 Impact on Job Creation after Intervention.

- The CEEC only created 17,174 out of 120,000 planned jobs representing 14.3% for the period from 2017 to 2021. However, the CEEC could not provide supporting documents to show the MSMEs which created these jobs.
- ZDA reported in the annual reports for the period 2017 – 2020 that MSMEs which were registered by ZDA had created 11,848 jobs. However, interviews with nineteen (19) out of twenty five (25) SMEs indicated that they did not create jobs after registration with ZDA as at 31st October 2021.

1.2 Access to Finance

CEEC planned to increase access to financing instruments such as trade finance to their clients²¹ and planned to receive K405, 087,952 for the period between 2017 and 2020 for the financing of MSMEs. However, CEEC received K35, 000,000 which was 8.6% of the planned funding. This resulted in the CEEC providing funds to only 470 applicants instead of the 17,122 applicants.

1.2.2 Value Chain Development

The CEEC planned to develop three (3) value chains per district per province per year which would have translated to 348 value chains being established country wide. The CEEC supported twenty seven (27) out of 116 districts leaving 89 districts without value chain support.

1.2.3 Performance of Value Chains

CEEC had disbursed K119, 215,521.60 to twenty seven (27) value chains through which 250 SMEs benefited in the period under review. However, the value chains were not fully developed to provide the expected synergies from a fully developed value chain.

1.2.4 Revolving Fund

The CEEC is expected to ensure that timely and correct loan amount is disbursed to the client²². The CEEC recovered a total of K6, 625, 007.82 which was 4.58% of the expected recoveries of K144, 584, 107.74 from all the beneficiaries. Therefore, operating a sustainable revolving fund became unsuccessful.

²¹ CEEC Strategic plan 2017-2021, Objective 3

²² CEEC Credit Manual 7.9

1.2.5 Provision of Business Development Services (BDS)

The CEEC did not fully provide the required BDS to the MSMEs as they provided pre-finance training leaving out other services such as contract handhold and transfer, contract turn around services, mentorship, training, business linkages and preferential procurement certificates.

1.3 Monitoring of Projects

The MCTI, CEEC and ZDA were not consistently monitoring MSMEs. The lack of carrying out monitoring activities created a gap in terms of the availability of information on the MSME position in the economy.

Conclusion

The audit concludes that the MCTI and its statutory bodies specifically CEEC and ZDA did not provide interventions that were effective and efficient to enable the SMEs contribution to wealth, job creation and the Gross Domestic Product. Further, most SMEs struggled to have access to affordable financing. Those that accessed the fund still had difficulties in managing successful businesses and paying back the loans. Therefore, MSMEs were in positions where they were still experiencing challenges despite having accessed the empowerment fund through CEEC. The fund has been operational since 2006 and CEEC has not disbursed funds timely.

Recommendations

MCTI

- i. The MCTI should task its statutory bodies to streamline the regulation on entry for MSME businesses and schemes for inviting private capital to improve access to finance in the MSME sector.
- ii. The MCTI should focus on value chain clustering for MSMEs. This means that the emphasis should be on the full range of businesses or economic activities which are required to bring a product or service from conception, through the different phases of production.
- iii. The MCTI should focus on industrialisation, business matching and ICT programmes of MSME.
- iv. MCTI should coordinate with MoF to fully operationalise the ZCGS and to ensure that MSMEs can access affordable financing.

Citizen Economic Empowerment Commission

- i. The CEEC should put measures in place to ensure that their main services provided to the MSMEs are not limited to financial interventions but also improve on the provision of BDS as inscribed in their manuals to ensure a vibrant MSME sector whose contribution will be worth publishing.
- ii. The CEEC should undertake and prioritise its monitoring activities in time to enable MSMEs that benefit from the fund to grow into a going concern.
- iii. The CEEC should put measures in place to ensure that there is adequate staff with the required capacity to undertake different types of work in different positions of the provincial offices to reduce the failure rates of businesses that are empowered by the CEEC.
- iv. The CEEC should assess the loan disbursement system to identify the bottlenecks and further devise ways which will ensure that the applicants access the fund without delay.

Zambia Development Agency

- i. ZDA should foster the implementation of decentralised operations to increase operational coverage and increase access to their services to MSMEs in various parts of the country.
- ii. The ZDA should formulate plans which will assist MSMEs to a point where they are established by ensuring that the BDS is provided to all the MSMEs that require such services.
- iii. ZDA should intensify monitoring of MSME's so that they may identify the gaps in the development of the sector and make appropriate recommendations to the MCTI.

CHAPTER ONE: INTRODUCTION

1.0 Introduction

The chapter describes the mandate of the Office of the Auditor General, background and motivation of the audit. The title of the audit is the “Government interventions of Micro, Small and Medium Enterprises in contributing to the country’s wealth and job creation through the Ministry of Commerce Trade and Industry (MCTI) now whose responsibility has been mandated to the newly created Ministry of Small and Medium Enterprises effective September 2021 and two of its statutory bodies; Zambia Development Agency (ZDA) and Citizen Economic Empowerment Commission (CEEC).

1.1 Mandate

In accordance with the provisions of Article 250 of the Constitution of Zambia (Amendment) Act No.2 of 2016, Public Audit Act No.13 of 1994 and Public Finance Management Act No.1 of 2018, the Office of the Auditor General is mandated to carry out performance audits in Ministries, Provinces and Agencies (MPAs) and to report the results to the President and Parliament for debate. With this mandate, the Office of the Auditor General undertook a performance audit for purposes of establishing the economy, efficiency and effectiveness of government programmes and operations.

1.2 Background

Micro, Small and Medium Enterprises (MSMEs) play a major role in most economies, particularly in developing countries. MSMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development. They represent about 90% of businesses and more than 50% of employment worldwide. Formal MSMEs contribute up to 40% of Gross National Income in emerging economies. These numbers are significantly higher when informal MSMEs are included²³.

According to the estimates, about 600 million jobs will be needed by 2030 to absorb the growing global workforce, which makes MSME development a high priority for many governments around the world. However, access to finance is a key constraint to MSME

²³ <https://www.worldbank.org/en/topic/sme/finance>

growth and is cited as an obstacle facing MSMEs to grow their businesses in emerging markets and developing countries²⁴.

Africa has an estimated population of more than 1.3 billion people which is growing at over two percent (2%) annually in most countries, with more than 50 percent (50%) of the people in many countries below the age of twenty-five (25). This population has a growing need for the services, jobs and economic growth provided by locally based MSMEs.²⁵

Like the rest of Africa and the world at large, MSMEs in Zambia also play an important role in production, employment and income. They represent 97% of all businesses in the country, 70% of Gross Domestic Product (GDP) and 88% of employment. MSMEs play a key role in society, as they tend to employ a large share of the most vulnerable segments of the workforce²⁶.

According to the MSMEs Development Policy of 2008, MSMEs in Zambia are defined as business enterprises registered with the Registrar of Companies. The major differences between a Micro, Small and Medium Enterprise relates to the total value of the investments excluding land and buildings, total annual turnover and the number of persons employed by each enterprise as shown in **Table 1.1** below.

Table 1.1: Type of Enterprise, Size by Investment, Turnovers and Number of Employees

Enterprise	Nature of Business	Total Investments (excluding land and buildings)	Annual turnover	Number of Employees
Micro	Any	≤ ZMW80,000	≤ ZMW150,000	≤ 10
Small	Manufacturing and Processing	≤ ZMW80,000 to 200,000 in plant and machinery; or	ZMW151,000–300,000	11 - 50
	Trading and service provision	≤ ZMW150,000		
Medium	Manufacturing and Processing	ZMW201,000 to 500,000 in plant and machinery; or	ZMW300,001 to 800,000	51 - 100
	Trading and service provision	ZMW151,000 to 300,000		

Source: MSMEs Development Policy (2008)

²⁴ <https://www.worldbank.org/en/topic/sme/finance>

²⁵ <https://nextbillion.net/future-african-smes/>

²⁶ <https://www.zambiainvest.com/economy/enterprenuerial-scheme-smes>

At the global level, the Sustainable Development Goals (SDGs) No. 2; Zero Hunger and 8; Decent Work and Economic growth have emphasised the importance of the MSMEs and encourages access to financial services, markets and opportunities for value addition as well as promote policies that are development-oriented and support productive activities, decent job creation, entrepreneurship, creativity and innovation, encourage the formalization and growth of micro, small- and medium-sized enterprises, including through access to financial services.

The Government has particularly been committed to the development of the MSMEs sector such that in the Seventh National Development Plan (7NDP) 2017-2021, the Government planned to support 1000 MSMEs under the credit guarantee scheme by 2021, to review the MSME development policy by 2019, promote business and market linkages to 40% of youth and 30% of women MSMEs and build capacity that will enhance 5000 MSMEs by 2021.

Further, the Government through the Ministry of Commerce, Trade and Industry (MCTI) has implemented several policies and regulatory measures to promote the growth and development of MSMEs. Two (2) of the statutory bodies under the MCTI, directly linked to MSMEs development are the Zambia Development Agency (ZDA) and Citizen Economic Empowerment Commission (CEEC). The ZDA has developed strategies to make it easier for MSMEs to obtain finance, supply to chain stores, access Government contracts and export to complement Government initiatives. Additionally, the Citizen Economic Empowerment Act No. 11 of 2006 was enacted to establish the CEEC and the Citizens Economic Empowerment Fund to promote the economic empowerment of targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies among others.

1.3 Motivation

In 2017, Zambia introduced the Zambia Credit Guarantee Scheme (ZCGS) which was launched in 2018 to reduce the challenges faced by the MSMEs to access finance. The Government committed five million US dollars to stimulate growth in priority sectors of the economy which would provide partial guarantees of up to 50 percent of loans extended to MSMEs in the priority sectors. The scheme would be lending to institutions having an opportunity to financially include the marginalized MSME's at a reduced risk while increasing their access to affordable finance.

Additionally, in 2012 the government introduced the 20 percent Mandatory Subcontracting Policy to ensure that major construction projects awarded 20% of their contracts to local

contractors. The local contractors had been continuously facing challenges such as poor capital and equipment base.²⁷

During Parliamentary debates, it was noted that on 19th October 2017 the Minister of Finance proposed to increase budgetary allocation to the Citizens Economic Empowerment Fund's (CEEFF) from K35.1 million for 2017 to K42.7 million in 2018 to promote enterprise financing focused on value addition. It was also noted that on 11th November 2016 the Minister of Finance informed Parliament that the cost of credit continued to be high with commercial bank average lending rates remaining at around 28.9 percent in September 2016. This was not conducive for the growth of the Micro, Small and Medium Enterprises (MSMEs) and the economy in general.

Furthermore, the Minister informed the house that industrialisation cannot take place without financing of MSMEs that form the back-bone of the economy as the credit guarantee schemes were cardinal to alleviating the constraints faced by MSMEs in accessing finance. A significant number of MSMEs in Zambia demonstrate good commercial viability, however, they were limited to conventional bank credit facilities which were caused by inadequate collateral and lenders' limited understanding of the MSME business model. The Government was to establish the Industrial Credit Guarantee Fund for MSMEs in 2017 to facilitate access to affordable financing to ensure MSMEs contribution to employment generation and economic activity.

The Development Bank of Zambia (DBZ) allocated US\$30m for lending to MSMEs in the country in 2016. These loans were meant to create stable employment, empower citizens, develop infrastructure and contribute to Zambia's economic growth²⁸. Further, on 19th October 2016, the African Development Bank of Zambia (AFDB) resident representative disclosed that the bank had approved US\$50million credit to the DBZ for lending to local MSMEs.²⁹

In addition, social media reports and articles revealed that there had been a public outcry concerning challenges faced by MSME's in Zambia. A review of an article written by Tom Liyanda and published on 22nd December 2017 stated that "almost half (49%) of Zambia's business owners perceive access to credit as a major obstacle to their business operations". The

²⁷ The 20 percent Mandatory subcontracting guidelines, Road Development Agency (RDA), 2015.

²⁸<http://www.zambiainvest.com/finance/banking/smes-loans-afdb>

²⁹<http://www.zambiainvest.com/finance/banking/smes-loans-afdb>

article further revealed that nearly all commercial lending finance goes to large companies with only 4% going to MSMEs in Zambia.³⁰

With such plans and activities taking place, the importance of ensuring that the MSME sector is developed by the Government and the desire to ascertain if the plans have been implemented within the stipulated time frame and whether communities have benefited from this motivated this audit. Therefore, a performance audit was carried out by the OAG to assess the effectiveness of the measures put in place by the MCTI through ZDA and CEEC in the development of the MSME sector in Zambia.

³⁰Tom Liyando (2017), Access to Finance: SME perceptions of financial service providers, FSD Zambia <https://www.fsdzambia.org/access-to-finance-sme-perceptions-of-financial-service-providers/> retrieved on 29.07.20

CHAPTER TWO

AUDIT OBJECTIVES AND AUDIT QUESTIONS

2.0 Introduction

This chapter highlights the overall audit objective, specific audit objectives, questions and scope that are intended to ensure that the audit objective is achieved.

2.1 Main Objective

The objective of the audit was to establish the effectiveness and efficiency of the Government's interventions in the SME sector through the Ministry of Commerce, Trade and Industry's (MCTI), CEEC and ZDA to enable the SME sector to contribute to the country's wealth and job creation.

2.2 Specific Objectives

The specific objectives were an expansion of the main objective and are as follows:

- 2.2.1** To establish the contribution of SMEs to economic development and job creation in Zambia
- 2.2.2** To assess whether the Government provides business development interventions to SMEs in Zambia
- 2.2.3** To determine whether the MCTI and its Statutory Bodies monitored the implementation of SME development programmes.

2.3 Audit Questions

The specific objectives will be addressed through audit questions in establishing the effectiveness and efficiency of the Government's intervention through MCTI, ZDA and CEEC, the audit was designed to answer the following:

2.3.1 To what extent does the SME sector contribute to the economic development and job creation in Zambia?

2.3.2 To what extent has the MCTI provided Business Development interventions to SMEs in Zambia?

2.3.2.1 To what extent has the MCTI provided Financing services to SMEs?

- i. How many companies have been linked to access to finance by ZDA through the Credit Guarantee scheme?
- ii. How many companies have accessed financial interventions through CEEC against the plan?
- iii. To what extent has the MCTI provided Business Development Support Services to SMEs?

2.3.3 To what extent has MCTI and its Statutory Bodies monitored and coordinated the implementation of SME development programmes?

- i. Have any SME growth assessment programmes been conducted?
- ii. How often are SME developmental programmes supposed to be monitored?
- iii. Have the monitoring programmes been carried out according to the stipulated standards?

2.4 Audit Scope

The audit client was the MCTI and its statutory bodies namely Zambia Development Agency (ZDA) and Citizen Economic Empowerment Commission (CEEC). The audit assessed the effectiveness and efficiency of the MCTI's interventions in the development of SMEs in Zambia. The scope included CEEC data for beneficiaries who had applied before 2015, but accessed funds after 2015 as well as businesses that had been registered. The scope did not include businesses empowered in 2020 as the processing of the loans were still in the initial stages. The audit covered the period from 2015 to 2020.

CHAPTER THREE

AUDIT METHODOLOGY

3.0 Introduction

This chapter describes the methodology used during the audit. The methodology includes an explanation and justification of the research design. It further explains the design of the audit method, the target population of the audit, sample size, sampling techniques and data analysis, methods for sampling applied and data collection from the identified audit client. The audit was conducted in accordance with the International Organisation for Supreme Audit Institution (INTOSAI) audit standards and guidelines in the OAG Performance Audit Manual. The standards require that the audit is planned in a manner which ensures that an audit of high quality is carried out in an economic, efficient and effective manner.

3.1 Audit Research Design

The audit utilised the case study approach adopting a mixed method that was inclusive of quantitative and qualitative approaches. The two approaches were used due to the relevance to the study as they provided a basis for data analysis by comparing interpretations in the audit. Whilst the audit was designed to be qualitative and quantitative, it also adopted a descriptive approach to simplify data interpretation

3.2 Audit Sampling Technique

The audit used a combination of random and purposive sampling. To select the specific beneficiaries and districts to be visited, the audit used a purposive sampling technique. In selecting the sample, the audit ensured that the beneficiaries and districts visited had the following qualities which included:

- i. Empowerment funds received in each province/ district in excess of K10,000,000;
- ii. The number of beneficiaries in each province/ district;
- iii. Availability of an industrial yard;
- iv. Performance of a value chain; and
- v. Any intervention received from CEEC/ ZDA.

3.2.1 Audit Sample Population and Size

The sample population was drawn from ten (10) provinces out of which six (6) were visited namely Lusaka, Central, Southern, Copperbelt, North-Western and Northern. A total sample size of 21 out of 116 districts was purposively selected namely Kafue, Namwala, Choma, Zimba, Livingstone, Lusaka, Chongwe, Chilanga, Mumbwa, Kabwe, Ndola, Kitwe, Luanshya, Lufwanyama, Kalulushi, Chingola, Solwezi, Kasama, Mungwi, Mbala and Mpulungu.

In these areas five (5) industrial yards, seven (7) value chains and twenty five (25) beneficiaries that had received services from ZDA were considered as well as sixty one (61) SMEs that benefited from CEEC and eight (8) that had not received any services. See **Appendix I**. The value chains included dairy, cassava, beef, poultry, construction, fish and tourism.

The CEEC disbursed a total of K 119,215,521.60 in the period under review to eighteen (18) value chains. The selection of businesses was based on those which had registered business names.

3.3 Methods for Data Collection

Three (3) methods for data collection were used to collect primary and secondary information. Secondary information was obtained from document reviews while primary information was obtained from interviews and physical inspection of SME's places of operation and industrial yards.

3.3.1 Document Review

Document review was conducted to obtain secondary data. The detailed list of relevant documents reviewed and the purpose of the review is shown in **Appendix II**.

3.3.2 Interviews

Interviews were conducted with key personnel from the relevant institutions namely ZDA, CEEC, Ministry of Housing and Infrastructure Development (MHID), ZCGS, Road Development Agency (RDA) that were charged with the task of development of SMEs and selected SMEs to gain further insights on the SMEs operations and activities. Interviews were also used to corroborate data obtained from the document reviews as well as obtain the challenges faced by the institutions in executing their duties. **Appendix III** shows the list of personnel interviewed at the institutions visited during the audit.

3.3.3 Physical Inspections

Physical inspections were conducted at the SMEs and industrial yards that had received interventions. **Appendix I** shows the list of SMEs visited in the selected districts.

3.4 Data Analysis

The qualitative data collected through interviews and documents review was analysed using the content analysis which categorised the main themes under each audit question. Quantitative data collected was also analysed and presented through tables and charts where appropriate using Microsoft Excel.

CHAPTER FOUR

DESCRIPTION OF THE AUDIT

4.0 Introduction

The chapter describes the legal framework of the MCTI, its mandate, organisational structure, funding details and its key stakeholders as well as a description of the systems relating to the operations of SMEs.

4.1 Mandate and Legal Framework

The MCTI is mandated by the Government Gazette Notice No. 6526 of 2016 Vol. LII No. 76 to administer national policy for private sector development. The MCTI coordinates industrial, commercial and trade matters and liaises with various public and private sector organisations to facilitate the implementation of government sector policies related to trade and industry among others.

4.2 Roles and Responsibilities

The MCTI has portfolio functions as contained in Government Gazette Notice Number 836 of 2016 among others which include:

- Business Names;
- Business Regulation;
- Commercial, Trade and Industrial Policy;
- Companies;
- Competition and Consumer Protection;
- Cooperatives Development;
- Copyright;
- Industrialization Policy;
- Industrial Research;
- Intellectual Property;
- Investment Policy; MSME;
- Development Privatization Policy;

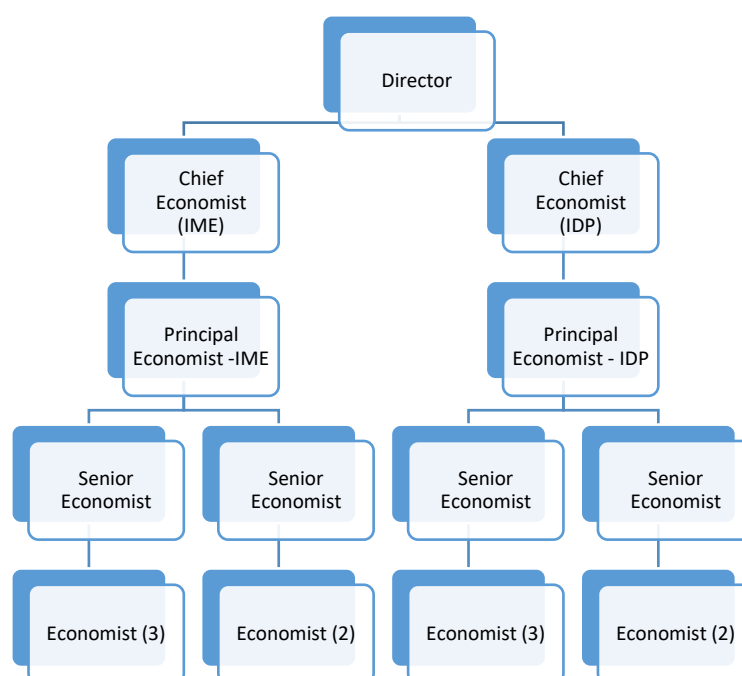
- Standardization, Standards Quality Assurance; and
- Weights and Measures.

4.3 Organisational Structure

The MCTI has seven (7) departments namely Industry, Domestic Trade and Industry, Foreign Trade and Cooperatives, Human Resources and Administration, Planning and Information and Finance.

Key to this audit is the department of industry which has the mandate of facilitating investments and industrial development by initiating policies, programmes and projects for the development of the industrial sector. The Department is further mandated to identify necessary support to orient industries and strengthen their capacities in light of the liberal economy. The department of industry is comprised of two sections the Industrial Monitoring and Evaluation (IME) and Industrial Development and Programmes (IDP). The department is headed by a Director who reports to the Permanent Secretary. The Director is supported by a Chief Economists, Principal Economist, two Senior Economists and five economists in each of the two sections See **Figure 4.1**

Figure 4.1: Department of Industry Organisational Structure



Source: MCTI 2021

4.4 Budget and Funding

During the period 2017 to 2020 out of the budget of K1, 551, 512,036.00 MCTI only allocated K567, 186 for different activities related to MSMEs development and from the total funding of K399, 968, 015 MCTI released amounts totalling K432,186 to MSMEs representing 0.1%. The budgets and releases for 2019 MSMEs were not provided as at 31st December, 2021. See Table 4.1 below.

Table 4.1: Budget and Funding for the Periods 2017 to 2020

Year	MCTI Budget Estimates	MCTI Actual Releases	Total Budget for MSMEs	Total Funding for MSMEs
	K	K	K	K
2017	597,278,873	5,882,710	200,000	140,000
2018	59,042,400	370,000	275,000	200,000
2019	85,059,400	14,472,900	-	-
2020	810,131,363	379,242,405	92,186	92,186
Totals	1,551,512,036	399,968,015	567,186	432,186

Source: Estimates of Revenue and Expenditure 2017, 2018, 2019 and 2020.

4.5 Statutory Bodies

The MCTI has the main responsibility of coordinating the activities of the MSME's with the support of its six (6) statutory bodies out of which two (2) namely CEEC and ZDA were selected for this audit as detailed below.

4.5.1 The Citizen Economic Empowerment Commission (CEEC)

The Citizens Economic Empowerment Commission (CEEC) is a corporate body established through the enactment of the Citizens Economic Empowerment Act No. 9 of 2006 to foster broad-based economic empowerment. Some of its functions include:

- working in conjunction with other financial institutions which finance micro and small enterprises;
- monitoring, establishing and designing standards for loan administration;
- effective use of loan funds and repayment mechanisms by groups of citizens or co-operatives of companies to curb misuse of financial resources; and
- reviewing the framework for the provision of development services to micro and small businesses in response to changing circumstances that ensures timely and priority payments to micro and small enterprises such as citizens, citizen empowered companies, citizen influenced companies and citizen owned companies.

In order to carry out its functions, the CEEC operates through two (2) departments namely Credit Control and Risk and Business Development.

i. Directorate of Credit Control and Risk

The directorate ensures that adequate and effective operational procedures, internal controls and systems are in place for identifying, measuring, analysing, controlling, monitoring and reporting of any and all actual and latent risks. The functions include ensuring maintenance and updating of the Risk Register, the risk management manual and policy documents are circulated to all stakeholders; and coordination of due diligence activities of the Commission as the basis for decision making in credit portfolio investments for risk mitigation based on the due diligence procedure manual and project screening procedure of the Commission³¹. The directorate is also responsible for the loans through the Citizens Economic Empowerment Fund throughout the credit cycle from the initial contact with the prospective borrower to complete repayment of the outstanding amounts³²

ii. Business Development Directorate

The directorate deals with the promotion of a conducive policy, legal and regulatory environment supportive of iconic empowerment of targeted citizens and targeted companies (through the development of reservation schemes, sector codes of good practice, facilitation of preferential procurement, promotion of an entrepreneurial mind-set among targeted citizens and skills development) as well as all administrative activities related to the processing of loans, maintenance of loans and preferential procurement certificates database, monitoring and evaluation and training of beneficiaries. The directorate also provides business development support to targeted citizens and targeted companies.

4.5.2 Zambia Development Agency (ZDA)

The Zambia Development Agency (ZDA) was established under the ZDA Act No. 11 of 2006. Its mission is to promote and facilitate investment, trade and enterprise development. ZDA aims to accomplish its mandate through an efficient, effective and coordinated private sector led economic development strategy. The Agency is also charged with the responsibility of facilitating the development of micro, small and medium-sized enterprises in the country by creating a favourable business environment.

³¹CEEC Credit Risk Manual 2015

³² CEEC Credit Policy 2015

It is also mandated to formulate, co-coordinate and implement policies and programmes designed to promote and develop micro and small business enterprises. ZDA is also responsible for trade development, investment promotion, enterprise restructuring, the development of green field projects, trade and industry fund management, and contributing to skills training development in Zambia. All the services related to MSME development are carried out by the Enterprise Development Directorate.

4.6 Other Stakeholders

The key stakeholders that play a role in the SMEs include the following as shown in Table 4.2.

Table 4.2: List of Stakeholders and their Roles

Institution	Role
Ministry of Housing and Infrastructure Development (MHID) renamed to Ministry of Infrastructure, Housing and Urban Development	To implement policies related to the provision of contracts in favour of local MSMEs.
Road Development Agency (RDA)	To implement policies related to the provision of contracts in favour of local MSMEs in the construction sector.
Ministry of Finance (MoF) renamed to Ministry of Finance and National Planning	To oversee the Credit Guarantee Scheme by providing guidance and laws in relation to the provision of Guarantees for local MSMEs.
The Zambia Credit Guarantee Scheme (ZCGS)	To implement the role of providing guarantees to Banks on behalf of MSMEs.
Zambia Statistics Agency	To compile, analyse, abstract and disseminate social, economic and financial statistics in order to help provide informed decision making of MSME activities.
African Development Bank (AFDB)	The bank has provided funding K300 million for the construction of seven (7) industrial yards and commercialization of the cassava initiative to increase the MSME participation in production.
Ministry of Fisheries and Livestock	The aquaculture seed fund in fish farming in order to increase the number of MSME in this sector.
Keyman Insurance	It provides assurance services to MSME and compensates the commission in cases where promoters lose their lives before they liquidate the loans.
Experienced Business Experts	These provide mentorship services on behalf of CEEC to MSMEs before disbursement of funds to the successful applicants.

Source: Information obtained from CEEC, ZDA and MCTI

4.7 System Description

The MCTI and various stakeholders have identified MSMEs development as a key potential area of economic and social development. The MSMEs development uses two streams namely financial and non- financial services to provide development interventions to MSMEs.

4.7.1 Citizens Economic Empowerment Commission

The CEEC provides financial and non-financial services as explained below:

4.7.1.1 Loan Application - Financial Services.

This loan application process has five (5) stages that are followed for an MSME to qualify or be granted a loan as follows:

i. Call for Applications

The Commission issues a Call for Applications in the media and makes application forms for participation in value chains obtained in selected districts available to the public at the beginning of each year. Once an application is received, it's given a Project Identification Number and details of the applicant entered in a log book. The applications go through different evaluation stages.

ii. Concept Note Evaluation

All applications received are evaluated before the deadline for submission against several eligibility and assessment criteria taking into account the applicant and the proposed project. This is a two-staged evaluation process with the first stage taking place at the provincial level by the Provincial Empowerment Evaluation Committee (PEEC) and the second stage at the CEEC head office by the Technical Evaluation Committee.

The Provincial Empowerment Evaluation Committee (PEEC) is the preliminary evaluation committee that looks at the applicant eligibility and makes recommendations to the next stage. Once this exercise is completed, the PEEC through the Provincial Empowerment Coordinator sends all applications received separately packaged for each district/industry, copies of overall average (consensus) Evaluation Score Sheets and Summary assessment to the Director General for further assessment by the Head Office based Technical Committee.

iii. Decision stage: Technical Evaluation Committee (CEEC Head Office)

After receiving all applications from the PEEC, the Technical Evaluation Committee at CEEC head office subjects all applications to a more rigorous quality assurance process, technical feasibility and commercial viability assessment. This is the final and decisive step in the selection process of the submitted Concept Notes. The application's responsiveness and suitability in regards to the value chain based cluster proposition are also assessed. The Committee also undertakes a review of all the other concept notes received to ensure that they have been fairly excluded from the shortlist. Once the shortlist recommendations are finalized,

all applicants are communicated to in writing, and for rejected applications, reasons are given. The CEEC then proceeds with the selected Concept Notes to the next phase of business plan development.

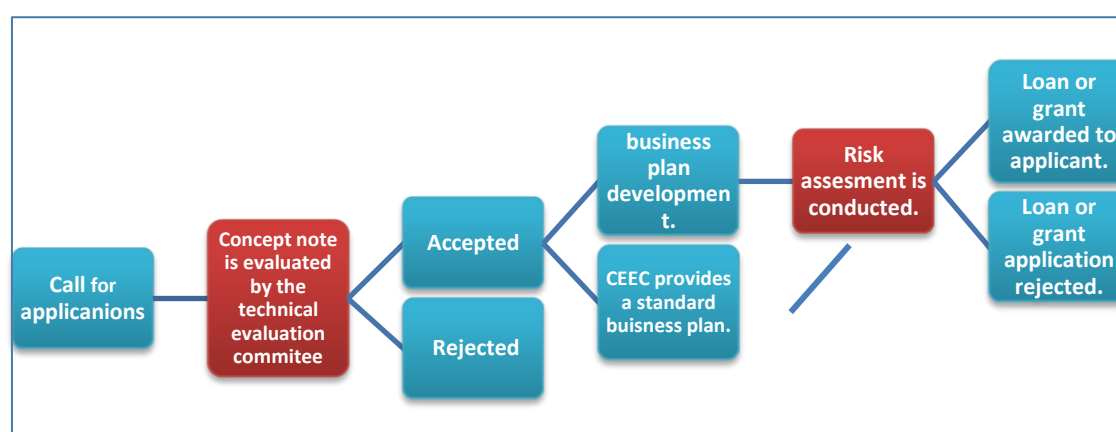
iv. Business Plan Development

The applicants selected by the Technical Committee will be informed to proceed with business plan development. The CEEC will, as appropriate put out a separate call for business development service providers and publish a list of recommended Business Development Service Providers (BDSP) who are available at a cost to the applicant to help with the development of the business plan.

v. Risk Assessment.

All completed business plans are submitted to the CEEC through the various provincial offices where the respective Provincial Credit Control and Risk Officers lead the assessment of the business plans for preliminary viability before submission to head office for final risk assessment. The Credit and Due Diligence Manuals will be invoked and applied when conducting the risk assessment. All applications meeting risk assessment requirements are then forwarded to the Management Credit Committee for further review and consideration. See figure 4.2 below.

Figure 4.2: CEEC Loan Award Process



Source: CEEC Credit Risk Manual- 2015

4.7.1.2 Business Development Services (BDS) - Non-Financial System

This system provides non-financial business development services to successful applicants. BDS aims to transfer business skills or offer business advice to MSMEs³³. The BDS include mentoring support, contract handhold and transfer, corporate turnaround services, pre-finance training (which include general and specialized skills development, financial and business management), market linkages (which include linkage to accreditation agencies, endorsement letters, preferential procurement, trade exhibitions trade fair and international trade expose) development of reservation schemes and sector codes of good practice, promotion of an entrepreneurial mindset among targeted citizens and skills development as detailed below³⁴.

- **Mentoring Support**

The CEEC or other mentors provide support to MSME's to help grow their businesses. Mentors receive an honorarium for their work from the funded businesses which is included in the cash flow projections of each business plan and form part of the business loan from the Commission.

- **Contract, Handhold And Transfer:**

This is a process that applies to MSMEs when CEEC identifies that it has technical and financial challenges. It is a mitigation measure for the risk of project management failure, where the CEEC mobilizes and engages relevant skilled Business Development Service Providers (BDSPs) to support the owner in the early stages of the project. The CEEC supports the targeted company in the value chain during the initial operational phase and later transfers operational control over to the owner upon satisfaction that significant knowledge transfer has occurred.

- **Corporate Turnaround Services (CTS):**

This is a mitigation measure used to resuscitate a business through reorganization, restructuring and/or additional investment when an MSME has failed to run a business. This option is at the discretion of the Commission and Selected Corporate Turnaround Professionals (CTPs) are engaged through turn around agreements assigning them enterprises to turnaround based on specific terms of reference.

³³ www.ifc.org > connect > SouthAfrica Women Sections5-7

³⁴ CEEC (2015) Business Development manual pp.8-22

- **Market Linkages:**

The MSME are provided with market linkages at various stages of the business. These linkages provided to businesses may include registration with ZRA, PACRA, ZABS (accreditation), to large Corporations, suppliers of inputs in various places.

- **Monitoring:**

This is a service provided to assess how a business is operating or performing to guide business improvement where necessary.

4.7.2 Zambia Development Agency (ZDA)

The ZDA provides non-financial services in the development of MSME through Entrepreneurship Development Support and Enterprise Development as explained below.

a. Entrepreneurship Development Support:

This service deals with the development of the SME owner to promote the entrepreneur skills that enhance management and business sustainability skills. This process is broken down into two stages:

Stage 1: Once an SME identifies the need for assistance through various means such as social media, adverts, fliers and various interactions. At this stage, ZDA may offer services that steer mind-set transformation to enable entrepreneurs to generate business ideas and formalize business enterprises. The main services provided are to help SME owners generate business ideas and formalize their business enterprises.

Stage 2: Once the SME has been registered, the business goes through a process called business incubation. The services provided include product development, coaching and mentorship.

b. Enterprise Development:

This service deals with the growth of the business to confirm its capacity. The SME owner is taken through a process called Business acceleration. In the process, the business is linked to various organizations that would help grow its capacity. The SME is provided with services that enable access to business finance and access market linkages to steer the growth of business enterprises to create jobs and generate wealth.³⁵.

³⁵ Enterprise Development Division (Edd), Standard Operating Procedures (2017)

CHAPTER FIVE: AUDIT CRITERIA

5.0 Introduction

The chapter introduces the criteria that were used to assess the performance of the MCTI, ZDA and CEEC.

5.1 Sources of Criteria

The sources of the audit criteria include:

- Seventh National Development Plan 2017- 2021;
- MSME Development Policy 2008;
- MCTI Strategic Plan 2018-2021;
- ZDA Strategic Plan 2018-2021;
- CEEC Strategic Plan 2017-2021;
- CEE Act No 9 of 2006;
- ZDA Act No.11 of 2006;
- CEEC Operations Manual for Business Development 2015; and
- CEEC Credit Policy 2015.

5.2 Detailed Audit Criteria

This section discusses the sources of criteria in detail and these are as follows:

5.2.1 MSMEs Contribution to Economic Development and Job Creation in Zambia

- To facilitate the creation and development of viable Micro, Small and Medium Enterprises that contribute 30% towards annual employment creation and 20% towards Gross Domestic Product³⁶.
- Improve MSMEs' access to appropriate business financing that effectively facilitates enterprise establishment, growth and expansion³⁷.
- Improve MSMEs' access to appropriate and affordable business infrastructure and operating premises to enhance progression and growth of individual enterprises and

³⁶ MCTI 2008 MSME Development Policy -2.4 Development policy

³⁷ 2008 MSME Development policy Chapter 3.2.5.3

designate land and establish Multi-Facility Economic Zones with a focus on developing suitable Infrastructure for MSMEs in different parts of the country³⁸.

- Increase participation in the economy for targeted citizens to at least 150,000 and predictable direct jobs will be created for targeted citizens by 2021 at the level of empowerment funding of K500 million over five years. Job creation will be increased proportionally to any increases in empowerment funding to the Commission³⁹.

5.2.2 MCTI provision of Business Development Interventions to SMEs in Zambia?

- To create a vibrant, dynamic sector that contributes 20% of Gross Domestic Product and 30% annually to the creation of decent employment.⁴⁰ In addition, the Agency shall facilitate and promote trade and business development by improving the quality, availability and access of financial and non-financial services to business enterprises⁴¹. In addition, ZDA MSE Division shall be responsible for regulating the MSME sector and its various implementing organizations and structures and ensuring that all MSME development activities create synergy and are directed at achieving set national goals and objectives⁴².
- The government planned to promote programmes that will lead to improving access to finance by MSMEs⁴³.
- The Commission was supposed to support three (3) districts per year per province with value chain development support⁴⁴.
- A value chain specifies what product needs production, what steps are involved in the production process, and who will do what task⁴⁵.
- The Commission is supposed to provide credit to targeted clients and operate a self-sustaining revolving empowerment fund as well as ensure that the correct loan amount is timely disbursed to the client.⁴⁶

³⁸ 2008 MSME Development policy Chapter 3.2.6.3 and 3.2.6.4 Strategy iv

³⁹ CEEC 2017-2021 Strategic Plan

⁴⁰ MCTI 2008 MSME Development Policy Goal 2.2

⁴¹ ZDA Act No 11 of 2006 13 1 (b)

⁴² MCTI 2008 MSME Development Policy Goal 4.1.3

⁴³ 7NDP - Strategy 4

⁴⁴ CEEC Business Services Development Manual 2013 - 2016

⁴⁵ <https://www.edrawmax.com/value-chain/>

⁴⁶ CEEC Strategic Implementation Plan 2017- 2021

- The development of more effective BDS will lead to increased competitiveness of supported MSMEs, resulting in more viable enterprises, more job creation, increased incomes at both business and household levels, and ultimately sustained poverty reduction in Zambia⁴⁷.
- The Government planned to support 5000 MSMEs under the credit guarantee scheme, promote business and market linkages to 40% of youth and 30% of women MSMEs and build capacity⁴⁸.
- To improve service delivery in promotion and facilitation of investment, export and enterprise through operationalising the decentralisation of ZDA services⁴⁹.

5.2.3 MCTI and its Statutory bodies monitor and coordinate the implementation of SME development programmes

- The MCTI shall conduct periodic monitoring exercises to assess adherence to the provisions of the policy and to determine whether interventions activities are contributing towards the achievement of the policy goal and identified development objectives and conduct at least one monitoring exercise per year.⁵⁰
- The CEEC should monitor and evaluate economic empowerment initiatives⁵¹.
- The ZDA will conduct at least two monitoring visits per year and will conduct an impact assessment exercise every two years.⁵²

⁴⁷ CEEC 2015 Business Development Manual

⁴⁸ 7NDP 2017-2021

⁴⁹ Zambia Development Agency Strategic Plan 2017– 2021

⁵⁰ MCTI (2008), MSME Development Policy 2008-2018 , Point 7 p.36, para 1

⁵¹ CEEC Act of 2006 Part II (v)

⁵² MCTI (2008), MSME Development Policy 2008-2018 Point 7, p.36, para 3

CHAPTER SIX: FINDINGS

6.0 Introduction

The chapter highlights the findings generated by the audit by comparing sufficient and appropriate evidence to criteria, verifying the problem(s) and analysing causes to the problems based on criteria

6.1 Has MCTI ensured that the SME Sector Contributed to Economic Development and Job Creation in Zambia?

6.1.1 Facilitation for Contribution to Employment Creation and GDP

The MCTI is supposed to facilitate the creation and development of viable Micro, Small and Medium Enterprises that contribute 30% towards annual employment creation and 20% towards Gross Domestic Product⁵³.

Interviews with personnel from MCTI, CEEC and ZDA revealed that facilitation had been done however there were no statistics or reports produced by MCTI to show the levels that the MCTI had achieved through its statutory bodies in relation to the creation of employment and contribution to GDP. In the absence of statistics, it was difficult to ascertain whether MCTI carried out any activities to facilitate for creation and development of SMEs. Without the involvement of the MCTI which is supposed to be instrumental to the sector, the MSMEs will not contribute to GDP and employment creation.

6.1.2 Business Infrastructure

The MSMEs will improve access to appropriate and affordable business infrastructure and operating premises to enhance the progression and growth of individual enterprises as well as designate land and establish Multi-Facility Economic Zones with a focus on developing suitable infrastructure for MSMEs in different parts of the country⁵⁴. Furthermore, the objective of having industrial yards was to enable MSMEs to generate income from the use of natural resources and agricultural produce thereby accelerating industrialisation and value addition.

During the period under review, amounts totalling K172, 630,799.95 were spent on the construction of eight (8) industrial yards in seven (7) provinces. Each industrial yard was expected to create 500 sustainable light manufacturing jobs mostly for young people and

⁵³ MCTI 2008 MSME Development Policy -2.4 Development policy

⁵⁴ 2008 MSME Development policy Chapter 3.2.6.3 and 3.2.6.4 Strategy iv

women.⁵⁵ However, a physical inspection of the yards and interviews with personnel revealed that as at 31st October 2021, the yards were not operational and the following were further observed:

i. Construction and Operationalisation of the Industrial Yards

The construction of industrial yards was to be implemented in seven (7) provinces from 2018 to 2020, however, the construction was delayed by three (3) to fifteen (15) months and had not been operationalised as at 31st October 2021.

Operationalisation of industrial yards requires that equipment be procured and installed to enable MSMEs to start their operations, however, interviews with the Project Manager and Provincial Coordinators revealed that government counterpart funding in amounts totalling K41, 042, 625.00 meant for equipment and funding to MSMEs had not been received from the treasury. As of 31st October 2021, the government released K 1, 142, 730.35 representing 2.8 % of the total amount was disbursed to the MSMEs that were allocated slots in the industrial yards to start their operations. The industrial yards' delayed completion was attributed to challenges such as the delayed acquisition of land, encroachments and delayed handover of projects. See **Appendix IV and Table 6.1 below.**

Table 6.1: Delayed Completion of Yards

Yard	Proposed Date of completion	Date of Handover	No. of Months Delayed
Kasama	August 2019	30.11.2019	3
Ndola & Kitwe	August 2019	30.10.2020	15
Solwezi	August 2019	30.10.2020	15
Chipata & Mongu	August 2019	30.06.2020	10
Lusaka	August 2019	Incomplete	Incomplete
Mansa	August 2019	Incomplete	Incomplete

Source: Performance Audit Analysis -2021

As can be seen in Table 6.1 above, delayed completion of such projects has impacted negatively on the economy as the objective of construction of the industrial yards was to create jobs for citizens was not achieved. As a result, there was no contribution to the GDP.

⁵⁵ CEEC 2019 annual report

ii. Revenue Generation from the Industrial Yards

Document review revealed that the CEEC planned to receive K744, 000 per annum if the industrial yards had been completed and operationalised. Interviews with the Provincial Coordinators revealed that six (6) industrial yards were completed and handed over to the CEEC.

Consequently, CEEC wrote a letter to request for funds to commence the operations of the yards through the MCTI on 8th February 2021 which was delayed by three (3) to fifteen (15) months from the date the industrial yards were handed over to CEEC. As a result, the MCTI was losing income totalling K8, 928, 000 per annum and as at 30th April 2021 the figure had accumulated to K13, 392,000 which was supposed to be generated from the industrial yards. Therefore, the SMEs did not create the expected jobs neither did they contribute to GDP. See Table 6.2 below.

Table 6.2: Delayed Completion of Projects and Lost Revenue

Yard	Proposed Date of completion	Hand over	No. Of Months of Delayed Occupation	No. Of Months of Delayed Revenue Collection	Expected Monthly Revenue K	Expected Annual Revenue K	Possible Lost Revenue Due to Non-Occupation K	Variance - No. of Months Occupied Vs Delayed Revenue Collection
Kasama	19-Aug	30.11.2019	3	18	103,500.00	1,242,000.00	1,863,000.00	15
Ndola	19-Aug	30.10.2020	15	18	103,500.00	1,242,000.00	1,863,000.00	3
Kitwe	19-Aug	30.10.2020	15	18	103,500.00	1,242,000.00	1,863,000.00	3
Solvezi	19-Aug	30.10.2020	15	18	103,500.00	1,242,000.00	1,863,000.00	3
Chipata	19-Aug	30.06.2020	10	18	61,500.00	738,000.00	1,107,000.00	8
Mongu	19-Aug	30.06.2020	10	18	61,500.00	738,000.00	1,107,000.00	8
Lusaka	19-Aug	Incomplete	Incomplete	18	103,500.00	1,242,000.00	1,863,000.00	Incomplete
Mansa	19-Aug	Incomplete	Incomplete	18	103,500.00	1,242,000.00	1,863,000.00	Incomplete
Total					744,000.00	8,928,000.00	13,392,000.00	

Source: Performance Audit Analysis -2021

iii. SMEs Operating from the Yards

Document review and interviews revealed that the eight (8) industrial yards that were supposed to accommodate 172 SMEs only allocated twenty eight (28) SMEs representing 16% as at 31st October 2021. Out of the twenty eight (28) SMEs, sixteen (16) had started operating from the industrial yards leaving twelve (12) non- operational. See table 6.3 below:

Table: 6.3 Operational SMEs in the Industrial Yards

INDUSTRIAL YARD	Total No. of slots in the Industrial Yards	No. MSMEs Allocated slots in the Industrial Yards	% of allocated slots to total No. of Slots in the Industrial Yards	No. of Operational MSMEs	No. of non operational MSMEs
CHIPATA	17	9	53	5	4
NDOLA	30	shortlisted	-	-	-
MONGU	17	8	47	3	5
KASAMA	22	11	50	8	3
SOLWEZI	20	shortlisted	-	-	-
Lusaka	18	shortlisted	-	-	-
Mansa	18	shortlisted	-	-	-
Kitwe	30	shortlisted	-	-	-
Total	172	28	16	16	12

Source: Performance Audit 2021

Failure for SMEs to operate has hindered SMEs contribution to wealth and job creation and GDP.

6.1.3 Impact on Job Creation after Intervention

Job creation is the process by which the jobs in an economy increase. The Government had introduced interventions through CEEC and ZDA to enable the MSME sector contribute to the economy through job creation. Therefore, to assess the impact on job creation by MSMEs, the following was observed:

6.1.3.1 Citizen Economic Empowerment Commission

There would be increased participation in the economy for targeted citizens to at least 150,000 predictable direct jobs which would be created for targeted citizens by 2021 at the level of empowerment funding of K500 million over five years. Job creation will be increased proportionally to any increases in empowerment funding to the Commission⁵⁶. The CEEC was supposed to create 30,000 jobs for each of the years from 2017 to 2021 at the level of funding of K100 million per year.

However, during the period under review Government had only disbursed K35 million and a review of the CEEC Annual Reports revealed that a total of 17, 174 jobs had been created between 2017 and 2020 representing 14.3%. Similarly, the CEEC created less than fifty percent of the planned jobs in the period under review 2017 to 2021. Furthermore, CEEC could not provide evidence of MSMEs which created the 17,174 jobs as at 31st August 2021. See Table 6.4 below.

Table 6.4: Number of Jobs Created

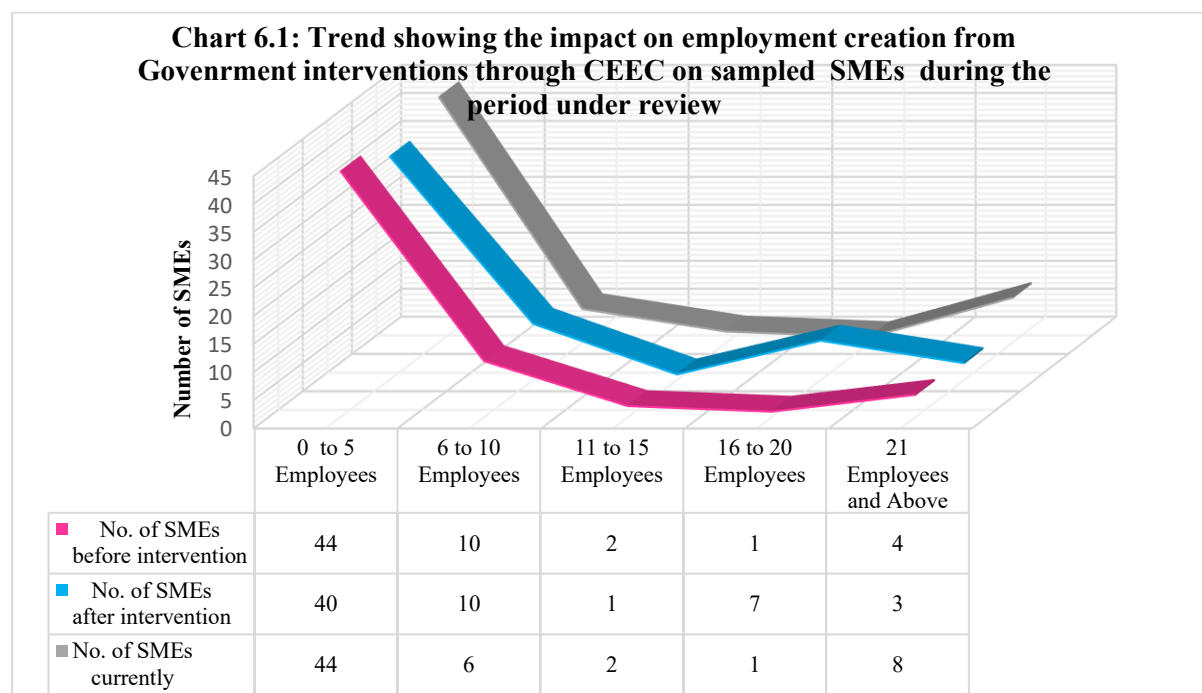
Year	Planned Jobs	Number of Jobs Created	% of Jobs Created Against Planned
2017	30,000	2,760	9.2
2018	30,000	862	2.9
2019	30,000	440	1.5
2020	30,000	13,112	43.7
Total	120,000	17,174	14.3

Source: CEEC 2020 Annual Report

In addition, interviews conducted with sixty one (61) SMEs to establish the impact on the levels of employment created as a result of accessing the empowerment fund revealed that forty four (44) SMEs created between 0 to 5 jobs before and after receiving the fund from CEEC. Furthermore, SMEs which created between 6 to 10 jobs reduced from 10 before the intervention to 6 after the intervention, while SMEs that created between eleven (11) to fifteen (15) jobs remained at two (2) both before and after the intervention and SMEs that created

⁵⁶ CEEC 2017-2021 Strategic Plan

above sixteen (16) jobs increased from four (4) before the intervention to eight (8) SMEs after the intervention. See **Chart 6.1** below.



Source: Performance Audit Analysis-2021

In addition, interviews revealed that the number of jobs created by the MSMEs was decreasing over time as a result of delayed funding received from the CEEC which affected the operationalisation of their businesses. The cost of machinery which MSMEs had planned to acquire with the fund increased therefore the working capital was diverted to cover the extra cost for machinery. Therefore, the MSMEs had low sales and low working capital to engage the employees, thus hampering the creation of employment and contribution to GDP.

6.1.3.2 Zambia Development Agency

ZDA facilitates the development of MSMEs to achieve wealth and job creation. The goal of the MSME Policy is to create a vibrant, dynamic sector that contributes 20% of Gross Domestic Product and 30% annually to the creation of decent employment⁵⁷.

A review of the 2017–2020 ZDA Annual Reports revealed that 11, 848 jobs were created by MSMEs which had received an intervention from ZDA. However, interviews with twenty five (25) SMEs revealed that nine (9) SMEs were not operational before receiving the intervention and therefore did not create jobs. While after the intervention the number of SMEs which did

⁵⁷ MCTI 2008 MSME Development Policy Goal 2.2

not create jobs increased to nineteen (19) as at 31st October 2021. The non-creation of jobs was as a result of the SMEs having low sales or being non-operational as seen in **Table 6.5** below.

Table 6.5: Operational and Non-Operational MSMEs under ZDA

No. of MSMEs	Number of MSMEs that were operational	Deteriorating/ Stagnant/ Non-Operation	Total SMEs
Before intervention	16	9	25
After Intervention	6	19	25

Source: Performance Audit Analysis-2021

As it can be seen from Table 6.5 above, the ZDA did not work with the MSMEs to ensure that the national goals of job creation and contribution to GDP were achieved.

6.1.4 Impact of the Interventions on the Sales

Interviews were carried out with MSMEs under CEEC and ZDA to assess the impact of the intervention on MSMEs sales volumes. The following was observed.

6.1.4.1 Citizen Economic Empowerment Commission

To assess the impact of the empowerment fund on the businesses, SMEs had to state their position before and after the intervention. An analysis of the SME businesses revealed that out of the sixty-one (61) SMEs interviewed, forty-three (43) were operational before the intervention and forty (40) after the intervention. The total number of businesses that made sales were thirty one (31) while thirty (30) had not made any sales as at September 2021. Failure to make sales from the businesses was attributed to SMEs not having a good market for their products, being non-operational and having low production capacity to supply big markets.

In addition, the change in business sales was an indicator that was used to assess the performance of the business sales figures, Interviews with SMEs revealed that SMEs sought empowerment intervention in order to improve their business position. Therefore, the low sales volumes that were experienced by the SMEs could not help the SMEs to create employment. If the position in terms of sales to the businesses position after the intervention was static then it meant that the fund did not have a tangible impact on the businesses and the economy at large. See **Table 6.6**.

Table 6.6: Operational and Non- Operational SMEs

Position of MSME	Operational SMEs	Deteriorating/Stagnant/ Non Operation	Total SMEs
Before Intervention	43	18	61
After Intervention	40	21	61
SMEs that made Sales	31	30	61

Source: Audit Analysis – 2021

6.1.5 Impact of the Interventions on the SMEs Customers.

Interviews were carried out with SMEs under CEEC and ZDA to assess the impact of the intervention on SMEs. The following were observed.

6.1.5.1 Citizen Economic Empowerment Commission

Business Environmental assessment will be carried out as appropriate in programme management and project design to ensure that environmentally-friendly processes are promoted to inform applicable aspects of strategy implementation when appropriate⁵⁸ Interviews with the SMEs revealed that thirty three (33) businesses were selling their produce in the open market both before and after receiving the empowerment fund. The businesses which had established contracts with customers (specific client base) had increased from twelve (12) to seventeen (17) as at 31st October 2021. However, there was a decline in the number of SMEs which did not have clients from sixteen (16) SMEs before the intervention to fifteen (15) as at 31st October 2021. See **Table 6.7** below.

Table 6.7: Impact of Empowerment Fund on MSMEs Customers

No. of SMEs	Specific client base	Open market	No clients	Total SMEs	%open market/ total SMEs	% No client base/tot al SMEs
Before	12	33	16	61		
October 2021	17	33	15	61	54	25

Source: Performance Audit Analysis 2021

⁵⁸ CEEC 2017 – 2021 Strategic plan

As can be seen from **Table 6.7** above, the business opportunity was limited to 54% for SMEs operating in the open market and 25% for SMEs without clients. This meant that there was minimal business growth and contribution to GDP by the SMEs even after the interventions.

6.1.5.2 Zambia Development Agency

ZDA is expected to assess the effectiveness of intervention activities and the overall impact of SME support activities on the performance of the sector⁵⁹.

Interviews revealed that fourteen (14) out of twenty five (25) SMEs were selling in the open market before intervention. However, the number reduced to twelve (12) as of 31st October 2021. Furthermore, the number of SMEs that had established businesses with their clients increased from three (3) before intervention to five (5) after the intervention. However, SMEs that did not have clients remained at eight (8) as at 31st October 2021. See **table 6.8** below.

Table 6.8: MSMEs' Clients

No. of SMEs	Open market	Established business with clients	No clients	Total
Before	14	3	8	25
October 2021	12	5	8	25

Source: Performance Audit Analysis 2021

The decrease in the number of clients implied that the SMEs had not contributed to their business growth hence affecting the sector's contribution to GDP.

6.1.6 Impact of Interventions on SMEs to Open New Branches and Businesses After Empowerment

An empowered SME should record growth in terms of opening new branches, diversification into new businesses and ownership of assets or operating from rented properties. However, the following was observed:

6.1.6.1 Citizen Economic Empowerment Commission

Interviews with the SMEs revealed that fifty-three (53) SMEs representing 87% did not record growth in terms of opening new branches while eight (8) representing 13% opened new branches. Further, three (3) SMEs representing 5% diversified into new business while fifty eight (58) representing 95% did not diversify. See **table 6.9** below.

⁵⁹ 2008 SME development policy chapter 7

Table 6.9: New Branches and Diversified Businesses

Type of growth	New businesses branch	% of SMEs with new branches	Diversified businesses	% of SMEs that diversified
No. of SMEs with new branches/ diversification	8	13	3	5
No. of SMEs without new branches/ diversification	53	87	58	95
Total	61		61	

Source: Performance Audit Analysis 2021

Interviews with the SMEs revealed that the funds obtained from CEEC were used to enhance their businesses as they already had business acumen. The 13% of the SMEs that opened up new branches, if well harnessed can lead to a vibrant SME sector contributing to poverty reduction from household level to the entire economy.

6.1.6.2 Zambia Development Agency

Interviews with twenty-five (25) SMEs revealed that two (2) representing 8% had opened new branches in Choma and Solwezi, one (1) representing 4% had diversified into a new business, three (3) representing 12% owned all the assets they required to run their businesses, twenty two (22) representing 88% operated from rented properties and three (3) representing 12% owned the place of business operation.

This, therefore, implies that the interventions being provided by the ZDA are yet to yield results that will impact both the SMEs and the economy in terms of employment creation and contribution to GDP.

6.2 Has the MCTI provided Business Development Interventions to MSMEs in Zambia?

Business Development Services are interventions provided by CEEC and ZDA to MSMEs which are either financial or non-financial. CEEC provides both financial and non-financial services while ZDA provides non-financial services. The following were observed:

6.2.1 Access to Finance

This is the provision of financial services trade finance, as well as loan guarantees to MSMEs. This was supposed to be provided through CEEC and Zambia Credit Guarantee Scheme.

6.2.1.1 CEEC

CEEC planned to increase access to financing instruments such as trade finance to their clients⁶⁰. During the period 2015 to 2020, the CEEC had a total budget of K405, 087,952 out of which K35 million was disbursed by treasury representing 8.6% for the financing of MSMEs resulting in under-funding of K370,087,952 as shown in table 6.10 below.

Table 6.10: Annual Budgets Compared to Disbursements

Year	Budget K	Disbursements to CEEC by Treasury K	Under funding K	% Disbursed Against Budget
2015	82,000,000	10,000,000	72,000,000	12
2016	187,500,000	0	187,500,000	0
2017	35,163,540	15,000,000	20,163,540	43
2018	42,743,410	0	42,743,410	0
2019	46,681,002	0	46,681,002	0
2020	11,000,000	10,000,000	1,000,000	91
Total	405,087,952	35,000,000	370,087,952	8.6

Source: Performance Audit Analysis- 2021

As a result, the CEEC was only able to finance 470 out of the 17,122 applications received representing 3% during the period under review. Failure to access finance by MSMEs means that businesses will have limited resources to expand their business which will negatively affect their contribution to the wealth and job creation.

6.2.1.2 Zambia Credit Guarantee Scheme (ZCGS)

A Credit Guarantee Scheme is a mechanism planned by the Government to develop the MSME sector through the operationalisation of the ZCGS. This is intended to guarantee the loans that are accessed by SMEs through financial institutions. The following was observed:

6.2.1.2.1 Provision of Easier Access to Funds through the ZCGS.

The Government planned to support 800 MSMEs under the ZCGS up to 2020. Furthermore, the Government committed five million US dollars (US\$5 million) to the ZCGS to stimulate growth in priority sectors of the economy which would provide partial guarantees of up to 50 percent of loans extended to MSMEs.⁶¹ However, the government did not release the committed total amount of USD5 Million as only USD2 Million was released while the ZCGS did not guarantee the planned 800 MSMEs as of 31st October 2021.

⁶⁰ CEEC Strategic plan 2017-2021, Objective 3

⁶¹ 7NDP 2017-2021

Interviews with representatives from ZCGS and the Ministry of Finance (MoF) revealed that there were MOUs signed between ZCGS and various commercial banks and financial institutions.

In addition, interviews and document reviews revealed that the MoF only released K57.01 million (equivalent to USD2 million) for the period 2017 to 2021, out of which K22 million was utilised on company setup, K21.9 million on operations and K13.1 million was paid as gratuities to the members of staff whose contract terms had expired.

Further, document reviews and interviews revealed that for the years 2020 and 2021 the ZCGS budgeted to receive K1.350 million for each of the years. However, the ZCGS was funded K1.35 million in 2021 and only guaranteed eight (8) MSMEs representing one percent of the planned 800 MSMEs. As at 31st October 2021, the ZCGS had not received the budgeted K1.35 million for 2021. See **Table 6.11** below;

Table 6.11: Budget and Funding to ZCGS

Year	MoF Budget and Releases			ZCGS Funds Received					Variance (Millions)
	Amount Budgeted (Million) K	Budgeted Guarantees (Million) K	Amount Released (Million) K	Company set-up (Million) K	Operations (Million) K	Special Funding (Million) K	Guaranteeing Loans	Total Funding Received (Million) K	
2017	20	0	20.00	0	0	0	0	0	20.00
2018	20	20	2.00	22.00	0	0	0	22.00	-20.00
2019	20	15	7.90	0	7.90	0	0	7.90	0.00
2020	8.35	1.35	10.05	0	7.00	4.41	0.00	11.41	-1.36
2021		1.35	0	0	7.00	8.71	1.35	15.71	-15.71
Total	68.35	37.7	39.95	22.00	21.90	13.11	1.35	57.01	

Source: Performance Audit Analysis, 2021

Further, a review of the Strategic plan 2020-2024 revealed that they conducted an institutional capability assessment in June 2019 for ZCGS which indicated that the scheme had challenges in the seven (7) areas relating to the strategy, structure, systems, staff, skills, shared values and style of leadership and management which affected the management of the scheme.

The failure to operationalise the scheme has denied the planned 800 MSMEs the opportunity to access affordable loans from the financial institutions as they cannot meet the collateral requirements. Consequently, there was no contribution to employment and GDP from the planned 800 MSMEs.

6.2.2 Value Chain Development

A Value Chain Based Cluster involves the full range of business or economic activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), commercialisation including delivery to final customers and final product disposal after use⁶².

A value chain is a business model that shows the full series of activities necessary for creating a product. It is a step-by-step guide for how to transform a concept into distribution. A value chain specifies what product needs production, what steps are involved in the production process and who will do what task.

Through value chains, the CEEC is supposed to continue providing business loans and technical assistance to MSMEs at all stages of the value chain to make it possible for all modes (production, transportation, storage and handling, processing, marketing, energy and ICTs) to receive the business support necessary to lift the entire value chain in a particular district⁶³. See an example of an ideal dairy value in **Figure 6.1** below.

⁶² CEEC Operations Manual for Business Development

⁶³ CEEC Strategic Plan 2017-2021 page 22

Figure 6.1: Dairy Value Chain in Zambia

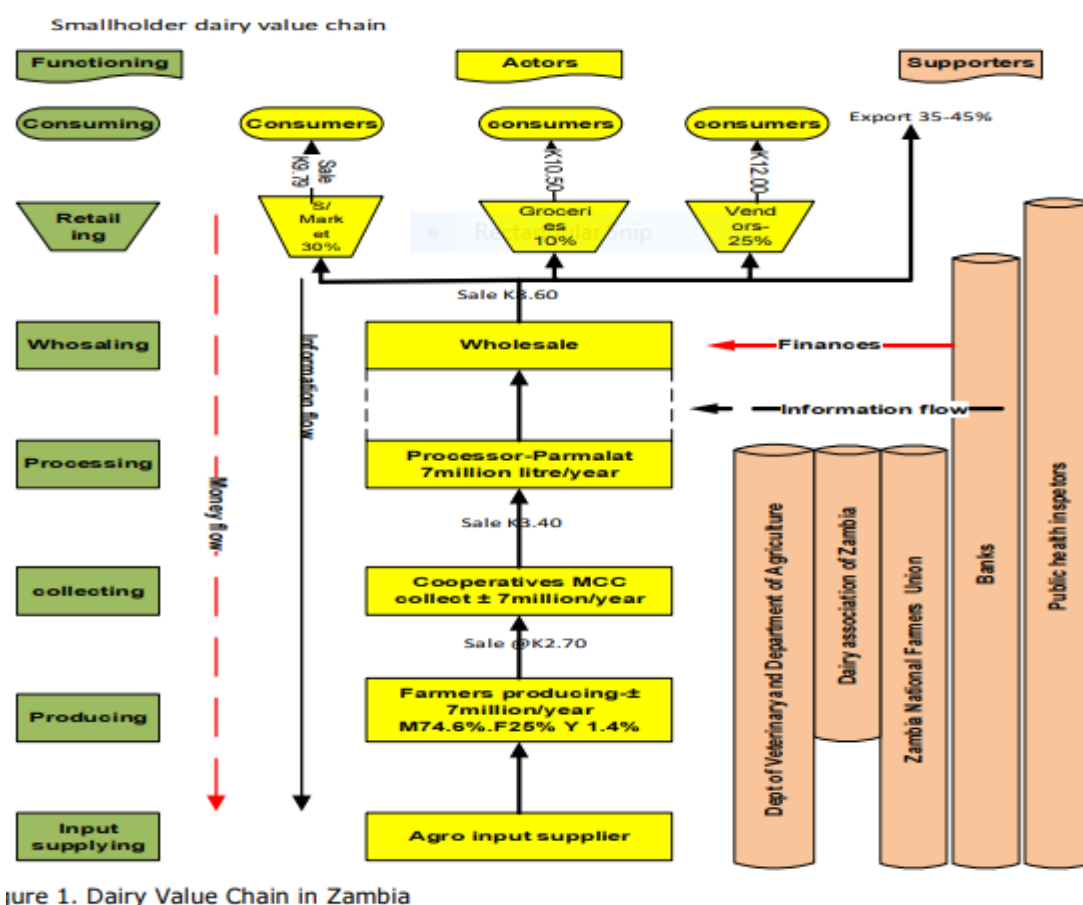


Figure 1. Dairy Value Chain in Zambia

Source: Business Viability assessment study of small-holder dairy farming in Zambia

The CEEC is supposed to provide empowerment interventions through the development of value chains. The following were observed:

6.2.2.1 Value Chain Development Support

The CEEC was supposed to support three (3) districts per year per province with value chain development support⁶⁴.

A review of documents and interviews with the five (5) CEEC Provincial Coordinators in Central, Southern, Copperbelt, North-Western and Northern provinces revealed that they had not developed value chains in eighty nine (89) out of 116 districts. It was further observed that thirty four (34) value chains had been established in twenty seven (27) districts. However, Kabwe had two (2) value chains that were not fully operational as at 31st October 2021. See **Table 6.12** below.

⁶⁴ CEEC Business Services Development Manual 2013 - 2016

Table 6.12: Established Value Chains per District

No.	District	Targeted number of value chains	Actual No. of Value Chains Established
1	Chongwe	2	3
2	Chilanga	2	2
3	Chirundu	2	2
4	Kafue	2	1
5	Rufunsa	2	1
6	Choma	2	1
7	Namwala	2	1
8	Zimba	2	1
9	Livingstone	2	1
10	Siavonga	2	1
11	Sinazeze	2	1
12	Gwembe	2	1
13	Kabwe	2	2
14	Chibombo	2	1
15	Chitambo	2	1
16	Mkushi	2	1
17	Serenje	2	1
18	Mumbwa	2	1
19	Lufwanyama	2	2
20	Luanshya	2	1
21	Ndola	2	1
22	Kitwe	2	1
23	Kalulushi	2	1
24	Solvezi	2	2
25	Ikeleng'i	2	1
26	Chavuma	2	1
27	Kabompo	2	1
Total			34

Source: Performance Audit Analysis, 2021

Table 6.12 above shows that the CEEC had only managed to support 23% of the districts in the country. Furthermore, document review and interviews with CEEC and MSMEs revealed that the value chains in the twenty seven (27) districts were not fully developed as not all stages of the value chains received financial and technical support from CEEC. Eighteen (18) value chains that were funded did not receive assistance at the different stages of their respective value chains. Thus the activities which had not received interventions in the value chain had

created gaps which meant that the benefits that had accrued to the members of the full value chain such as knowledge about the existence of suppliers of raw material at affordable prices and buyers willing to buy the product would not be experienced by the players of an incomplete value chain. See **Appendix V**.

Consequently, the failure to establish the value chains entails that the SMEs in districts where the value chains had not been developed and also where value chains were not fully developed, would not benefit from the initiative and therefore the affected SMEs would fail to contribute to job creation, poverty reduction and contribution to the GDP.

6.2.2.2 Performance of Value Chains

Performance of value chains was assessed to determine the position of the value chains after accessing the empowerment funds. CEEC had disbursed K119, 215,521.60 to twenty seven (27) value chains through which 250 SMEs benefited in the period under review.

Interviews with the CEEC Provincial Coordinators, SME beneficiaries and document review revealed that the existing value chains were not fully developed as not all the stages of the value chains were operational. The following were observed:

6.2.2.2.1 Dairy Value Chain

The Dairy Value Chain is the processing of milk and milk products from production until it is sold to the customer. The CEEC disbursed K4, 471,793.72 to twelve (12) SMEs in the dairy value chain between 2015 and 2017. Interviews, document review and physical inspections of the SMEs revealed that five (5) out of the twelve (12) SMEs were operating while seven (7) were not operating.

Furthermore, interviews with the CEEC Provincial Coordinators revealed that some of the funded businesses were not operational as a result, CEEC's empowerment fund may not be repaid. See **Appendix VI**. In some instances, where beneficiaries were taken for litigation by CEEC, even if the face value of the money may be realized the CEEC will lose out on the time value of money due to economic volatility.

6.2.2.2.2 Fish Value Chain

The Fish Value Chain comprises activities that are in the production of fish products until sold to the customer. CEEC had disbursed K42, 591,180.42 to sixty seven (67) SMEs in the value chain between 2015 and 2021. Document review revealed that thirty two (32) SMEs were not operating due to lack of fingerling supplies, litigation, partial funding and waiting for additional

funding. The CEEC also had not considered the fish value chain needs before partially funding the project. Thirty (30) SMEs were beneficiaries of the aquaculture fund which was excluded from the assessments as there was work being undertaken on the businesses during the audit period. See **Appendix VII**.

The non-operational SMEs and partial disbursement of the funds will not provide the beneficiaries with the opportunity to enhance their business. Therefore, CEEC will not recover the funds invested in these businesses and the fund will not be revolving limiting other SMEs from benefiting from the fund.

6.2.2.2.3 Construction Value Chain

The Construction Value Chain comprises activities such as producing construction related products. The CEEC disbursed K9, 020,008.02 to twenty (20) SMEs in the value chain between 2016 and 2019. Physical inspections and document reviews revealed that nine (9) out of twenty (20) beneficiaries were operational while eleven (11) were not operational as at 31st October 2021. See **Table 6.13** below.

Table 6.13: SMEs in the Construction Value Chain

No.	Name of SME	Year Funded	Amount	Status
			K	
1.	Tebulu Multi-Purpose Cooperative	2016	215,245	Operational
2.	Chasu Blocks and Pavers	2016	215,245	Not operational
3.	Lilume Quarry Zambia Limited	2016	3,109,166	Operational
4.	Kuzaza Enterprises	2016	215,245	Operational
5.	Nakachenje Youth Development Skills	2016	215,245	Operational
6.	Stuart Sikazwe (T/A Musekelewa Enterprises)	2018	215,245	Not operational
7.	ZAWIC Northern Contractors and Suppliers Limited	2018	757,950	Not operational
8.	Luwi Multi-Purpose Cooperative Society Ltd	2018	215,245	Not operational
9.	Aggitec Manufacturing and Supplies LTD	2018	247,515	Not operational
10.	Butler Enterprises	2018	215,245	Not operational
11.	Buckley Aggregates Ltd	2018	168,398	Operational
12.	Chichimwa Contractors, Suppliers and General Dealers	2017	215,245	Operational
13.	DPKMC General Dealers	2016	215,245	Not operational
14.	Kanuma Lazarous General Dealers	2017	215,245	Operational
15.	Kebumba Pipes Limited	2019	1,514,017	Operational
16.	Milomfi Multi-Purpose Cooperative	2017	215,245	Not operational
17.	Mwikatane Construction Suppliers and General Dealers	2018	164,784	Not operational
18.	Phares Kamanga T/A Mekamfs Contractors and G.D	2019	260,000	Not operational
19.	Shamuchisha Limited	2017	215,245	Not operational
20.	Tatwasekelamo Enterprises	2020	215,245	Operational
	Total		9,020,008	

Source: Performance Audit Analysis -2021

As can be seen from Table 6.12 above, the non - operational SMEs had been funded for over four years and were still experiencing operational problems such as load shedding and lack of working capital among others. Therefore, the funds released to such SMEs have not yielded the required results to create jobs and contribute to GDP. This shows that the due diligence carried out by CEEC before disbursement was not effective.

6.2.2.2.4 Cassava Value Chain

The Cassava Value chain comprises the processing of cassava products from cultivation into a form that can be consumed or used. The CEEC disbursed a total of K8, 263, 389.00 to twenty three (23) businesses in the value chain between 2015 and 2020. Document review and physical inspections carried out in April 2021 revealed that out of the twenty three (23) businesses,

thirteen (13) were operational, ten (10) were not operational out of which three (3) businesses were funded K6, 976, 028.88 representing 85 % of the total disbursements due to requirements such as additional funds for working capital, undelivered equipment and lack of electricity connectivity among others. See **Table 6.14** below.

Table 6.14: SMEs in the Cassava Value Chain

No.	Name of SME	Year Funded	Amount	Status
			K	
1	Junior Compound Multi-Purpose Co-operative	2015	53,420	Not operational
2	Ngalo Multi-Purpose Co-operative Society	2015	51,906	Not operational
3	Getrude's Restaurant and Take Away	2015	60,340	Operational
4	Tatwakakulabe General Contractor & Civil Engineers	2017	1,357,030	Not operational
5	Premiercon Starch Company Limited	2018	4,760,743	Not operational
6	INsofu Innovation	2019	54,633	Operational
7	Three Circle Limited	2019	54,633	Operational
8	Naza Investments	2019	54,095	Operational
9	Dimensions Agro-Mark Limited	2019	85,084	Not operational
10	Nashi Business Linkages Limited	2019	70,235	Not operational
11	Forbes Agric Business	2019	858,256	Not operational
12	Oritech Enterprises	2019	91,136	Not operational
13	Ngora Trading	2019	54,633	Operational
14	Proffera	2019	54,633	Operational
15	Bumi Kuja Multi-Purpose Cooperative Society Ltd	2020	103,999	Operational
16	Butemwa Christian Women's Enterprise	2019	53,051	Operational
18	F & A Natural Products Enterprise	2020	103,999	Operational
20	K & G Mutembu Enterprises	2020	100,188	Operational
21	Masi Construction and General Dealers	2019	104,037	Not operational
22	Pekanya Milling and Farms Limited	2019	77,705	Operational
23	Tuleisa Women's Club	2015	5,000	Not operational
	Total		8,208,756.00	
	Total of MSMEs on No. 4, 5 and 11		6,976,028.88	
	% of three MSMEs compared to total disbursed in the value chain		85.0	

Source: Performance Audit Analysis - 2021

It was further observed that due diligence was not carried out as expected before providing the funds to the SMEs which resulted in most SMEs not being funded the required working capital to commence operations. The CEEC has invested in the businesses which if operational, would have an impact on the economy due to the expected mass production and purchasing of the raw materials from the local cassava growers thereby affecting the contribution to employment and GDP.

6.2.3 Revolving Fund

The CEEC was supposed to operate a revolving fund which was supposed to be continuously active as beneficiaries were required to repay into the fund and disburse out to new applicants.

6.2.3.1 Self-Sustaining Revolving Empowerment Fund

The Commission shall provide credit to targeted clients and operate a self-sustaining revolving empowerment fund⁶⁵. The CEEC shall ensure that the correct loan amount is timely disbursed to the client⁶⁶.

The following were observed:

6.2.3.1.1 Timely Disbursement of Loans to Clients

Interviews with CEEC officials confirmed that the disbursements were not timely done from the period of application to disbursement. An analysis of MSMEs beneficiaries' database revealed that there were no beneficiaries who received the fund within the year of application. The beneficiaries received loans between one (1) to six (6) years after application. See **Table 6.15**.

⁶⁵CEEC Strategic Implementation Plan 2017- 2021

⁶⁶ CEEC Credit Manual 7.9

Table 6.15: Delayed Processing of Loans

Year of Empowerment	No. of SME's	Year Disbursed	Processing time (Years)
2008	3	2015	7
2009	5	2015	6
2010	5	2015	5
2010	2	2016	6
2011	10	2015	4
2012	1	2019	6
2013	93	2015	2
2013	13	2016	3
2013	7	2017	4
2013	4	2018	5
2013	2	2019	6
2014	9	2015	1
2014	2	2016	2
2014	4	2017	3
2014	1	2018	4
2014	2	2019	5
2015	1	2016	1
2016	1	2016	Less than 1
2016	19	2017	1
2016	8	2018	2
2016	12	2019	3
2016	6	2020	4
2018	5	2019	1
2018	3	2020	2
2019	12	2020	1
2019	17	2021	2
2020	3	2021	1
Total	250		

Source: Performance Audit Analysis-2021

As can be seen in Table 6.15 above, one (1) out of 250 SMEs received the loan within the year of empowerment. Therefore, the delayed processing of disbursement caused a number of challenges such as; suppliers of the machinery from whom the SMEs obtained quotations not having required stock at the time of payments, some equipment were being imported and there were experiences of exchange losses arising due to passage of time from application to disbursements and the need for collateral-based loans to have the properties registered with the other stakeholders such as the Ministry of Lands among others.

Furthermore, interviews with sixty one (61) SMEs who benefited from the fund confirmed that delayed disbursement of funds affected the implementation of projects due to stock-outs, increased prices of equipment and materials as compared to the prices which were prevailing at the time of application. This therefore, contributed to further delays as the SMEs were requested to provide new quotations.

As a result of changes in the prices and stock out of equipment, the SMEs initial loan amount was increased leading to an upward adjustment of monthly instalments. Consequently, the beneficiaries had not commenced operations as planned which led to delayed loan repayments thereby affecting the objective of the revolving fund.

6.2.3.1.2 Disbursement of Correct Loan Amounts

The CEEC shall ensure that the correct loan amount is timely disbursed to the client⁶⁷. However, document review and interviews with CEEC representatives revealed that the loan amounts were not disbursed to beneficiaries as applied. For instance, between 2015 and 2019, CEEC partially disbursed K18, 622, 088.80 out of the K27, 431,548.55 approved loan amounts to forty three (43) successful applicants representing 66% leaving a balance of K8, 809, 539.75 as at 30th April 2021. As long as the SMEs remain partially funded the CEEC cannot recover the loan amounts disbursed to the SMEs. **See Appendix VIII.**

As at 31st October 2021, CEEC could not explain why the SMEs were not fully funded the amounts applied for. The failure to disburse total loans to SMEs as applied for could result in the loss of value of money due to the passage of time.

6.2.3.1.3 Loan Repayments

The Commission shall facilitate the flow of financial resources to programmes for broad-based economic empowerment establish and design standards for loan administration, effective use of loan funds and repayment mechanisms by citizens to curb misuse of financial resources.⁶⁸

A review of the CEEC Grant and Loan Database, revealed that 100% of the required repayments by SMEs were not recovered due to failure to carry out monitoring activities as planned, partial disbursements, business failure and non-operational SMEs. In particular, it was observed that the CEEC disbursed amounts totalling K119, 829,841.46 to 250 SMEs between

⁶⁷ CEEC Credit Manual 7.9

⁶⁸ CEE Act 29 (3)(d)

2015 and 2020 from which K144, 584, 107.74 in loan repayments should have been recovered. However, only amounts totalling K6, 625, 007.82 representing 5% were recovered from the beneficiaries leaving a balance of K137, 959,099.92 as at 31st October 2021.

Further analysis of data revealed that 139 out of the 250 SMEs representing 55.6% did not repay their loans in full and within the agreed time frame. The SMEs repayment time frame had already expired and total amounts repayable to the CEEC had not been paid as at 31st October 2021. The remaining 111 SMEs comprised of twenty two (22) with a tenure of three (3) to ten (10) months, twenty one (21) with a tenure of eleven (11) to twenty (20) months and sixty eight (68) SMEs with a tenure of over twenty one (21) months to make full repayments. See **Table 6.16** below.

Table 6.16: Outstanding Loan Repayment Tenure

Range (Remaining Repayment Period)in months	No. of MSMEs	Cumulative MSMEs	% of MSMEs compared to total beneficiaries
0	139	139	56
3 - 10	22	161	9
11 – 20	21	182	8
21 – 30	6	188	2
over 30	62	250	25

Source: Performance Audit Analysis - 2021

Interviews with SMEs revealed that the businesses were unable to pay back the loans due to low monitoring levels by CEEC, low capacity to raise their working capital and delayed funding from the time of application to the time of accessing the fund. This resulted in the businesses being non-operational.

6.2.4 Provision of Business Development Services (BDS).

Business Development Services are services provided to businesses to enhance their performance. The development of more effective BDS will lead to increased competitiveness of supported MSMEs, resulting in more viable enterprises, more job creation, increased incomes at both business and household levels and ultimately sustained poverty reduction in Zambia⁶⁹.

⁶⁹ CEEC 2015 Business Development Manual

However, the CEEC did not provide the required BDS to the SMEs as they only provided pre-finance training without other services such as contract handhold and transfer, contract turn around services, mentorship, training, business linkages and preferential procurement certificates.

6.2.4.1 Competitiveness of Businesses

Interviews with the six (6) CEEC Provincial Coordinators and sixty one (61) SMEs revealed that the CEEC carried out a pre-finance training for all the promoters of the SMEs which benefited from the CEEC empowerment fund.

Further, interviews revealed that out of the sixty one (61) SMEs, twenty three (23) SMEs were trained in skills development in addition to the pre-finance training. In order to determine the benefits of the training, the twenty three (23) SMEs had indicated improved, static or declining position in their business. It was also revealed that out of the twenty (23) that received skills development, six (6) representing 26% of the sampled SMEs were improving, while the remaining thirteen (13) SMEs businesses were static and four (4) were declining⁷⁰. The CEEC did not provide the training curriculum used during the training. It can be deduced from the number of businesses which were not improving that there was no impact despite the training received.

6.2.4.2 Mentorship

Mentorship is a relationship between two businesses where the business with more experience, knowledge and connections can transfer knowledge to an upcoming business. A business mentor can help the upcoming business advance and connect them to business opportunities.

6.2.4.2.1 Citizens Economic Empowerment Commission – Payment of Management Fees

The CEEC shall provide mentoring support to targeted citizens and targeted companies receiving financial support through the Empowerment Fund which was aimed at ensuring that citizens have requisite support in running their businesses⁷¹.

Interviews with the CEEC Provincial Coordinators and sixty one (61) SMEs revealed that the CEEC did not provide them mentorship services. Further, it was revealed that the SMEs did not receive mentorship either from the CEEC or the mentors engaged by the CEEC.

⁷⁰ Interview guide

⁷¹ CEEC 2015 BDS Manual

Mentors will receive an honorarium for their work from the funded businesses. The honorarium will be included in the cash flow projections of each business plan and form part of the business loan from the CEEC⁷².

Interviews with Provincial Coordinators revealed that the beneficiaries' project and micro finance are charged a 5% mentorship fee and K600 respectively. A review of twenty one (21) contract agreements revealed that the CEEC had charged amounts totalling K123, 150 as mentorship fees without providing the service. **See Table 6.17 below.**

Table 6.17: Mentorship Fees.

No.	Beneficiary	District	Type of Business	Mentorship Fee
				K
1	Likwabilile Farm	Kabwe	Dairy Farming	7,500
2	Mpima Dairy Co-operative	Kabwe	Dairy	7,500
3	Giant Millers	Kapiri Mposhi	Milk processing	7,500
4	Kuzaza Enterprises	Lusaka	Construction	600
5	Tobor Agro supplies and Mining	Lufwanyama	Timber processing	7,500
6	Wings of Hope	Lusaka	Small Loans	7,500
7	Nakachenje Youth Development Skills	Lusaka	Micro	600
8	Lupola Group Ltd	Lusaka	Project	7,500
9	Chiwamuluta Enterprises	Lusaka	Chicken processing	7,500
10	Ntendekelo	Ndola	Wood processing	7,500
11	Musoleka Ent	Lufwanyama	Milk Processing	7,500
12	Edoquin Ent.	Lufwanyama	Logging and Saw Milling	7,500
13	Alchad Ent	Lusaka	Beef processing	7,500
14	Ruth and sons Ent.	Mumbwa	Transportation	7,500
15	Aggitech Manufacturing ltd	Solwezi	Block Making	600
16	Luwi Multipurpose Co-operative	Solwezi	Block making	600
17	Bubble's Play land	Lusaka	Children's play centre	7,500
18	S&S Events and Wedding Planners	Lusaka	Tourism	7,500
19	Premiercon Starch Company	Solwezi	Cassava	7,500
20	Tebulu MP Cooperative	Kabwe	Block Making	750
21	Great minds media solutions	Lusaka		7,500
Total				123,150

Source: Performance Audit Analysis - 2021

In addition, interviews revealed that fourteen (14) out of the sixty one (61) SMEs that had accessed full loan payment were provided with mentorship services at the time of pre-finance training. However, documents to show proof of engagement of the mentors were not provided by the CEEC as at 31st October 2021.

Furthermore, thirty nine (39) new businesses did not benefit from the CEEC's intervention in their infancy business stage even though they paid mentorship fees.

⁷² CEEC 2015 Business Development Manual Chapter 1.15

Failure to provide mentorship to SMEs, especially start-ups, made them vulnerable to the challenges in the market as they had to learn the dynamics of their businesses without an opportunity to interact with experienced businesses.

6.2.4.2.2 Zambia Development Agency

The MCTI through ZDA planned to build the capacity of existing Business Development Services Providers in different provinces to effectively deliver support services to MSMEs in a number of areas including the area of advisory and mentoring services.⁷³ ZDA annual plans for the period 2017- 2020 also indicated that the Agency planned to provide capacity building services through mentorship and coaching to 500 MSMEs.

i. Mentorship Services to SMEs

The MSME Mentorship Programme was aimed at enabling MSMEs who are at their early stage of business to learn from and be guided by accomplished entrepreneurs, senior executives and professionals through one-on-one free counselling.

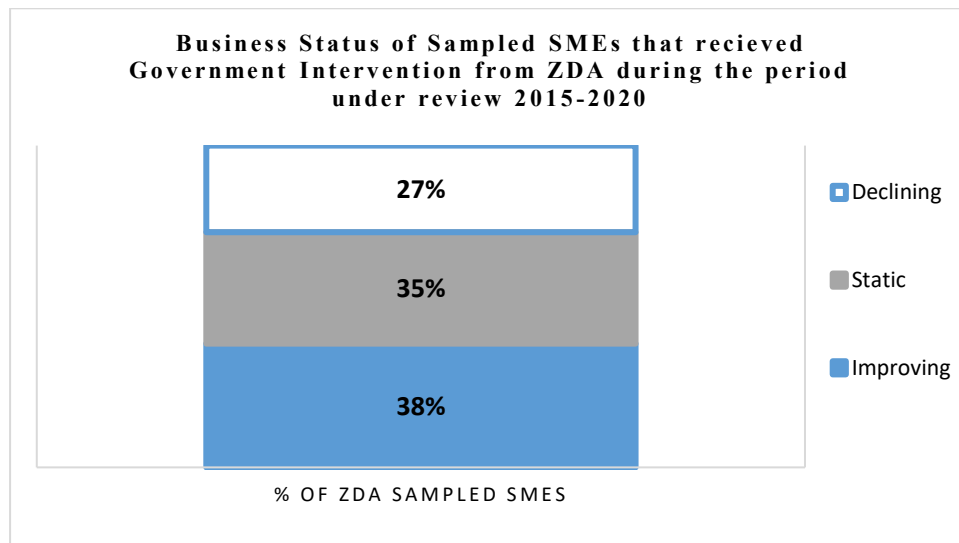
Although the ZDA annual reports revealed that the Agency mentored fifty four (54) out of the planned 500 MSMEs, an analysis of the ZDA SME database revealed that thirteen (13) out of 323 SMEs were provided with advisory, coaching and mentorship services.

Further, interviews with ZDA representatives revealed that the agency did not provide supervision of SMEs due to inadequate staff and lack of country wide presence as they were only present in three provinces namely; Lusaka, Southern and Eastern.

The failure to provide mentorship services for the SMEs entailed that there were no platforms created for SMEs to learn from the experienced entrepreneurs to improve on their businesses. As can be seen in chart 6.2 below, 27% of MSMEs interviewed had businesses that were declining, while 35% indicated that they were static and 38% indicated that they were improving. See **chart 6.2** below.

⁷³ 2008 SME Development Policy Strategy five (5) of 3.2.4.4

Chart 6.2: Business Status of Sampled SMEs



Source: Performance Audit Analysis- 2021

The implication of having a majority of static or declining businesses will negatively affect the SMEs sectors contribution to employment and GDP.

6.2.4.3 Contract Handhold and Transfer Services

A Contract Handhold and Transfer Services (CHT) option is one aimed at increasing the CEEC's control of a project in the early stages of operation. The CEEC will apply this option on the basis that the viability of a project is noticed to be weighed down by the inherent management and technical skills weakness of a promoter. As a mitigation measure for the risk of project management failure, the CEEC will mobilize and engage relevant skilled Business Development Service Providers (BDSPs) to handhold the promoter in the early stages of the project. The CEEC will handhold the targeted company in the value chain during the initial operational phase and then transfer operational control over upon satisfaction that significant knowledge transfer has occurred⁷⁴.

Interviews with the six (6) CEEC Provincial Coordinators and SMEs indicated that the CEEC did not provide CHT services to the beneficiaries in the period under review. Further, a request for annual work plans for the period under review to determine the extent to which the CEEC planned to execute the CHT services was not provided as at 31st October 2021.

⁷⁴ CEEC 2015 Business Development Manual Chapter 1.13 – Contract, Handhold and Transfer

The failure to provide CHT services especially to start-ups exposes SMEs to high risk of business failure resulting in non-contribution to job creation and GDP.

6.2.4.4 Corporate Turnaround Services

Corporate Turnaround Services (CTS) is a strategy employed to resuscitate a business that is faced with the risk of failure or has failed. This is done through reorganization, restructuring and/or additional investment. The CEEC is supposed to engage Corporate Turnaround Professionals to help save identified failing enterprises⁷⁵.

Interviews and document reviews with the six (6) CEEC Provincial Coordinators and SMEs revealed that the CEEC did not provide CTS in the period under review. Additionally, a physical inspection of SMEs revealed that eight (8) start-up SMEs which received loans in amounts totalling K5,223,107.07 in five (5) value chains were experiencing challenges in their business and did not receive any assistance from the CEEC by way of engaging turnaround experts. See **Table 6.18** below.

Table 6.18: SMEs Facing Challenges

No.	District	Business	Value Chain	Loan Received K	Challenges faced
1	Chilanga	Lupola Group	Dairy	589,529.92	Lack of experience in rearing dairy animals
2	Kapiri Mposhi	Giant Millers	Dairy	912,873.29	Lack of working capital
3	Solwezi	Musoleka Enterprises	Dairy	528,340.00	Lack of experience in rearing dairy animals
4	Kabwe	Tebulu multipurpose	Construction	215,244.53	Faulty block making machine procured
5	Kabwe	Chasu Blocks and Pavers	Construction	215,244.53	Specialized block making machine which only uses quarry dust

⁷⁵ CEEC 2015 Business Development Manual Chapter 1.14 – Corporate Turnaround Services

6	Zimba	Muna Aqua	Water	538,740.00	Delayed certification by ZABS on quality of water processed
7	Zimba	Agness Lusulo Enterprise	Stock feed	27,580.80	Stock feed processing machine started developing faults three months after installation
8	Choma	Linro Ltd	Tourism	2,195,554.00	Revoked operation licence for the franchiser
	Total			5,223,107.07	

Source: Performance Audit Analysis-2021

Further, data provided by the CEEC Provincial Coordinators revealed that 138 SMEs which received a total of K19, 543,211.64 empowerment funds were also non-operational as at 31st October 2021 and did not receive CTS from CEEC at the time they started indicating symptoms of business failure. See **Table 6.19** below:

Table 6.19: Non - Operation Businesses

Province	Value Chain	No. of non operational SMEs	Amount Funded K
Copperbelt	Timber	10	2,022,007
	Dairy	12	827,213
	Block-making	1	162,820
	Cassava	3	246,455
Central	Block making special initiatives	2	430,489
	Cotton	37	13,263,102
	Dairy	63	2,591,124
	Soybean	10	5, 523,021.28
Total		138	19,543,212

Source: Performance Audit Analysis-2021

The non-provision of CTS to beneficiaries denied viable projects an opportunity to contribute to job creation and poverty reduction.

6.2.4.5 Business Linkages

Business linkage is a business development service provided to MSMEs to assist them with easy access to markets for the supply and demand of their goods and services.

6.2.4.5.1 CEEC

The MCTI planned to create policies to strengthen forward linkages between MSMEs and large scale companies by facilitating an annual increase of 10% in subcontracting of MSME by large scale companies. The CEEC planned to facilitate ten (10) marketing agreements for their beneficiaries for each of the years 2015 and 2016 as this was one of their business opportunity indicators.⁷⁶ Additionally, the CEEC planned to create at least three (3) scaled buyers for each supported district value chain for each of the years from 2017 to 2021⁷⁷.

Interviews and a review of the 2017 to 2020 CEEC Annual Reports revealed that the CEEC issued 236 marketing agreements out of which the following were provided for scrutiny; one (1) in 2018, one (1) in 2019, eleven (11) in 2020. See Table 6.20 below

Table 6.20: Marketing Agreements 2018 - 2021

Year	No of Agreements	No.	SME	Province
2018	1	1	Aggittec Manufacturing and	Northwestern
2019	1	1	ZAWIC	Northern
2020	11	1	Leaky Mwinde Hatcherie	Western
		2	Leaky Mwinde Hatcherie	Western
		3	Palabana Fisheries	Lusaka
		4	Sidaliwe Investments	Lusaka
		5	Namulela Youth Co-opera	Lusaka
		6	Flowing Water	Northern
		7	Chavuma Fish Centres	Northwestern
		8	Palabana Fisheries	Lusaka
		9	Nampundu Fish Farm	Muchinga
		10	Beltesmo Fisheries	Southern
		11	Mumbwa Farmers Ginning	Central

Source: Performance Audit Analysis - 2021

It was further revealed that five (5) provinces visited did not link any business to the market in the period under review. Interviews with the Provincial Coordinators revealed that CEEC had the challenge to provide sufficient market linkages due to a lack of resources to conduct monitoring activities.

Furthermore, interviews with SMEs revealed that three (3) out of the sixty one (61) SMEs received assistance with market linkages to supermarkets within their value chains while the

⁷⁶ CEEC 2015 BDS Manual

⁷⁷ CEEC 2017 – 2021 Strategy Implementation Schedule

remaining fifty eight (58) were not linked to markets. The SMEs also indicated that it was difficult to supply the big supermarkets in the country as their conditions required them to supply in large quantities for which they did not have the capacity. Additionally, it was stated that once the supermarkets were supplied with the goods, the payments were delayed for periods between 30 and 60 days. Failure by the CEEC to provide business linkages meant that SMEs did not have access to markets for their products which would hinder business growth.

6.2.4.5.2 Zambia Development Agency

The MCTI is supposed to promote the establishment of business linkages between large companies and MSMEs to establish and enhance marketing channels.⁷⁸ The agency shall facilitate and promote trade and business development by encouraging inter-business enterprise linkages, networks and cooperation at national, regional and international levels⁷⁹.

A review of the annual reports for the period 2017–2020 revealed that 66 SMEs were linked to large corporations, chain stores and markets in 2017. Subsequently, in 2018 a total of 171 SMEs and three (3) cooperatives with a membership of 900 Smallholder Farmers (SHF) were linked to supply goods and services to large enterprises.

Further, the 2019 Annual Reports indicated that a total of 116 SMEs were provided with business linkages through access to finance and markets. In addition, 265 women-owned enterprises were linked to markets under the She-Trades project. However, interviews with twenty five (25) SMEs inspected revealed that only one (1) was linked to the markets by ZDA. SMEs indicated challenges with meeting the rigid standards of the large corporations, for example large supermarkets had a condition that allowed SMEs to get paid forty five (45) days after supplying the large corporations and supply a standard range of products to the whole chain of supermarkets. However, the SMEs had a low capacity to continuously supply large quantities to supermarkets.

Consequently, the overall impact of the failure to facilitate linkage of SMEs to markets meant that business growth was limited to low levels of production as they would not be assured of the available markets for their products and supplies whether locally or internationally. This affected business expansion which led to a low contribution to job creation and GDP.

⁷⁸ MSME Development policy 2008) policy 7, strategy 6

⁷⁹ ZDA Act 2006 part 3, point 13

6.2.4.5.3 Ministry of Housing and Infrastructure Development.

The role of the Ministry is to implement policies related to the provision of contracts in favour of local MSMEs. This Ministry is now called the Ministry of Infrastructure, Housing and Urban Development since 24th September 2021.

6.2.4.5.3.1 Implementation of the 20% Subcontracting Policy

In 2012, the Government introduced the 20 percent mandatory sub-contracting Policy⁸⁰ which meant that for every contract awarded to a foreign contractor, 20% of that contract would be given to a local contractor. This policy is expected to benefit MSMEs in the construction sector. Interviews with the Ministry of Housing and Infrastructure Development (MHID) and the National Construction Council (NCC) representatives revealed that the implementation of the policy was below 20% in that few local SMEs involved in construction were subcontracted. This was mainly because the subcontracting was left to the foreign contractors. A review of the RDA 2019 Annual Report revealed that out of 1,389 nominated SMEs only 535 were engaged. In addition, out of the total contracts sum of K34, 954,368,950 for road construction, only K2, 065,682,375 representing 6% was subcontracted to SMEs. See Table 6.21 below.

Table 6.21: Summary of Current Subcontracting Status

No.	Project	No of subcontractors		Value of work contracts K	Value of Sub contract K	% of sub contracts engaged
		Nominated	Engaged			
1	Link Zambia	462	142	9,224,382,288.97	634,122,133.75	7
2a	L400 Phase II	211	211	3,393,995,504.00	599,135,897.40	18
2b	L400 Phase III	176	52	3,392,941,313.00	170,627,132.30	5
3a	ZTR1	175	60	3,267,971,829.00	161,432,074.00	5
3b	ZTR 2	23	-	3,225,326,898.00	-	-
4	C 400	33	-	6,930,805,999.00	-	-
5	Other Projects	309	70	5,518,945,118.03	500,365,137.53	9
Total		1,389	535	34,954,368,950	2,065,682,375	6

Source: RDA Annual Report 2019

A further review of the 2017 and 2018, Annual Reports revealed that 7% of the contracts was allocated to sub-contractors while no information was provided in the 2015 and 2016 Annual Reports. This shows that from 2015 to date, the 20% policy has not been adhered to.

In addition, document review revealed that seven (7) of the non-compliant contractors did not have their contracts terminated nor black listed in line with the 20 percent Mandatory

⁸⁰ The 20 percent Mandatory subcontracting guidelines, Road Development Agency (RDA), 2015.

Subcontracting Guidelines which required that failure to adhere to the guidelines will result in termination and blacklisting of the main contract. However, RDA engaged the defaulting contractors and out of the seven (7), five (5) complied. See **Table 6. 22** below.

Table 6.22: Non-Complaint Contractors

No.	Non-Compliant Contractors	Project	Action Taken
1	Ndola Airport	Avic International	Engagement meetings held to assess the challenges. The contractor was required to submit a 20% plan to NCC. Contractor Complied
2	Kafulafuta Dam	China National Complete Engineering Corporation	Engaged and Complied
3	AFCON	Lusaka Decongestion Project	Engaged and Contractor Complied
4	Syno Hydro Corporation	Kafue Lower Gorge Project	Contractor Engaged but did not Comply. Report required to be submitted.
5	Construction Studios in Lusaka, Kasama, Chipata, Kabwe, Chinsali, Mansa and Mongu	Zhong Mei Engineering Group	Engaged and Contractor Complied
6	Copperbelt 400 Road Projects	Avic International	Engaged and Contractor Complied
7	Construction of Mulungushi International Conference Center	China Gansu	Contractor Engaged but did not Comply. The contractor has been tasked to submit report on progress.

Source: Performance Audit Analysis 2021

The failure by the MHID to enforce penalties to defaulting contractors had disadvantaged many small contractors in the sector as they continue to be overlooked by large contractors.

This had a negative impact on the development of the SME sector in construction as small businesses were unable to enhance their businesses and opportunities for income generation.

6.2.4.6 Preferential Procurement Certificates

The CEEC facilitates the issuance of Preferential Procurement Certificates (PPC) through registration of companies as citizen influenced, citizen empowered and citizen owned to help increase business opportunities for targeted citizens by increasing their successful participation in public procurement. SMEs will have access to more lucrative local and export markets by

developing and implementing the programme on preferential access by SMEs to government contracts through the CEEC⁸¹.

A review of records revealed that there were differences in the reported figures of PPCs by CEEC. In particular, the CEEC 2020 Annual Report revealed that a cumulative of 37,762 PPCs were issued, the specific Annual Reports indicated that 8,873 PPCs were issued and in the response to the management letter dated 5th May 2021 the figure of 9,179 was reported. See table 6.23 below

Table 6.23: No. of PPCs Issued in the Period 2015 – 2020

Year	Cummlative totals from 2020 annual draft report	Actual totals from cummlative figures	Figure report in specific annual reports	figures provided in response to Management letter
2015	8,604	8,604	2,035	2,035
2016	10,374	1,770	1,770	1,770
2017	22,320	11,946	1,572	1,572
2018	35,469	13,149	1,203	1,191
2019	36,437	968	968	1,286
2020	37,762	1,325	1,325	1,325
Total		37,762	8,873	9,179

Source: CEEC 2017 – 2020 Annual Reports

However, interviews with CEEC and SMEs revealed that two (2) out of the sixty one (61) SMEs received PPCs. Furthermore, the SMEs who had received these certificates revealed that there were no benefits accrued to them for having obtained the PPCs. Additionally, there were no follow-ups made to SMEs by CEEC to assess the impact of PPCs on their business and challenges encountered. In their response to the management letter, the CEEC stated that 321 representing 3% of the 9,179 PPCs had been awarded government tenders.

The impact of the CEEC's issuance of PPCs to SMEs resulted in few businesses accessing government contracts which affected their operations thereby reducing the contribution to job creation and GDP.

6.2.5 Reservation Schemes

Reservation schemes will undertake activities that lead to increased investment opportunities for targeted citizens to identify, propose and gazette areas of commerce trade and industry to

⁸¹ CEE Act No. 9 of 2006

be reserved for investment by targeted citizens, citizen influenced, empowered and owned companies⁸².

Document review of the CEEC 2018 Annual Report revealed that they conducted focus group workshops with key industry stakeholders in the construction, domestic haulage and poultry sectors as part of consultations on the development of reservation schemes. Furthermore, progress was made towards the legislation of reservation schemes for targeted citizens such that in the fourth quarter of 2018 Cabinet approved four (4) Reservation Schemes in four (4) areas of Commerce Trade and Industry for development of reservation schemes, which included quarry, block making, poultry and domestic haulage. However, concerns were raised on the preparedness and capacity of citizens to operate in these sectors. To address the concerns, the CEEC developed a special initiative for block making where citizens were provided with loans to establish quarry as well as block making enterprises.

Interviews revealed that the CEEC did not fund all the approved reservation schemes during the period under review. Further, document review and interviews with CEEC Provincial Coordinators and SMEs in the six (6) provinces revealed that out of the sixty one (61) SMEs inspected, only two (2) out of ten (10) in the reservation schemes were operational. Additionally, CEEC had not undertaken any assessment to determine the impact of the approved reservation schemes on the businesses to assess the contribution of the SME sector to GDP.

6.2.6 Entrepreneurship Development Support- Zambia Development Agency

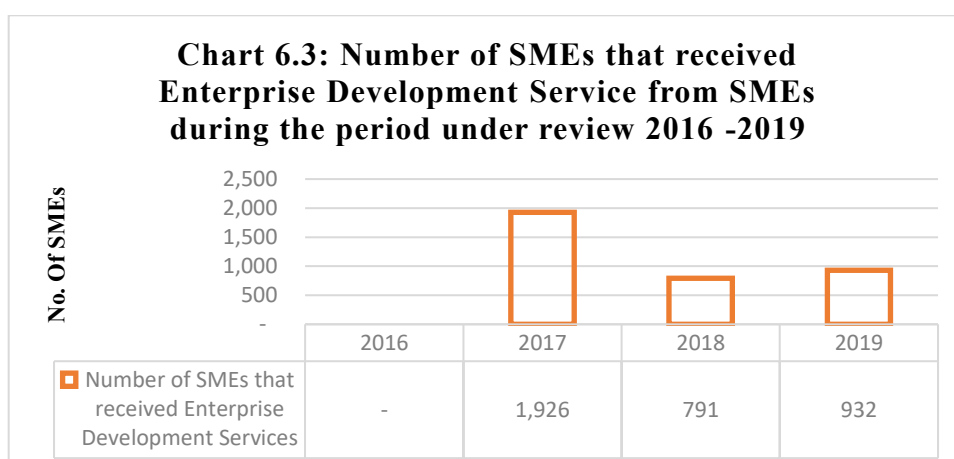
The Government through the MCTI planned to develop and implement cost-effective business development programmes tailor-made to specific needs of MSME at different levels of growth.⁸³ The Agency is required to provide services that deal with the development of the mentality of MSME owners to promote the entrepreneur skills that enhance management and business sustainability including through services such as training and Business Clinics.⁸⁴

A review of the ZDA Annual Reports for the period 2016- 2019 revealed that SMEs were assisted with various entrepreneurship development services including training, sensitization through Expos and Business Clinics for prospective and existing entrepreneurs. The training was provided in 2017- 2019 as seen in **Chart 6.3** below.

⁸² SI No.1 of 2017 on Reservation Schemes

⁸³ MSME Development Policy No.3, strategy 12, (2008)

⁸⁴ Standard Operating Procedures- Enterprise Development Division 2008



Source: Performance Audit Analysis – 2021

As can be seen in chart 6.3 above, 1926, 791 and 932 SMEs were provided with enterprise development services in 2017, 2018 and 2019 respectively. However, interviews with SMEs revealed that thirteen (13) received ZDA registration certificates, two (2) received preferential procurement certificates and ten (10) neither had registration nor preferential certificates of the 25 SMEs visited. Further, SMEs indicated that their businesses were formalised at the point of application for ZDA certificate as that was the requirement and only received training from ZDA. They also explained that after training, they had difficulties in accessing the agency for clarifications on the challenges encountered due to lack of presence in seven (7) provinces, few staff and resources to follow up with their clients.

As a result, SMEs faced challenges with growth and sustainability in their businesses. This in turn negatively impacted the SMEs sector with regards to wealth and job creation and contribution to GDP.

6.2.6.1 Enterprise Development- ZDA

The Agency is required to provide enterprise development services that reduce the mortality rate of nascent enterprises and to foster the growth and competitiveness of MSMEs.⁸⁵ The following were observed:

⁸⁵ ZDA Standard Operating Procedures 2008

6.2.6.1.1 Business Incubation

The MCTI shall through ZDA conduct mobile business clinics to popularise MSMEs use of business development support services to harness business growth for local and foreign business activities through product development and promotion.

i. Product Development

The Agency was required to increase production, supply and the competitive nature of Zambia's products⁸⁶ and advice MSMEs on product improvements to meet big company's requirements in collaboration with quality and standards institutions.⁸⁷

Document review of ZDA Annual reports for 2017 – 2019 revealed that fifteen (15), twenty nine (29) and seventy two (72) SMEs were assisted in product development targeting business linkages to various markets in 2017, 2018 and 2019 respectively.

Physical inspections and interviews with twenty five (25) SMEs revealed that 92% of the businesses were still in their initial stages and required assistance with the development of their products. Further 88% of the SMEs in the initial stages indicated that they did not have all the assets they needed to fully operate their businesses and had challenges accessing the machinery and necessary skills to operate the machinery to help them improve on the quality of their products and capacity to produce. It was further revealed that the lack of machinery for some businesses was due to a lack of tax incentives for SMEs that import machinery for their businesses. This position, therefore, hindered the growth of SMEs and their contribution to jobs and wealth creation.

ii. Promotion and Development of MSMEs' Products for Export

The Agency was expected to obtain show pavilions to assist MSMEs display their product to potential clients to enable MSMEs to meet new clients and get sales leads; increase awareness of their products to a wider audience; find potential partners for future investment; make appointments in the future with potential clients; find distributors or reseller to open new distribution channels and create a continuous display of MSMEs exhibits.⁸⁸

Interviews with twenty five (25) SMEs revealed that the Agency did not assist to develop their products for export. Furthermore, SMEs encountered challenges to access finance and capital resources such as transport, machinery and skilled workers that could be used to enhance their

⁸⁶ ZDA Act (2006), part 3 No.5

⁸⁷ Standard Operating Procedures (2008)

⁸⁸ Standard Operating Procedure - 2008

products and increase production. In addition, the interviewed SMEs were not aware of such a service provided by ZDA.

Representatives from the Agency also indicated that they faced challenges reaching SMEs in rural areas due to the centralised nature of the Agency and their limitations with the number of staff. Most SMEs were assisted with product development upon visiting the Agency office in their location. Consequently, SMEs experienced difficulties to export their products resulting in a negative effect on income generation and later on their contribution to job and wealth creation and contribution to GDP.

iii. Support and Facilitation of MSMEs for Exhibition at Local and Foreign Fairs

The Government through the MCTI planned to broaden MSMEs access to more lucrative local and export markets.⁸⁹ Additionally, the MCTI planned to facilitate the implementation of MSME Trade Shows and Exhibitions with the view to showcase MSME capacities, products and services. The Agency is supposed to publicise and enhance the visibility of products on both local and international markets.⁹⁰

A review of the Enterprise Development Departmental Annual Report for 2016 revealed that 101 SMEs were assisted to participate in local and international exhibitions and trade missions. Further, a review of annual reports for the year 2017 revealed that forty-two (42) SMEs were facilitated to exhibit at the Luapula Expo and the investment forum. To establish whether SMEs had participated in exhibitions, interviews with twenty five (25) SMEs revealed that two (2) SMEs participated in the exhibitions while the remaining twenty three (23) did not participate. This was attributed to low levels of awareness of such events being based in areas where technological advancements were relatively low and had limited resources to enable them to attend and participate in the exhibitions.

The impact of the failure by the Agency to facilitate SMEs exhibitions prevented SMEs to exhibit and interact with large numbers of prospective buyers and suppliers thereby affecting the generation of income resulting in reduced business growth and no contribution to job creation and GDP.

6.2.6.2 Development of MSMEs' Clusters- ZDA

The Agency was required to assist MSMEs in value chains and enhance value chain addition processes and increase their productivity; provide advice on cluster management, give advice

⁸⁹ MSME Development policy 2008 policy 3, strategy 5

⁹⁰ Standard Operating Procedure for the Enterprise development Department (2008)

on product development; facilitate linkages to main stakeholders and offer training to assist MSMEs to operate in particular value chain manufacturing product.⁹¹

A review of the 2016 to 2019 annual reports revealed that the Agency did not develop the planned clusters. Interviews with representatives from ZDA revealed that this was due to limitations in country-wide presence as they only have offices in three (3) provinces namely Lusaka, Southern and Eastern as well as limited resources in terms of trained staff. The Agency representatives also revealed that they encountered challenges in providing this service as it depended on research and development and effective monitoring and evaluation to obtain information concerning the cluster and value chains that would benefit SMEs. Further interviews with twenty five (25) SMEs indicated that they did not belong to any value chain created by the Agency as they were not aware of the existence of the clusters.

This in turn has a negative impact on the SME sector as this deprived SMEs from forming networks that would allow small firms to benefit from business opportunities and synergies that would be available if they operated in established value chains and clusters.

Failure to develop the clusters reduced the levels of networks; productivity and rate of innovation, and competitive performance of firms, thereby negatively affecting the contribution of the SMEs sector to the economy.

6.3 Has MCTI and its Statutory Bodies Monitored and Coordinated the Implementation of MSME Development Programmes?

6.3.1 Monitoring of Projects

Monitoring of projects is a combination of data collection and analysis and assessing to what extent interventions to improve MSMEs have met their objectives. This process was conducted by MCTI, CEEC and ZDA.

6.3.1.1 The Ministry of Commerce Trade and Industry (MCTI)

The MCTI shall conduct periodic monitoring exercises to assess adherence to the provisions of the policy and to determine whether intervention activities are contributing towards the achievement of the policy goal and identified development objectives. ⁹²The MCTI shall conduct at least one monitoring exercise per year.⁹³

⁹¹ Standard operating procedure of The Enterprise Development Department 2008

⁹² MCTI (2008), MSME Development Policy 2008-2018 , Point 7 p.36, para 1

⁹³ MCTI (2008), MSME Development Policy 2008-2018 Point 7, p.36, para 1

Interviews with representatives from MCTI revealed that monitoring activities to SMEs in the period under review were not carried out due to lack of funding to allow for undertaking of monitoring activities though this was not prioritised in their work plans or activities.

Failure by MCTI to carry out monitoring activities shall create a gap in terms of the availability of information on the SME position in the economy, which can enhance their growth and contribution to GDP.

6.3.1.2 Citizens Economic Empowerment Commission

The CEEC should monitor and evaluate economic empowerment initiatives.⁹⁴

Interviews carried out with six (6) provincial coordinators revealed that monitoring was supposed to be carried out every quarter, however, this was not adhered to, as the monitoring programme had not been funded in the period under review. The Copperbelt and North-western Provincial Coordinators further explained that monitoring activities were done when carrying out other activities such that the Copperbelt Province conducted monitoring activities in two (2) quarters of 2018 and three (3) quarters of 2017 while there were no monitoring reports provided for the years; 2015, 2016, 2019 and 2020. In the North-western Province, four (4) monitoring reports were provided for three (3) quarters of 2018 and one (1) quarter for 2017 while there were no reports for the years 2015, 2016 and 2020.

The Central Province Coordinator stated that the office did not carry out quarterly monitoring activities as scheduled in 2020 and had only carried out one (1) monitoring activity in 2019 which was also not comprehensive in that not all SMEs in the province were visited. In Southern Province, the CEEC monitored their projects and produced monitoring reports from 2015 to 2020.

Eastern province submitted monitoring reports for the year 2020, reports from 2015 to 2019 were not provided. The western province also submitted monitoring reports for 2018, 2019 and 2020, however, reports from 2015 to 2017 were not submitted.

Furthermore, interviews with sixty one (61) SMEs revealed that forty one (41) representing 67% stated that they were monitored by CEEC after receiving intervention while eighteen (18) representing 30% stated that they were monitored by other institutions depending on the type of value chain.

⁹⁴ CEEC Act of 2006 Part II (v)

In addition, five (5) SMEs representing 8% of those that had been monitored either by CEEC, other institutions or both stated that CEEC provided them with monitoring reports, thirty one (31) representing 51% received verbal feedback and twenty five (25) representing 41% did not receive any feedback or monitoring report. Further, only twenty two (22) representing 36% indicated that they had benefited from the feedback provided after the monitoring. See **Table 6.24** below.

Table 6.24: Analysis of Sampled SMEs Monitored by CEEC

	No. of SMEs monitored by CEEC after Intervention	No. of SMEs monitored by other insitituions after intervention	No. of SMEs provided with a documented monitoring report	No. of SMEs provide with verbal feedback after monitoring	No. of SMEs that benefited from the feedback provided after monitoring.
No. Of SMEs not monitored or provided with verbal or dcumented report or who did not benefit from monitoring.	41	18	5	31	22
No. Of SMEs not Monitored or provided with verbal or dcumented report or who did not benefit from monitoring.	20	43	56	30	39
Total SMEs interviewed	61	61	61	61	61
Percentage of SMEs that received various monitoring services.	67%	30%	8%	51%	36%

Source: Performance Audit Analysis-2021

Further, interviews with beneficiaries indicated that CEEC was mainly interested in ensuring that beneficiaries were on track in repaying their loans with very little consideration on the status of the business or indeed the challenges faced by beneficiaries. The lack of monitoring had a negative bearing on the fund as it was difficult for CEEC to assess SMEs' position and identify the challenges in the early stages of the business. Further, it caused SMEs to divert from the original business idea which led to business failure. In addition, SMEs who were empowered without collateral would change their phone numbers and relocate their businesses making it difficult to trace those defaulting on loan repayments.

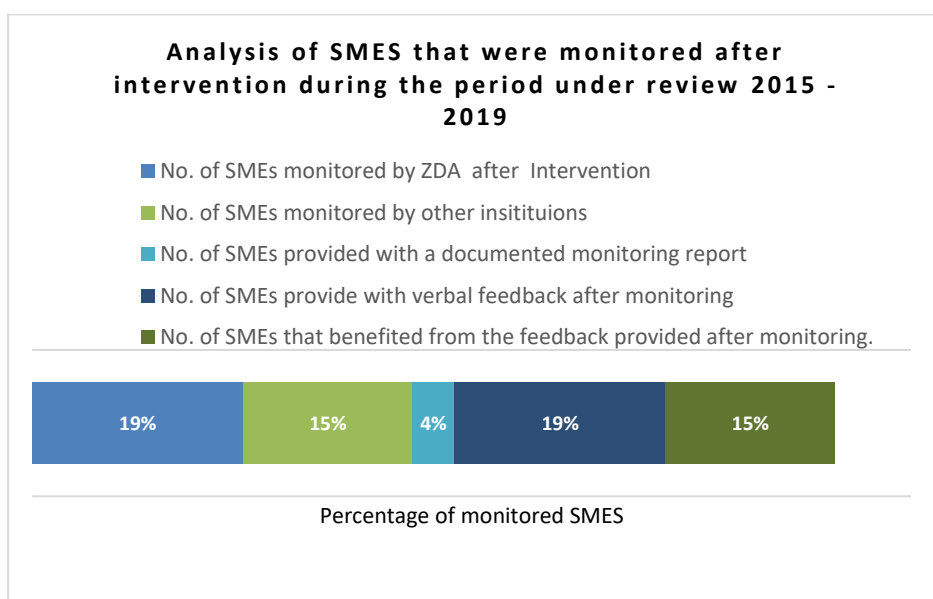
6.3.1.3 Zambia Development Agency

The ZDA will conduct at least two monitoring visits per year and will conduct an impact assessment exercise every two years.⁹⁵

Interviews with representatives from ZDA revealed that even though they had not been funded for monitoring and assessment activities in the period under review, they took advantage of other funded activities to carry out some monitoring. The Agency further indicated that they maintained a database of all SMEs they had offered services to and would carry out comprehensive monitoring activities once funds were available.

Interviews with the 25 SMEs revealed that 19% of the SMEs were monitored by ZDA after intervention and 15% were monitored by other institutions. It was further observed that 4% were provided with documented monitoring reports while 19% had verbal feedback after monitoring. However, an assessment of the impact of the monitoring indicated that out of the 25 SMEs only 4 representing 15% indicated that the monitoring activity was beneficial to their business. See **Chart 6.4** below.

Chart 6.4: Analysis of SMEs Monitored by ZDA



Source: Performance Audit Analysis – 2021.

Failure to monitor the SMEs implied that the ZDA would not be able to determine the challenges encountered to assist them with the necessary services. This will further affect the growth and sustainability of the SMEs.

⁹⁵ MCTI (2008), MSME Development Policy 2008-2018 Point 7, p.36, para 3

6.3.2 Coordination of Activities among Stakeholders

MCTI is the lead institution responsible for the formulation, coordination and administration of the National Investment Promotional Strategy (NIPS). The MCTI has the primary responsibility of providing an enabling environment to attract investments for operations of both domestic and foreign business enterprises. Additionally, the MCTI shall closely work with its statutory bodies namely Zambia Bureau of Standards (ZABS), ZDA and CEEC among others in implementing the NIPS.⁹⁶

Interviews revealed the MCTI did not coordinate the activities with SMEs, CEEC and ZABS. SMEs received interventions from CEEC to improve their businesses, however, the non-coordination of statutory bodies through the MCTI failed to operate their businesses. The following were observed:

6.3.2.1 Muna Aqua Enterprise.

Physical inspection and interviews with the business promoter revealed that the business was not operational as at 31st October 2021 despite the CEEC having facilitated its operationalisation with the disbursement of K490, 000 in which eleven (11) jobs were created⁹⁷.

A visit to Muna Aqua bottling company revealed that the plant had new equipment purchased by CEEC however it was not functional due to the delayed issuance of a certificate by ZABS. The company was offered a certificate to operate on 24th December 2019 and three (3) days later on the 27th December 2019 the CEEC delivered a writ of summons taking the company to court.

Further interviews revealed that the business failed to start its operations due to a lack of coordination between CEEC and ZABS. As a result, the business could not contribute to employment creation and GDP.

6.3.2.2 Linro Enterprises Limited

An interview with the business promoter revealed that the company accessed a franchise contract with King Pie whose business operations were limited to Choma District. For the King Pie franchise to begin operating, the Company received the full loan disbursement of K2, 195, 554 from the CEEC. The company had operated for one month, created eight (8) jobs and made

⁹⁶ National Investment Promotional Strategy (NIPS) 2018 – 2022 Chapter 5.2.1,

⁹⁷ CEEC 2017 Annual Report page 11

sales of K150, 000 before the license to operate was revoked by Government to promote local businesses. As of 31st October 2021, the company was not operating and the CEEC had taken the company for litigation as the business could not make repayments towards the loan. Therefore the business was not able to contribute to employment and GDP.

CHAPTER SEVEN: CONCLUSION

The chapter presents audit conclusions derived from the audit findings on the Government Interventions on the SME sector through MCTI, CEEC and ZDA. The overall objective was to establish the effectiveness and efficiency of Governments interventions on the SME sector through the MCTI, CEEC and ZDA to enable the SME sector to contribute to the country's wealth and job creation.

The development of Micro, Small, and Medium Enterprises (MSMEs) is one of the sustainable ways of reducing the levels of poverty and improving the quality of life of households through wealth and job creation⁹⁸.

The MCTI and its statutory bodies specifically CEEC and ZDA did not provide interventions involving empowerment funds and business development services that were effective and efficient to enable the SMEs contribution to wealth, job creation and the GDP at large. SMEs in many parts of the country had challenges accessing affordable financing as the CEEC had limited resources to fund all the applicants. Those that had accessed the fund still had problems managing and running successful businesses and repayment because of factors such as value chains not being fully developed and lack of mentorship from CEEC and ZDA. Further, though the fund has been operational since 2006 CEEC has not disbursed funds fully and timely. As a result, even if the fund was supposed to be revolving in nature, the inefficiencies in the provision of the fund rendered the SMEs incapable of making repayments on time.

Most of the interviewed SMEs echoed that the main benefit from ZDA interaction was only registration which in any case did not yield any positive results as ZDA did not provide business development services to beneficiaries which should have enabled SMEs to contribute to wealth and job creation. Further, there was inadequate monitoring of SMEs by the MCTI, CEEC and ZDA. Without monitoring, the Government was unaware of the level of development of the SME sector and its contribution towards economic development. Without this information, policy decisions could not be made to ensure the development of the SME sector in the country.

The MHID who is in charge of the construction sector did not ensure that the small and medium contractors were contributing to wealth and job creation due to the non-implementation of the 20% policy.

⁹⁸ 2008 SME Development Policy Page

MCTI did not coordinate the activities among the SMEs, CEEC and ZABS. MSMEs received intervention from CEEC to deliver services successfully, however, the non-coordination of statutory bodies through the MCTI failed to operate their businesses.

It can therefore be concluded that the SME sector has not been able to make a substantial contribution to economic development as the impact of the SMEs which have benefited from the government interventions are not visible. Therefore, if the Zambian economy has to benefit from the SME sector, business should not continue as usual but call for improvement in the implementation of the government's pronouncements and plans.

CHAPTER EIGHT: RECOMMENDATIONS

This chapter presents the audit recommendations if implemented may result in a positive impact with regards to the government interventions in the SME sector.

8.1 MCTI

- i. The MCTI should task its statutory bodies to streamline the regulation on entry for MSME businesses and schemes for inviting private capital to improve access to finance in the MSME sector.
- ii. The MCTI should encourage the development of aggregation facilities⁹⁹. The MCTI should focus on the provision of aggregation facilities to allow small-scale growers and producers to process and prepare foods for markets with high-level equipment, as well as act as a point of contact for the growers and food distribution businesses.
- iii. The MCTI should focus on value chain clustering for MSMEs. This means that the emphasis should be on the full range of businesses or economic activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), and commercialisation, delivery to final customers and final product disposal after use.
- iv. The MCTI should focus on the industrialisation of MSME: This is the act of transforming or value addition, on a commercial scale, of raw materials into finished or semi-finished products including the assembling of inputs into finished or semi-finished products.
- v. The MCTI through its cooperating partners should focus on a new business incubation Programme. This programme will aim at incubating new MSMEs related businesses at economic zones and industrial yards. In accordance with the increase in import and export cargo, new services in newly developed international and provincial logistics parks should be considered.
- vi. The MCTI should focus on business matching and ICT programmes: MSME businesses in Zambia are unable to improve business management exercises due to not only financial weakness but also a shortage of ICT facilities/infrastructure, management skills, business

⁹⁹ Aggregation facilities refers to an area established to collect, process (and package) crops grown from various parts of a production area such as a ward, district or province.

network and capability of staff. This programme will aim at assisting MSMEs by providing the much-needed information with regular dialogue between private and public sectors in supporting MSMEs.

- vii. MCTI should coordinate with MoF to fully operationalise the ZCGS and to ensure that MSMEs can access affordable financing.

8.2 Citizen Economic Empowerment Commission

- i. The CEEC should put measures in place to ensure that their main services provided to the MSMEs are not limited to financial interventions but also improve on the provision of BDS as inscribed in their manuals to ensure a vibrant MSME sector whose contribution will be worth publishing.
- ii. The CEEC should put measures in place to ensure that all data related to jobs created should be compiled and kept in a database.
- iii. The CEEC should undertake and prioritise its monitoring activities in time to enable MSMEs that benefit from the fund to grow into a going concern.
- iv. The CEEC should come up with a way of conducting assessment on implementation progress to timely devise ways that will help the fund achieve its objectives
- v. The CEEC should put measures in place to ensure that there is adequate staff with the required capacity to undertake different types of work in different positions of the provincial offices to reduce the failure rates of businesses that are empowered by the CEEC.
- vi. The CEEC should assess the loan disbursement system to identify the bottlenecks and further devise ways which will ensure that the applicants access the fund without delay.

8.3 Zambia Development Agency

- i. ZDA should foster the implementation of decentralised operations to increase operational coverage and increase access to their services to MSMEs in various parts of the country.
- ii. The ZDA should formulate plans which will assist MSMEs to a point where they are established by ensuring that the BDS is provided to all the MSMEs that require such services.
- iii. ZDA should intensify monitoring of MSME's so that they may identify the gaps in the development of the sector and make appropriate recommendations to the MCTI.

8.4 Ministry of Housing and Infrastructure Development

The MHID should ensure that the 20% subcontracting policy is being adhered to and any contractors that are not complying are penalised.

Appendices

Appendix I: List of Districts, Industrial Yards and MSMEs visited.

No.	Province	District	Type of intervention	Business Name
CEEC				
1	Southern	Choma	CEEC	Bwacha Agriculture Primary Co-operative
2	Southern	Namwala	CEEC	Free time Phiri and Sons
3	Southern	Choma	CEEC	Linero Enterprises Ltd
4	Southern	Namwala	CEEC	MKS Drug Stores
5	Lusaka	Lusaka	CEEC	Chiwamuluta Enterprises LTD
6	Lusaka	Lusaka	CEEC	Kuzaza Enterprises
7	North Western Province	Solwezi	CEEC	Aggitec Manufacturing and Supplies Ltd
8	Southern	Zimba	CEEC	Agness Lusulo Enterprise
9	North Western Province	Solwezi	CEEC	Bumi Kuja Multipurpose
10	Southern	Choma	CEEC	Butler Enterprises
11	Central	kabwe	CEEC	Chasu Blocks
12	Lusaka	Lusaka	CEEC	Chiwendemu
13	Northern	Kasama	CEEC	CTC Fast foods
14	Northern	Kasama	CEEC	Chengelo Nursing school
15	Northern	Kasama	CEEC	Mwaleti enterprises
16	Northern	Kasama	CEEC	Northern Province Cooperative marketing union ltd
17	Northern	Kasama	CEEC	Regitech soya Processing industry Ltd
18	Copperbelt	Kitwe	CEEC	Cicima Nursery & Primary School
19	Copperbelt	Kitwe	CEEC	Dimension Agromarch Ltd
20	Northern	Kasama	CEEC	Desilo Vet and Agro Services
21	Northern	Mpulungu	CEEC	Micro- Tafuna Musonda
22	Northern	Mbala	CEEC	Lake Chila Lodge
23	Northern	Mungwi	CEEC	Namutemba Mbuto Farm Producers Ltd
24	Northern	Mbala	CEEC	Museleka Enterprises
25	Copperbelt	Lufwanyama	CEEC	Edoquin Enterprises
26	Copperbelt	Ndola	CEEC	Evelyn Siwale Nyirenda
27	North Western Province	Solwezi	CEEC	F&A Natural Products
28	Copperbelt	Ndola	CEEC	Forbes Agri-Business
29	Copperbelt	Luanshya	CEEC	Hamatulu Farms
30	Central	Mumbwa	CEEC	Hope Academy School
31	Lusaka	Lusaka	CEEC	Insofu Innovations
32	Lusaka	Lusaka	CEEC	Jel-Tam Systems

33	North- Western	Solwezi	CEEC	K&G Mutembu Enterprises
34	Copperbelt	Luanshya	CEEC	Land stone Farm
35	Central	Kabwe	CEEC	Likwabilila
36	Copperbelt	Luanshya	CEEC	Malamas
37	North Western Province	Solwezi	CEEC	Musoleka Enterprises Limited
38	Copperbelt	Ndola	CEEC	Nashi Business Linkages
39	Lusaka	Chongwe	CEEC	Nchiwendemu
40	Copperbelt	Chingola	CEEC	Ngora Trading
41	Copperbelt	Kitwe	CEEC	Oritech Enterprises
42	Lusaka	Chirundu	CEEC	Palabane Fisheries
43	North Western Province	Kalumbila	CEEC	Premiercon Starch Company Limited
44	Central	Chisamba	CEEC	Shejusu
45	Southern	Livingstone	CEEC	Silowa Enterprises
46	Central	Mumbwa	CEEC	Sinclem
47	Copperbelt	Kalulushi	CEEC	Sknel Enterprise
48	Central	Kabwe	CEEC	Tebulu
49	Central	Chisamba	CEEC	Temuno Agro Processing Ltd
50	Central	Mumbwa	CEEC	Utility Enterprise
51	Southern	Livingstone	CEEC	Zamwood
52	Lusaka	Lusaka	CEEC	Betternow Family Investment
53	Southern	Kafue	CEEC	Chaote
54	Lusaka	Lusaka	CEEC	Great Minds Media Solutions Company Limited
55	North Western Province		CEEC	Lutanda Dairy
56	Lusaka	Lusaka	CEEC	Nazya Investments
57	Lusaka	Lusaka	CEEC	Prisabi Enterprise
58	Lusaka	Lusaka	CEEC	Three Circle Limited
59	Southern	Kafue	CEEC	Lilume Quarry Zambia Limited
60	Southern	Zimba	CEEC	Muna Aqua
61	Central	Kabwe	CEEC	Giant Millers
ZDA				
1	Southern	Namwala	ZDA	PK Mobile Packs Enterprises
2	Lusaka	Lusaka	ZDA	Apachi Construction and farming LTD
3	Lusaka	Lusaka	ZDA	Charqo INV Ltd
4	Lusaka	Lusaka	ZDA	Hamee General Dealers
5	Southern	Choma	ZDA	Kathophi General Dealers
6	Southern	Choma	ZDA	Remzal Enterprise
7	Copperbelt	Kitwe	ZDA	Abundance Foods Limited
8	Lusaka	Lusaka	ZDA	Afrishare Suppliers
9	Lusaka	Lusaka	ZDA	Break Even Enterprise
10	Southern	Livingstone	ZDA	Bush Wilderness Safaris

11	Lusaka	Lusaka	ZDA	E-Msika Services Limited
12	Central	Kabwe	ZDA	Gam&Bite General Dealers
13	Lusaka	Lusaka	ZDA	Gemstone and Minerals Development Company Ltd
14	Kabwe	Kabwe	ZDA	J and T innovations
15	Central	Kabwe	ZDA	Luchi
16	Southern	Kafue	ZDA	Muyangana's
17	Southern	Choma	ZDA	R & V Business Solutions
18	North Western Province	Solwezi	ZDA	Smart Shoe Manufacturing
19	Copperbelt	Ndola	ZDA	stokeys smoked meat
20	North Western Province	Kalumbila	ZDA	Teleo Business Solutions
21	Copperbelt	Ndola	ZDA	Vinegrace Enterprises
22	North Western Province	Solwezi	ZDA	Wana Cleaning services
23	Central	Kabwe	ZDA	Elvis Yedwax Enterprises
24	Copperbelt	Ndola	ZDA	Demitru Eneterprises Ltd
25	Southern	Livingstone	ZDA	Olive Fashion
UNTREATED				
1	Copperbelt	Ndola	Untreated	CS Milling
2	Copperbelt	Luanshya	untreated	Flora Chipawudu Enterprises Ltd
3	North Western Province	Solwezi	Untreated	Gari Processing
4	Central	Kabwe	Untreated	Gilbert Phiri
5	North Western Province	Solwezi	Untreated	Ream Construction &Media Consultants Ltd
6	Copperbelt	Ndola	Untreated	Reedbuck farms
7	Copperbelt	Kitwe	Untreated	Zamuchi Investment Ltd

Source: Performance Audit Analysis

Appendix II: Documents Reviewed

Documents Reviewed	Reasons for Review
7NDP 2017 – 2021 and its Implementation Plan.	Understand the targets and objectives the Government would like to achieve regarding to the development of MSMEs with a view of obtaining Criteria.
Citizen Economic Empowerment Commission Act No. 9 of 2006	Understand the legal requirements of CEEC as Fund Managers on behalf of the Government and also to understand how the CEEC carries out its functions to enhance the performance of MSMEs with a view of obtaining criteria.
Zambia Development Agency Act of 2006	To understand the objectives set for entrepreneur development and functions of the Agency with a view of obtaining criteria.
Monitoring Reports for ZDA for the period 2017 to 2019	To understand how monitoring activities are done and their benefits to MSMEs with a view of assessing the impact of recommendations from monitoring reports.
MCTI Strategic Plan 2017 – 2021	Understanding the interventions being undertaken on MSMEs by MCTI in the period under review with a view of obtaining criteria.
CEEC Strategic Plan 2017 – 2021 and CEEC's Strategic Implementation Plan	Understanding the activities planned and the roles of the Commission in the period under review in terms of targets with a view of obtaining criteria and to determine the targets set to be achieved and the extent of activities undertaken for possible criteria.
Medium Small Enterprises Development Policy 2008. National Industrialization policy 2018	Understand the objectives, targets and strategies the Government has put in place to improve the MSMEs in the country and to assess the strategies formulated to improve the MSME sector with a view of obtaining audit criteria for determining the impact of the programmes.
List of operational industrial zones and the number of MSMEs operating from such zones	To determine the extent of MSMEs operating in such zones, the proposed jobs are to be created from the operationalisation of such zones.
Zambia Development Agency (ZDA) 2016 – 2020 Development Plan	Understand the enterprise development programmes facilitated by ZDA to grow MSMEs through capacity building and linkages to market. A possible source of criteria. Activities are undertaken in the period under review
National Local Content Strategy 2018 – 2022	Understand the extent of MSMEs involvement in the strategies and possible criteria.
CEEC's Business Development Services Manual	Understand the systems put in place by CEEC to develop capacity in MSMEs with a view of obtaining possible criteria.
CEEC's Credit Risk Policy 2015	Understand the activities undertaken by CEEC to reduce credit risk from the beneficiaries of the fund and possible criteria.

Appendix III: List of Interviewee

Institution	Position of the Interviewee
MCTI	Economist
CEEC	Senior Credit Officer
	Senior Business Development Officer
	Project Manager (Industrial Yards)
	Risk Manager
	Provincial Coordinators
ZDA	Director – Enterprise Development
	Assistant Director – Enterprise Development
	Enterprise Development officers
Ministry of Finance	Assistant Director – Economic Management Department
	Principal Economist – Economic Management Department
Zambia Credit and Guarantee scheme	Head – Business Development
	Head – Risk and Credit Department
Zambia Statistics Agency	Principal Statistician
Ministry of Housing Infrastructure Development	Permanent Secretary
	Director Planning
	Director Housing
	Manager Internal Audits
Road Development Agency	Ag Chief Executive Officer
	Ag PDI
National Housing Authority	Chief Executive Officer NHA
National Construction Council	Executive Director

Appendix IV: Reasons for Delayed Completion of Industrial Yards

Industrial Yard	Proposed Date Of Completion	Date Of Handover	No Of Months Of Delayed	Reason For Delays In Completion
Kasama	August 2019	30.11.19	3	Delays due to delayed handover of site and power control mechanism. Evidence of correspondence relating to extension requests and reasons advanced are attached at annex 1.
Ndola	August 2019	30.10.20	15	Delays due to incremental weather, redesign of drawings and excessive water-logging of backfill material. Evidence of correspondence relating to extension requests and reasons advanced are attached at annex 1.
Kitwe	August 2019	30.10.20	15	Change of site due to encroachment by citizens at Mindolo site. The industrial yard site was later moved to Mufuchani. Evidence of correspondence relating to extension requests and reasons advanced are attached at annex 1.
Solwezi	August 2019	30.10.20	15	Delays due to encroachment by the locals, additional works and variations, delayed payment and delayed instruction for drawings. Evidence of correspondence relating to extension requests and reasons advanced are attached at annex 1.
Chipata	August 2019	30.06.20	10	Encroachment by locals. Delays due to substantially increased quantities of work, delays due to insufficient information in the documents, delays due to discrepancies between drawings and BoQ's and delays due to delayed drawings and some approvals. Evidence of correspondence relating to extension requests and reasons advanced are attached at annex 1.
Mongu	August 2019	30.06.20	10	Construction terrain was not suitable for construction. A further source of building materials is Lusaka which also contributed to the delay in completion. Evidence of correspondence relating to extension requests and reasons advanced are attached at annex 1.
Mansa	August 2019	30.09.21	Incomplete	Delays in the acquisition of land and design delays as Department of

Industrial Yard	Proposed Date Of Completion	Date Of Handover	No Of Months Of Delayed	Reason For Delays In Completion
				Infrastructure designed for above 6 Industrial Yards. Evidence of correspondence relating to extension requests and reasons advanced are attached at annex 1.
Lusaka/Kafue	August 2019	30.06.21	Incomplete	Delays in the acquisition of land and design delays as Department of Infrastructure designed for above 6 Industrial Yards. Evidence of correspondence relating to extension requests and reasons advanced are attached at annex 1.

Appendix V: Supported Value Chains

Serial No.	Industry	Stages/components in the Value Chains	Projects empowered	Total No. of components in a value chain	No of Components empowered	Variance – No. of components not funded
1.	Beef	Breeding, fattening, red meat processing, leather processing, by-product utilization, abattoir, butchery, transportation, marketing, etc.	Fattening, Production, Animal Disease control and red meat processing	9	4	5
2.	Cassava	Input supply, processing, cassava flour, cassava chips, confectionery, gari popularization, starch, alcohol, glue, storage, transportation, marketing, etc.	processing, cassava flour and starch	12	3	9
3.	Cotton	Input supply, tilling services, spraying services, transportation, storage, processing, marketing, by-product utilization, etc.	Input supply, tilling services, spraying services, Seed cotton Purchase, storage processing, Manufacture fabrics, by-product utilization Production, Trading transportation and marketing	8	8	0
4.	Dairy	Breeding, Artificial Insemination, milk production, animal disease control, feed, transportation, cooling and storage and transportations systems, milk processing and packaging, marketing, by-product utilization, etc.	Feed, artificial Insemination and milk production	11	3	8

Serial No.	Industry	Stages/components in the Value Chains	Projects empowered	Total No. of components in a value chain	No of Components empowered	Variance – No. of components not funded
5.	Fish	Hatchery, nursery, fish farming, input and drug supplies, capture fishing, cold storage, transportation, processing, marketing, etc.	Fish capture, processing, farming ponds, hatcheries and nursery	9	5	4
6.	Fruit	Grafting services, nursery business, input supply, storage, transportation, fruit chunks, pulp, juice, jam, pulp, marketing, by-product utilization, etc.	Mango - trading, Juice processing, transportation Pineapple – transport	11	3	8
7.	Gemstones	Mining, grading, processing, dressing, marketing.	Gemstone processing	5	1	4
8.	Groundnuts	Input supply, aflatoxin control, storage, processing, marketing, trading, bulking and oil processing	Groundnuts trading, Bulking and Oil Processing	6	2	4
9.	Honey	Production, bulking, processing, beeswax, acropolis, by-product utilization, marketing,	Honey bulking, Beeswax, bee Purchasing and Marketing	7	3	4
10.	Palm Oil	Edible oil, cosmetics, soap, fuel, transportation, marketing, etc.	Edible Oil Processing	6	1	5
12.	Poultry	Meat and egg production, day-old chick supply, meat processing, marketing, by-product utilization, etc.	Farming, meat processing, meat and egg production day old chicks supply	5	4	1
13.	Rice	Input supply, tilling, storage, production, transportation, grading, processing, marketing, by-product utilization, trading	Rice production, processing, trading, transportation, tilling and product Utilization	10	5	5

Serial No.	Industry	Stages/components in the Value Chains	Projects empowered	Total No. of components in a value chain	No of Components empowered	Variance – No. of components not funded
14.	Stock Feed	Production, storage, transportation, marketing., by-product utilization, etc.	Production	5	1	4
15.	Timber	Green projects, carbon trading, harvesting, transportation, processing, trading, marketing, by-product utilization, etc.	Timber trading Processing and furniture production	8	3	5
16.	ICT	Internet Access Solutions, Software Solutions, Business Centers, car security gadgets	Manufacture of car security gadgets	4	1	3
17.	Energy	Filling Stations, Solar Projects, ethanol and electricity	Filling station, ethanol and Electricity Plant	3	2	1
18.	SME Industrial Yards	Metal fabrication, spares and parts, wood work repairs and maintenance, supplies.	Nothing	6	0	6
Total				125	49	76

Appendix VI: Supported Dairy Value Chain Businesses

Serial No.	District	Name of MSME	Year Accessed Fund	Amount in K	Comment
1.	Chipata	Nezi Investments Company Limited	8/5/2017	276,500.00	Operational
2.	Kabwe	Giant Millers Company Limited	1/31/2015	238,620.00	Not operational, shifted from the original place, applied for additional funding, under litigation
3.	Mpika	Chiduli Estates Limited	10/9/2015	912,873.29	The business failed property reposited under litigation
4.	Kabwe	Ncipego Farm	10/25/2015	622,788.00	Not operational
5.	Kabwe	Likwabilile Farming and General Trading	11/25/2015	446,286.40	Not operational
6.	Kabwe	Mpima Dairy Producers Cooperative Society	3/30/2016	533,337.23	Not operational – all the cattle died within three months
7.	Chilanga	Lupola Group	1/4/2016	552,890.00	Operating the animals have developed diseases and they are thin due to lack of proper feed
8.	Solwezi	Musoleka Enterprises Limited	6/30/2016	589,529.92	Not operational all cows died due to lack of proper feed and technical advice from the experts
9.	Luanshya	Cowboys Camp Ltd	6/30/2017	74,742.22	Not operational
10	Choma	Bwacha Agriculture Primary Co-operative	7/24/2017	74,742.22	Operational
11	Mpika	Tukafisanga MP Cooperative (William Mulenga)	4/30/2018	74,742.22	Operational
12	Luanshya	Dorothy Musenge Manda (Twashuka Women)	9/2/2018	74,742.22	Operational
	Total			4,471,793.72	

Source: Performance Audit Analysis

Appendix VII: Supported MSMEs in the Fish Value Chain

Serial No.	Name of MSME	Year Accessed Fund	Amount in K	Comment
1.	Chimwiss Enterprises	2/26/2018	33,655.22	Not operational. Submitted funds request to operationalise the project
2.	Chitwell Enterprises	2/26/2018	45,650.22	Not operational. The client is expected to rehabilitate fish ponds for him to receive final disbursement
3.	Kumil Energy Limited	4/11/2018	1,413,340.00	Not operational. The client applied for a review of the loan period and the matter is being handled by CCRM
4.	Elim Palms Enterprises	4/24/2018	1,864,463.35	Not operational. The client applied for additional funding for which he's sourcing for additional securing
5.	Tubombeshe Fish Farm (Joseph Kapaya)	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
6.	Wisdom Sustainable Youth Development	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
7.	Joel Chilambwe Agri-Business	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
8.	Walusungu Adventures Limited	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
9.	Mukanga Kainga Enterprise	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
10.	Kenani Rubber Women's Club	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
11.	Chilongo Women's Association	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province

12.	Mbalusa fish farm (V. Mwape)	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
13.	Kapenda Farmers Club 14.(Mpassa Musonda)	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
14.	Rasm Kasumpa Youth Club	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
15.	Mamoko Farmers Group	6/30/2015	85,230.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
16.	Kashikishi Tubombele Pamo Farmers Group	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
17.	Kafimbwa Youth Empowerment Club	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
18.	Bulembe Farmers Group	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
19.	Lima Fish Farming (James Mwila)	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
20.	Nshinda Community Farm (Henry Kaputo)	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
21.	Kanaila Fish Farm (Albert Lubinda)	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
22.	Chimbofuma Youth Empowerment Group(CYEG)	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
23.	Selu Fish Farm (Sebastian Lubinda)	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
24.	Kenani fish farming (Hastings Kangwa)	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province
25.	Kashikishi Farmers Group	7/30/2015	85,830.00	Not operational. There has been no reliable source of recommended fingerlings in the Province

26.	Nondies Fisheries	7/30/2015	85,830.00	Partially funded & not operational. There has been no reliable source of recommended .fingerlings in the Province
27	Ujamaa Community Group	7/30/2015	85,830.00	Partially funded & not operational. There has been no reliable source of recommended fingerlings in the Province
28	Twikatane Mushimba Women's Group	7/30/2015	85,830.00	Partially funded & not operational. There has been no reliable source of recommended fingerlings in the Province
29	Mubongi Fish Farming	7/30/2015	85,830.00	Partially funded & not operational. There has been no reliable source of recommended fingerlings in the Province
28	Celsan General Contractors and Suppliers	9/9/2015	803,528.63	Non-operational - under litigation
29	Likunganelo Kakulwani Kozo Youth Club	6/20/2015	32,070.00	No comment provided
Total			3, 060,054.07	

Appendix VIII: Partial Disbursements of Loans

Loanee Name	Total Loan	Disbursed	Date Disbursed	Undisbursed	% undisbursed Amount
Praises Enterprises	57,778.00	29,627.40	31/05/2015	28,151	49
Joseph Mutale (Mpika Agric co-op)	73,544.00	8,777.24	30/07/2015	64,767	88
Kabwaga Development Trust	57,778.00	10,800.00	30/07/2015	46,978	81
Apatebeta Lesa Women's Club	90,510.00	22,847.61	30/01/2016	67,662	75
Mupepetwe Women's Club	89,490.00	10,347.61	30/01/2016	79,142	88
Morefood Agro Suppliers	1,656,203.00	32,200.00	10/03/2016	1,624,003	98
K n K Agro Vet Services Limited	531,300.00	491,990.92	26/10/2016	39,309	7
Truth Trust Academy Limited	341,320.16	338,713.93	25/11/2016	2,606	1
Shimidrick Hardware Enterprises Limited	511,840.00	46,840.00	28/02/2017	465,000	91
Regitech Soya Processing Industries Limited	1,595,309.83	1,346,302.02	17/07/2017	249,008	16
Mutanda Dairy Co-operative	74,742.22	11,241.22	17/07/2017	63,501	85
Shamuchisha Limited	215,244.53	150,583.17	31/07/2017	64,661	30
Kaundu Womens Club	90,510.00	50,185.22	15/09/2017	40,325	45
Mulenga William(Tukafisanga MP Cooperative)	57,778.00	20,004.97	10/10/2017	37,773	65
Luapula Youths in Real Estates Solution	215,244.53	215,012.53	07/11/2017	232	0
Saknel Enterprise Ltd	89,490.00	59,845.68	14/11/2017	29,644	33
Fewness Mwila (Chimwiss Enterprises)	90,510.00	33,655.22	26/02/2018	56,855	63
Moffat Chitalu (Chitwell Enterprises)	90,510.00	45,650.22	26/02/2018	44,860	50
Collins Moyombo Mufuna (Lizwai Women's Club)	120,810.00	84,654.46	06/03/2018	36,156	30
Risonol Enterprises	215,294.53	15,950.73	30/04/2018	199,344	93
Mickail Farms	584,209.91	687,999.63	02/09/2018	-103,790	-18
Nawa Muzumi T/A Namayanga Fish Farming Project	120,810.00	86,740.80	25/10/2018	34,069	28
Mutebele Enterprise	164,783.51	129,601.02	26/10/2018	35,182	21
Webget Investment Limited	1,197,016.52	1,047,016.52	17/12/2018	150,000	13
Frank Chongo T/A Ngora Trading	54,633.00	4,633.00	24/12/2018	50,000	92
K&G Mutembu Enterprises	100,187.61	7,850.61	23/05/2019	92,337	92
Bumi Kuja Multi-Purpose Cooperative Society Ltd	103,999.00	11,249.00	23/05/2019	92,750	89
F&A Natural Products Enterprise	103,999.00	11,249.00	23/05/2019	92,750	89
Matambi Investment Limited	987,836.00	679,836.00	10/07/2019	308,000	31
Peter Simfukwe T/A Mwaleti General Dealers	1,924,921.81	152,115.11	23/08/2019	1,772,807	92
Given Mateyo (Femate Fisheries Ltd)	577,652.83	206,237.83	05/09/2019	371,415	64
Acomm's Lodge Limited (T/A Acomm's Gardens)	1,900,000.00	1,642,072.45	09/09/2019	257,928	14
Country Millers Limited (T/A Rosewood Ranch)	1,869,000.00	1,579,592.58	09/09/2019	289,407	15
Rohi Fish Farming Limited	2,193,786.55	1,352,974.55	01/10/2019	840,812	38
Tapo Farms Limited	955,248.00	538,495.47	04/10/2019	416,753	44
Kebumba Pipes Limited	1,514,017.42	1,513,867.42	21/10/2019	150	0

Chikunto Fish Hatcheries and Farm Limited	1,018,281.47	873,420.95	25/10/2019	144,861	14
Africa Access Limited	400,000.00	270,636.73	07/11/2019	129,363	32
Lyalelo Cooperative	450,000.00	388,940.00	11/11/2019	61,060	14
Adam Simangolwa K (Good Hope)	68,000.00	64,940.00	19/11/2019	3,060	5
Moses Fwanyanga T/A Beltesmol Fisheries Ent	701,795.52	476,594.89	03/12/2019	225,201	32
Kaka Procurement Ltd	1,509,643.61	1,509,628.61	14/01/2020	15	0
Muchinga Dairy Company Limited	2,666,519.99	2,361,086.48	03/03/2020	305,434	11
Total partial Disbursements	27,431,548.55	18,622,008.80		8,809,540	32
Full disbursement				95,072,148	
Total Funding				103,881,687	
% of partial funded projects to total funding				8.480,358,731	

