SWP 16/87  TRAINING FOR THE INFORMAL SECTOR
CASE STUDIES FROM COLOMBIA, MALAWI,
SOMALIA AND SUDAN

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by
Malcolm Harper
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CONCLUSIONS

LIST OF DISCUSSION PAPERS
This paper has been prepared by Malcolm Harper, Professor of Enterprise Development and Director of the Enterprise Development Centre at Cranfield School of Management, Bedford, United Kingdom. Meant as a contribution to an ILO workshop of experts on training in the urban informal sector of developing countries (Turin, 7-11 April, 1987). It is hoped that readers of this series of discussion papers will also find it stimulating.

Professor Harper presents four cases of training for the informal sector in Colombia, Malawi, Somalia and the Sudan. It is particularly interesting to find similarities and differences in the way in which relative outsiders have conceived of training in the informal sector and how they have subsequently put their ideas into practice. Training micro-entrepreneurs, it appears, demands approaches which are both comprehensive and location-specific and which may be far removed from conventional methods of management development and vocational training.
I. INTRODUCTION

The informal sector has been the subject of numerous conferences, learned articles, case studies and discussions. These have contributed to our understanding of why and how people earn their living in this way, and they have identified many of the problems with which informal sector workers are faced. Rather less, however, has been said about practical ways to assist them.

It is widely recognised that official harassment and inappropriate regulations have been, and often still are, major problems for informal sector workers. Since steps are being taken by governments in many countries to remove some of the constraints which make life in the informal sector more difficult than necessary, it has become possible to consider what else governments could do to assist the informal sector.

Credit is the most important problem in the eyes of most people who work in the informal sector, and three out of the four programmes described in the following case studies include credit, or access to credit, as part of the package of assistance which they offer.

As with larger, more formal "small businesses", however, the regulatory climate and the lack of credit are not the only problems. Employers and workers in the informal sector display remarkable persistence and ingenuity, often under difficult conditions, but we must not allow our admiration for this to lead to the conclusion that everything they do is the optimum response to the circumstances in which they are. The quality of many informal sector products is very low, even when the simple equipment of the enterprises and the modest needs of their clients are taken into account; their methods are often inefficient and their standard of "management", broadly defined, is very low. Some of these weaknesses may be overcome by training of some sort, in combination with other forms of assistance.

The case studies briefly describe four examples of assistance programmes for informal sector enterprises, in Colombia, Malawi, Somalia, and Sudan, which have included some element of training and which have, in part at least, achieved some success.
It is not suggested that these programmes can be "replicated" anywhere else, in detail or even in broad concepts, but it is hoped that they may provide some ideas for others who are trying to design and implement similar programmes adapted as necessary to local conditions.

A common format has been adopted for each of the four case studies. Following introductory remarks, the scene is set and details are included on project origins and design features, on project objectives and activities, on inputs and outputs, and on impact and lessons which may be drawn.
II. THE DESAP PROGRAMME OF THE CARVAJAL FOUNDATION IN CALI, COLOMBIA

This case study describes a programme which combines classroom training, individual advisory services and credit in an unusually effective package to assist informal sector enterprises in Cali, Colombia. The programme was started in 1977, and has since become a widely admired example of how urban micro-enterprises can economically and effectively be assisted through private initiative. The DESAP Programme of the Carvajal Foundation has been widely imitated in Colombia and other parts of Latin America, and a number of international assistance agencies, which had been invited by the Foundation to provide assistance in a variety of specific ways at the inception of the programme, are now attempting to apply some aspects of what has been learned in Cali to other places. Success is a function of the commitment and enthusiasm of the Foundation, and of the programme's own staff, which are difficult to replicate, but there are nevertheless a number of lessons which can be learned and applied elsewhere.

Setting

The DESAP Programme was set up and continues to operate in Cali, which is with well over one million people the third largest city of Colombia. Like all major Latin American cities, Cali is growing very rapidly, and although it is a major manufacturing centre which serves the needs of the fertile agricultural area of Cauca Valley, the employment opportunities in formal sector industry and services including the public sector are in no way sufficient for the city's own population or for the large numbers who migrate there from the valley and surrounding hills. There is therefore a very large and active informal sector, which has in fact been widely studied, and many of the micro-entrepreneurs involved in informal enterprise have the energy, initiative, and ambition to progress beyond subsistence self-employment.
Their level of technical skill is generally quite high, and the quality and design of their products is such that they can compete with factory-made items. Formal credit was however inaccessible to these people, the legal and regulatory situation was hostile to the development of their businesses and they had no way of learning the management skills necessary to go through the barriers which prevented them from expanding their enterprises. The government in Colombia was aware of these problems, but had not found satisfactory ways of addressing them. The Carvajal Foundation took the initiative and showed how this could be done.

Project Origins and Design

The Carvajal group of companies is a large multi-national organisation in printing, publishing and packaging, based in Cali with operations elsewhere in Colombia, in Latin America and further afield. In 1962, the Carvajal family established the Carvajal Foundation, donating 40 percent of the shares of the groups for this purpose. The Foundation supports a wide range of community and social activities throughout Cali and the Cauca Valley, all of which have a strong focus on "ownership" and control by the people who benefit, together with clearly defined targets for eventual self-sustained ability.

It was clear from the Foundation's work with schools, recreation centres, clinics and other community activities that a large proportion of the people who benefitted from these earned their living from informal sector activities and that they had the necessary initiative and ambition to develop and expand their businesses providing they could overcome certain constraints. Learning from experience of similar activities in Brazil, which were themselves based in part on earlier work in Kenya and elsewhere, the Foundation carried out a census of informal sector enterprises in Cali which included a simple, diagnostic study of their needs. They then put together and integrated a programme of classroom training and on-site consultancy which still forms the basis of the programme. They also initiated a search for credit funding and, more importantly, for one or more suitable intermediaries through which credit could be made available as necessary to the informal enterprises which had through the programme reached a level of management skill where they could make effective use of it.
It is important to stress that DESAP is not a project undertaken only for a limited period. The Carvajal Foundation is clearly committed to the long-term prosperity of the city and there are no illusions that the problems of the informal sector will be solved overnight. The Foundation is committed to the DESAP Programme, as it is to its other activities, for as long as there is a need and as long as the programme can be seen to be making a cost-effective contribution to satisfy that need.

This local initiative and long-term commitment may be the most important factor distinguishing DESAP from other programmes; DESAP is also unusual in that it included from the start training, on site counselling and finance. This was possible because the Carvajal Foundation is not a bank, a training institution or an advisory service, but more broadly a body to meet local needs without bias in favour of any particular type of remedy.

The Foundation obtained as much information as they could about similar programmes elsewhere, but there was no attempt to replicate another "model". The DESAP Programme was designed strictly for conditions in Cali and the Foundation has discouraged other organisations from trying to replicate DESAP elsewhere. They encourage others to learn from the Cali experience, but stress the necessity of dealing with each situation, and indeed each entrepreneur, as an individual case.

Objectives and Activities

The original aim of the DESAP Programme was and still is to enable micro-entrepreneurs of Cali to manage their businesses more effectively. The programme is concerned with access to credit, for many of its beneficiaries, but the main activity lies in training and on-site counselling in order to improve the business ability of its clients. Although aims and objectives have not been fundamentally changed, the topics, learning methods and other aspects of training have been substantially modified all the time.
Improved management, it must be stressed, is not considered as an end in itself; higher standards of book-keeping for example have no value per se. The ultimate objective is improved possibilities for survival and growth of the enterprises, which will in turn lead to higher incomes and increased employment opportunities.

The DESAP Programme was from the outset managed by its own staff, selected by the Carvajal Foundation. The Board and Directors of the Foundation have always taken a keen interest in DESAP but they leave basic decisions and day to day management of the programme to the staff. Some of the generally young and deeply committed staff have part-time businesses of their own; a reasonable rate of staff turnover is encouraged in order to maintain motivation and enthusiasm.

The Director and senior management of the Carvajal companies are regularly involved in the work of the Foundation, including DESAP, and this ensures both that the programme itself is run in a business like way and also that the content of its courses and advice are realistic and practical.

There are three basic courses dealing with simple record keeping, costing and investment planning. Each consists of five 2-3 hour evening sessions, and each is followed by a number of individual on-site consultations which are meant to assist the client to apply what was learned in the course.

The three courses are a very closely integrated package; they have to be taken in the above sequence, and although some clients only complete the first or the first and the second, and gain significantly from this, the three of them should result in the preparation of an investment proposal, which is submitted to the associated financial institutions for a loan.

At first the course material was based on standard curricula, but after some experience, the staff developed a special series of cases, exercises and other material, drawing heavily on publications from elsewhere in Latin America and Kenya, and with the assistance of consultants from Appropriate Technology International. In the actual classroom sessions extensive use is made of the clients own experience, eliciting the descriptions of individual problems as a basis for classroom discussion.
The trainers themselves are involved in the on-site counselling, and this ensures that what they tell their class is directly relevant to the reality of the small businesses owned by the trainees.

The first course introduces clients to very basic recording systems, and helps them to draw up a simple balance sheet and statement of profit and loss for their enterprise. Many are surprised at this stage to find that their business is losing money, often because of excessive personal withdrawals; they may be asked in that case to take remedial action before proceeding with the course.

The second course focuses on costing, and is designed to help the entrepreneurs to identify ways of increasing their profits. The traditional approach of break-even analysis is used, but taught in such a way that clients can see how it applies to their businesses, rather than being an abstract exercise of no direct relevance. After this course, a consultant helps them to calculate their own break-even point and to develop ways of increasing their profitability.

The third course is designed to help clients identify ways in which they can expand their businesses, usually with the aid of a loan. By this stage they should be making reasonably efficient use of the resources they already possess, so that DESAP avoids the common error of facilitating access to credit for people who are not making effective use of what they already have. Clients go through the sequence of three courses at their own pace but it usually takes them about three months, including the individual counselling sessions. The average client remains in touch with the Foundation for around two years, attending further courses as described below, receiving additional counselling and repaying whatever credit may have been received to the appropriate institutions.

Further courses are also offered in general business administration, marketing, selling, motivation, quality control, production management, financial management and commercial law. These are not part of any sequence, and clients take them because they realise that they have particular training needs, after taking the three basic courses.
Clients pay about $15 per course, for all the courses; this fee also covers the on-site counselling. This money can be borrowed and repaid over two years if necessary; although the Foundation subsidises the programme, these fees do make a significant contribution to the finances of the DESAP Programme.

The courses take place at the DESAP headquarters, situated in a fairly modest building in the heart of the city of Cali; and since all the courses are held in the evenings clients can attend without disrupting their businesses.

**Inputs and Outputs**

The average cost of serving a client for two years is about $250, including the courses and the counselling. About half of this is covered by the fees which clients pay, while a further 20% is earned from a proportion of the interest charged on the loans they may get. The balance is met by the Foundation, and this proportion is falling slowly, so that DESAP will eventually be self-sustaining. This is the ultimate goal of all the Foundation's activities, since its' sponsors believe that any business support activity should, in the final analysis, itself be a self-supporting business.

DESAP employs around 25 staff; a significant proportion of these are university students in business and other fields, enlarging their experience and earning their way through college. A number of them have business experience and many run their own part-time enterprise at the same time. They are mainly trained on-the-job, sharing training and counselling duties with more experienced staff, and there is a substantial exchange of staff and experience with other, similar programmes in Colombia and elsewhere. This exchange also provides the senior staff with an opportunity to broaden their outlook by helping other organisations to learn from DESAP.

Around three hundred potential clients are invited each month to attend an initial evening briefing session. These people apply on their own initiative, or are contacted by DESAP staff or through other programmes of the Foundation. About two hundred attend the session, which is designed to promote the courses, but also involves presentation of references and a degree of guided self selection. About one hundred and fifty of those who come to
A further fifty drop out after the first course, either because they do not wish to keep records or they feel they have learned enough. After the initial counselling sessions, a further thirty decide not to go on to the costing course because they wish more firmly to establish and learn from their new recording system before proceeding further.

Around seventy clients thus take the costing course, and fifty of these go on to the course on investment planning. Some ten of these decide they do not want to borrow money, while about five are turned down by the financial institutions. About thirty five of the original one hundred and fifty who come to the first evening session thus receive a loan, and the current re-payment record is well over 95%.

It should be stressed that while only a rather small proportion of those who enrol at the beginning actually receive a loan, those who do not obtain credit should in no way be regarded as failures. Many of them re-enter the system later, many of them decide to take other courses outside the basic sequence while others find that what they have learned is of sufficient value to satisfy their immediate needs. The sequential system allows all to proceed at their own pace, and avoids pressuring people to attempt to expand their businesses, or to borrow money, when this is beyond the level of their aspirations or ability.

**Impact and Lessons**

The DESAP Programme is continuing to operate, but its sponsors have resisted the temptation to expand it beyond the city of Cali or to suggest in any way that it represents a universal "model" which can be applied elsewhere. About twenty voluntary agencies and others from Colombia and beyond have sent people to study and work with DESAP, and have applied many aspects of its system to their own situations. DESAP's staff have also worked with them to help with the establishment of support programmes for informal sector enterprises, but they have always stressed that each programme must be designed on the basis of local circumstances and, perhaps even more importantly, on the basis of the nature of the institution and the individuals who will be running it.
The programme has been widely admired internationally, and the average cost of $1,000 per extra job created compares very favourably with other job creation programmes in Colombia. In addition, the fact that clients are willing to pay the not unsubstantial fees demonstrates that they themselves recognise the value of the programme in terms of increased profitability. DESAP cannot claim to have revolutionized the employment situation in Colombia, or even in Cali, but it has made a modest and cost-effective contribution to solving some of the problems of informal sector enterprises in the city and, by example, in other communities as well.

As always, personality and commitment are probably more important factors for success than any operational policies or practices, but the following features can be singled out as being unusual and perhaps having had some influence on DESAP's success:

- The programme originated locally; it was in no way imposed or even suggested from outside.
- The programme has remained relatively small, and its' sponsors have resisted any temptation to expand beyond the one city where it started.
- The programme was not initiated by government but by a private organisation with a strong commitment to self-sustaining enterprise as an alternative to dependancy-creating welfare and relief.
- The staff are young, enterprise-oriented and continually renewed; they have from the beginning been eager to learn from others, both within their own country and beyond; they have used external assistance rather than being used by it.
- The programme integrates classroom training, on site counselling and improved access to credit. The credit operation is run by a separate organisation.
- The programme is designed in stages so that each stage is a worthwhile activity for the client if he or she decides to go no further.
- The clients pay a significant fee for their participation in the programme; the programme is to a large extent dependant on these earnings and on the results of the credit operation.
The case of Don Fernando - The Shoemaker

Don Fernando makes women's shoes and sandals in a workshop behind his home. He employs two helpers, and has a stitching machine and some simple hand tools. He makes fashionable shoes of modern designs which he sells mainly to large shopkeepers in the city centre of Cali. He achieves a turnover of around $500 a month, and he believes that he could sell perhaps twice this amount if he had more working capital.

Fernando's current working capital amounts to some $180, which is all invested in raw material and semi-finished goods. As soon as he has finished a batch of shoes, he takes them to the customers; they pay with cheques which are post-dated for two or three months, and Fernando has to discount these at around 8% per month in order to obtain cash. Although he could borrow more money at this rate of interest he does not feel he can afford the cost.

Fernando had taken the record keeping and costing courses from DESAP, and is currently working with his adviser in order to identify ways of reducing his costs and getting better results from his existing working capital. He hopes to proceed to the investment planning course, and then to apply for a $1,000 loan in order to increase his working capital. He knows that he will have to pay 24% interest per year for this money, but this is far cheaper than 8% per month, and he is confident that he will then be able to hire two more helpers and significantly increase his own earnings.

Fernando admits that his main motive for entering the DESAP Programme was to obtain a loan, since other sources of credit are quite inaccessible to him. He recognises however, that he has learned a great deal from the two courses he has attended, and from the individual counselling, and is looking forward to the third course. He agrees that if he had been able to borrow $1,000 without taking the courses before, he might easily have failed to have made effective use of the additional capital and thus have put himself in an even worse position than he was in already.
III. THE RURAL TRADE SCHOOL IN SALIMA, MALAWI

This case study attempts to give a brief description of the origins, present operations and apparent results of the Salima Rural Trade School in Malawi. The school offers a two-year vocational training programme which aims to develop young people into successful self-employed artisans. The school is located in a small town, and many if not most of its graduates start their businesses in small towns and villages. Its case is worthy of inclusion in any study of informal sector training activities because of the unusual approach taken to the training itself and because of its results, in terms of numbers of businesses started and surviving which appear to be unusually good.

Setting

The school is located in the town of Salima, in some disused buildings on the shore of Lake Malawi. Its trainees are selected from all parts of the country, and after training they start their business in many different places, both rural and urban. The school is therefore not focussed on the particular problems of its immediate neighbourhood; it was established at Salima because the premises were available and there was already some local vocational training activity in the area. Salima is also centrally located, not far from Lilongwe, the country's capital and easily reached by lake and road.

The school was started against a background of severe un- and underemployment among young people. Its activities have always been closely integrated with the national policy of promoting self-discipline and other traditional virtues. This policy is expressed in a variety of different ways; the educational system, from primary school to university, stresses personal behaviour as well as the acquisition of skills, and the country's leaders attempt through their own example to promote traditional values.

The Malawian Young Pioneer Corps is a typical example of this approach to national development, and the Salima Rural Trade School grew out of the Young Pioneers. The school can therefore be said to be a most unusual combination of training for self-employment and of personal development along the lines encouraged by the Government.
Project Origins and Design

The Malawi Government established the Salima Rural Trade School in 1974, with some support from the German Agency for Technical Co-operation (GTZ) in the form of technical trainers and some capital assistance for the necessary building modifications.

The school was started because at the same time there was a need for new jobs and a serious shortage of carpenters, blacksmiths and builders throughout the country, particularly in the more isolated small towns and villages. The Government of Malawi has, in contrast to many other African countries, always concentrated its development efforts on agriculture, recognising that this is and will continue for many years to be the major source of income for the vast majority of the people. Malawi was probably worse-off than many other countries in terms of technical manpower at the time of independence; the country was regarded as little more than an appendage to the Rhodesian Federation, and its foreign-owned tea and tobacco farms were the only significant economic activity recognised by the authorities. Attempts to develop indigenous small-holder agriculture, therefore, had to be supplemented by the development of suitable local services to satisfy the needs of Malwian farmers.

The activities of carpentry, blacksmithing and construction were chosen because these were obviously the most seriously needed. Since there was no indigenous artisanal tradition, and the school was planned from the outset to recruit its students from those completing their service with the Young Pioneers, there was no real problem in assessing the training needs and designing the curriculum. Clearly the students had to learn the complete craft, from the most elementary stages to a level where they would be capable of running their own informal enterprises.

The actual syllabus originally was and still is typical of a fairly traditional craft training programme. The West German trainers who were involved in the early stages were able to make a particularly valuable contribution in training content because of the well-known tradition of
thoroughly grounded apprenticeship in the Federal Republic. However, the emphasis on self-employment from the very beginning of the school was unusual. The Salima initiative was at the time certainly unique in Malawi, and possibly in the rest of Africa as well. This means that the Salima Rural Trade School has accumulated many years of experience in a field in which large numbers of institutions are now trying to enter for the first time; it has therefore lessons to offer from which others can learn.

Objectives and Activities

The general aim of the school is to provide trainees with skills which will enable them both to create jobs for themselves and to provide badly needed services to the people of Malawi. This objective has remained more or less unchanged up to the present; although a number of improvements have been made in the curriculum on the basis of experience over the last twelve years, the basic structure of the programme has remained substantially what it was.

The school may have been the subject of an external aid effort at its inception, but the idea and much of the initial resources came not from foreign donors but from the Government of Malawi. The school, however, has never suffered from the "project" mentality which condemns so many worthwhile activities of this kind to a specific life time, with periodic upheavals as the project is either rewritten, renewed or dropped. The school is a school and not a "project". Its continued existence will, presumably, depend on its ability to meet the country's needs effectively. This may be one of the reasons why the school has succeeded to the extent it has.

Sixty trainees are very rigorously selected each year from the very large number of young men who apply, on completing their period of service with the Malawi Young Pioneers. Entry to the Young Pioneers is itself very competitive, so that the school's trainees are in a sense the pick of the best. They are not selected on the basis of their educational qualifications, and many have not been to secondary school. Applicants who have some evidence
of prior experience or interest in their chosen craft are favoured, and the complete selection process involves an aptitude test, an interview in their home area and a final two-week induction period at Salima. As the school is known to be directed at self-employment rather than jobs with others, candidates apply with this in mind, and the selection process further ensures that all who will attend are fully committed to starting their own enterprise.

The programme emphasises the development of self confidence, self-discipline and independence; these are achieved through the overall regime and tone of the school, as well as through the training approach that is adopted in teaching the various skills. The school resembles in many ways a military camp, and army officers are included in the staff. The trainees live in barrack-like dormitories, they are woken early and kept fully occupied throughout the day, and good housekeeping, physical fitness and personal cleanliness are stressed in addition to the technical skills in their respective crafts.

The technical training is similarly founded on self-reliance; the carpenters make their own tools, from the very beginning, and the blacksmiths each construct a portable forge which they can take with them when they establish their businesses. These may not be as durable or as effective as imported tools or equipment, but it is felt that the psychological advantages of trainees having to make their own tools and equipment more than outweigh any inadequacies in their quality.

The practical aspects of the training are further stressed by the provision of a "hobby shop" in which trainees are encouraged to work during the few spare hours they have during the weekends. They make small items for sale in the local area, using materials which they buy from the school, so that they are in a modest way already in business when they are in training.

When they leave the school, the students take the tools which they have made, together with a small supply of raw materials. They do not receive any finance as such, and since raw material supply is probably the most difficult problem for small-scale artisans in Malawi, not because of fundamental shortages but because of scattered locations and high transport costs, the initial supply at least helps them to overcome this problem at the beginning.
Placement and follow-up are an integrated part of the programme. The school discourages trainees from setting their businesses up in their home areas, because of the problems of family pressure and other constraints; locations are jointly selected by the trainees and the Placement Officer, and students spend a trial period in their chosen location before finally leaving the school, in order to be sure that it is suitable. Short refresher courses are also provided, and the school attempts to continue supporting its ex-students with raw materials supplies and other assistance, although the great distances involved have made this very difficult for those who are located outside the immediate area of Salima.

Inputs and Outputs

In addition to the initial assistance from GTZ, other donors including the European Development Fund, have contributed funds for equipment and technical assistance, but the basic activity is locally funded. The operating budget of the school is about $200,000 per year, met from Government of Malawi funds.

There are ten full-time trainers, and a further 70 administrative, clerical, support, maintenance and other employees, making a total of 80 altogether. The school selects 60 students each year as has been described; a few leave voluntarily, and others fail to pass the tests at the end of the first year, so that 50 students complete the second year and are posted to start their businesses. The school's records are not totally up to date, but it is stated that at the end of 1984, 450 people had completed the course since the school was started in 1974, and that three-quarters of them, or approximately 340, had set up informal businesses which were still in operation at that time.

No comprehensive survey appears to have been carried out as to the scale of their activities, but a number of individual contacts suggest that some of the Salima trainees are employing others as well as themselves, and they have accumulated sufficient capital to buy some new tools and to build up small stocks of raw material. They also appear to have successfully integrated themselves into the local communities, in some cases they have married locally and have generally overcome any tribal or community differences.
Many of the trainees appear, however, to have difficulty in the management as opposed to the craft related aspects of their businesses. Few keep any records, they do not plan for future expansion or even for modest capital purchases, and many seem unaware of the need to maintain their tools correctly. The raw material supplies are always a difficulty, and the small initial stock is in no way sufficient to enable many to build up the funds to buy the rather large quantities which are necessary if they are to be transported at a reasonable cost. Some trainees who are in business near Salima are able to benefit from the school's own material supplies, and others have developed local sources; in some cases however, particularly in the more remote areas, the demand for their products and services, is so small that any reasonable stocks of materials would be quite uneconomic.

It is obviously difficult to ascertain the proportion of failures, or the reasons why some trainees never started and others have stopped their businesses, because they are no longer present to be interviewed. There are many anecdotes, however, of Salima trainees who have "absconded", particularly from their more remote locations, and it may be that in some cases the Salima authorities have located trainees in places where the demand is insufficient to justify a viable business. The quality of the technical training, however, is such that they should have been able to obtain jobs or perhaps start businesses elsewhere. Many vocational training institutions regard self employment as the last resort for those who cannot succeed in finding wage-employment; Salima appears to have developed an opposite culture, more suitable for current conditions, when finding a job with someone else is the resort of those who fail to start their own businesses.

Impact and Lessons

Although the results are not fully documented, the school can not unreasonably be considered as a qualified success; the cost per business started and surviving, at around $4,400, is undoubtedly very high, but some of these employ others, and they are generally providing services which were not otherwise available. Improvements could undoubtedly be made, but the school appears to be able to present a more convincing record than many more recently established "projects" with far more generous funding.
It is not easy to ascribe reasons for such success as has been achieved, but the following aspects of the Salima Rural Trade School do appear to be relatively different from many similar institutions, and are at least worthy of consideration by others working in the same field:

- The School is perceived by applicants, trainees and society at large as being aimed at self-employment. This is not a second best to finding a job, but the main objective.

- The trainees are selected on the basis of aptitude, personality and prior interest and experience rather than academic qualifications.

- The trainees receive only a very small stipend; they need to supplement this through "hobby shop" sales as described, and this develops both self-reliance and a sensitivity to the needs of the market place.

- The trainees make their own tools and receive no finance and only a very small supply of raw material. They have to be self-reliant from the start.

- The programme explicitly inculcates self discipline and independence which are essential characteristics for the success of an informal sector enterprise.

- The school is not, at least at present, an externally funded aid project but is locally supported and run, and is thus able to evolve its own programmes and to offer a degree of on-going support to its trainees on a long term basis.

- The training lasts two years; the trainees are fully occupied during this period and are thus totally competent and confident at the end of the training.

- The school is concerned with the location and post-training support of its ex-trainees; they feel a part of the school's "family" many years after the training has been completed.
The Salima Rural Trade School is an essentially Malawian institution, clearly related to the national philosophy of self-discipline and self-reliance. Clearly every country, and every institution must develop its own programmes and style, but any agency which is engaged in or is considering starting a programme to train people for informal self-employment could learn a great deal from the Salima experience.
The case of Mr. Phiri

Mr. E. E. Phiri started his metalworks in a small town some 50 kilometers from Lilongwe in August 1982, immediately after leaving Salima. He makes hoes and other farm tools, and carries out simple repairs; he earns around $35 a month from his business. The local people have allowed him to build a small shelter on a piece of waste land without any rent, because they value his services. About half his sales are made on credit, which he carefully records; the others are paid for in cash.

Raw material is his main problem, because of the cost of transport and time involved in obtaining it. He travels the 160 kilometers to Salima two or three times a year, both to collect materials, to obtain advice and to use the school's welding equipment, and he values his association with the school very highly.

Mr. Phiri employed one helper for a short time, but had to dismiss him because he behaved badly in the local community. Mr. Phiri hopes to hire somebody else soon, because he cannot satisfy all his customers. He is supporting his younger brother and other members of his family, who stay with him from time to time. He spends most of his money on his family, but has succeeded in accumulating about $20 in a Post Office savings account. He is not becoming a rich man, but is satisfied with his business; "After all," he says, "I am doing a useful job for the people here, and they respect me for that. I am keeping myself and my family alive, and I know I should have to depend on one of my other relatives if I had not started this business; I am a lucky man".
IV THE PARTNERSHIP FOR PRODUCTIVITY PROGRAMME IN HARGEISA, SOMALIA

This case study describes a relatively recent vocational training assistance programme run by Partnership for Productivity (PfP), a United States based operation, for the Government of Somalia, funded by the United States Agency for International Development (USAID) and by the Government of Somalia. This programme was based on rather extensive and lengthy research, and provides a large range of vocational and simple business training to camp-based and other refugees in North West Somalia. The clients are given training and simple advice, but credit is not available from the programme. The training is co-ordinated by the programme's local staff and is mainly provided by local business people themselves, in their businesses and for a fee paid by the programme, rather than in a training centre.

The programme merits inclusion in a study of training for the informal sector because of the wide range of training in response to local needs and, above all, trainees' own preferences. This is possible because the training is provided by local small business people, using locally available materials and equipment. This not only permits a wider variety of skills to be offered but ensures that the training is both locally appropriate and economic. The maximum direct training cost per trainee does not exceed $60 per month.

While it is too early to measure the results accurately, over half the trainees have started their own businesses or found formal sector employment after training; this figure is particularly remarkable since they are primarily refugees, operating in what must be one of the most economically depressed regions of the world.

Setting

The PfP Refugee Assistance Programme is based in Hargeisa, the major town and capital of North West Somalia with a population of approximately 250,000 people. There is one sub-office in Hargeisa and two others in refugee camps.
in the region. The camps are in effect squatter towns of around 9,000 to 50,000 people each, with a limited but increasing degree of economic contact with the surrounding area, in many cases heavily inhibited by remote locations, and poor communications.

Although very few people in this part of Somalia can be said to be without major problems, the refugees, in camps and outside, have to face the additional difficulties of personal dislocation and, in many cases, loss of employment they had in Ethiopia, which is their country of origin. They have little chance of acquiring land, or of obtaining jobs with the local administration. Although those living in the camps do receive subsistence rations, their housing is very poor and they are usually far removed from centres of settled population. More importantly perhaps, the debilitating environment of the refugee camp must invariably lead to a sense of depression, dependance and loss of personal autonomy for all but the most resilient.

The PfP programme is still operating; three expatriates and ten local advisers are employed, along with supporting administrative and other staff. In its first eight months the programme provided vocational training to a total of 272 refugees, in 16 different skills. A further 151 refugees received individual advice or other assistance.

The PfP Somalia project was a direct response to the Government of Somalia's policy, expressed in the 1982-1986 five year plan, to increase self-reliance and to accept the settlement of self-sufficient refugees. The project is one of several in Somalia with the same general objectives of self-reliance for refugees, run by a variety of agencies.

Project Origins and Design

PfP was invited to carry out an initial survey in May 1984, and specific proposals were formulated in an agreement between USAID, PfP and the Government in September 1984. Further investigations were carried out early in 1985, and the local advisory staff were recruited between then and August. They were then trained for ten weeks, so that vocational training itself did not start until October 1985.
Up to now the project has offered training and individual advice, but no assistance has been offered in the form of credit, raw materials, marketing services or premises. It is possible that such complementary assistance will be offered in the future, but results to date suggest that the emphasis on training is appropriate.

The vocational training needs of the refugee community, and of the informal sector in Somalia in general, were assessed in some detail in the "Somalia Education and Human Resources Sector Assessment" of January 1984, and this information was supplemented by a further assessment by PfP entitled "An Opportunity to Contribute", in April 1984. The training needs of refugees in Hargeisa and specified camps in North West Somalia were further assessed by PfP in May 1984 and early 1985. The essence of the whole project is that people request training in the skills they themselves feel they need; so long as these appear reasonable in terms of cost, markets, materials and "portability", the project responds by arranging appropriate training either in an existing institution or, more frequently, in local business. The project design, therefore, does not lay down the specific skills in which training is to be offered, nor is the project tied down to any particular skills by specialised staff or facilities.

Project design was not based on any similar activity which had been implemented elsewhere by PfP or, so far as is known by others, although it drew extensively on the experience of the expatriate staff and others in similar work in Botswana, Nepal, The Philippines, Kenya, India and other countries.

Objectives and Activities

The original aim of the project was to enable refugees in the North West region of Somalia to become self-sufficient by starting and running their own productive enterprises. The means by which this was to be achieved, in terms of training, individual advice, credit or other assistance were not originally stated, and although no funds for credit have been included in the present budget, credit and other services are being considered for the future.
Certain specific objectives as to the numbers of businesses to be started by refugees were laid down to be achieved in the first and second years of operation, that is from September 1984 to September 1985 and then until September 1986. Field operations started in January 1985. Effective management has kept spending well below budget, so that the project has now been extended twice to September 1986 and lately until May 1987. In spite of very lengthy delays in the start of actual operations, because of administrative difficulties, results to date are well ahead of target. As at September 1986 results in terms of numbers of people trained were over 40% ahead of budget, while spending was 30% below that expected.

The training itself is in the main carried out by local business people in their own business, co-ordinated by the ten locally recruited advisers under the direction of the projects three expatriate staff, consisting of an engineer, a training specialist and the director. Training in basic carpentry and masonry, and in the manufacture of tea-shop furniture, is provided through an existing vocational training institution following a syllabus developed by the project, and with direct cost funding and supervision provided from project sources. Courses on book-keeping and basic management are also given. Agricultural training is provided through a demonstration farm in one of the camps.

The following numbers of people had thus been trained up to the end of June 1986, over periods ranging up to six months each; the training is still continuing.
<table>
<thead>
<tr>
<th>Skills</th>
<th>Number of People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sign Painting and Commercial Art</td>
<td>13</td>
</tr>
<tr>
<td>Electric Wiring</td>
<td>12</td>
</tr>
<tr>
<td>House Painting</td>
<td>5</td>
</tr>
<tr>
<td>Brick Making</td>
<td>8</td>
</tr>
<tr>
<td>Roof Construction</td>
<td>12</td>
</tr>
<tr>
<td>Horticulture</td>
<td>15</td>
</tr>
<tr>
<td>Baking</td>
<td>8</td>
</tr>
<tr>
<td>Advanced Baking</td>
<td>5</td>
</tr>
<tr>
<td>Confectionary Making</td>
<td>20</td>
</tr>
<tr>
<td>Shoe Making</td>
<td>9</td>
</tr>
<tr>
<td>Advanced Tailoring</td>
<td>10</td>
</tr>
<tr>
<td>Carpentry</td>
<td>17</td>
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<tr>
<td>Masonry</td>
<td>17</td>
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<tr>
<td>Tea-shop Furniture Making</td>
<td>15</td>
</tr>
<tr>
<td>Cooking</td>
<td>6</td>
</tr>
<tr>
<td>Book-keeping and Simple Management</td>
<td>100</td>
</tr>
</tbody>
</table>
In addition, large numbers of business people have received individual on-site advice from the business extension staff.

Courses were arranged in response to applicants' requests, as described above, and were aimed mainly to help people to become self-employed rather than to obtain jobs with others. It was expected, and has happened, that a number would find jobs first and would then move up to self-employment having gained experience and business exposure in this way. The courses were designed by the training specialists in conjunction with the business advisers who actually handled the applications, and in discussion with the business people who were selected to conduct the training itself. The skills training follows an apprenticeship rather than a formal classroom approach; the trainer business people are paid $20 a month per trainee plus the cost of any materials that are used in training, and an allowance of $1.50 per day per trainee which they in turn pay as an apprentice wage. This is about one third of a skilled person's daily wage in the area, but it does mean that the trainees are and feel themselves to be employed not by the project but by the trainers, rather than being students.

The training delivered by business people is closely and rigorously supervised by the project's eight local business advisers, two local training specialists and the expatriate staff. This method of training ensures that the content is simple, practical and relevant to actual business conditions in the area. In every case standards of quality control, design and so on are set by the local market's demands.

Inputs and Outputs

The total budget of the project for two years was $900,000; of this $360,000, is for expatriate staff and associated expenses, $240,000 for head office and local overheads, $145,000 for local staff and $155,000 for commodities and other miscellaneous items. The budget was 30% underspent in September 1986, so that the project's life has been extended.
The actual out-of-pocket costs for training are limited to a maximum of $60 per month per trainee, including their allowances, materials and the fee for the trainer business person. Around 20 business people have so far acted as trainers in addition to the staff of the vocational institutions. Applicants for training are received, assessed and selected by the project's team of eight advisers, operating out of the three sub-offices. They pass on the training requests to the local training manager who plans the training and selects the trainer business persons.

The advisers also provide individual counselling to applicant trainees and many other refugees who are in business already or intend to start. These advisers, and the training manager, were selected from more than 460 candidates through a variety of tests of basic mathematics and English, and of their aptitude and attitudes to business, and were intensively trained for ten weeks, using training material drawn from earlier experience in Africa and elsewhere, and including field visits to another programme assisting refugee enterprises. They continue to receive training for two days or more each month, visiting head office regularly for this purpose.

The 272 people who have been trained are selected by the business advisers on the basis of their apparent seriousness, prior experience and willingness to accept training, ability to articulate their plan to start a business and their aptitude to acquire skills as tested and assessed by the Somali instructor. There are no offers of loans or grants to "pollute" the motives of those who seek training, thus avoiding many of the problems which have been associated with refugee-enterprise promotion programmes in the past. The plan which applicants submit must relate to goods or services for which there is a demand in or around the camps; the project should be based on locally available raw materials, whether imported or not, and the business should be "portable" so that the refugees can take it back to Ethiopia or elsewhere if they later decide to re-settle or return home. The skills must be such that they can be acquired in less than six months, in order to limit costs and allow as many people as possible to be trained; the direct cost of
training must be less than $60 a month, and it should be possible to start the business proposed with $50 or less of initial capital. This ensures labour-intensity, and it appears that few trainees have been unable to raise this modest sum; it does not therefore appear necessary to provide credit in addition to training at this time. People who wish to go into simple manufacturing rather than services or trading are generally given preference, as can be seen from the above list of skills, but exceptions are made, notably for those who wish to learn simple management and book-keeping skills. The duration of the training depends on the skill needed; most courses last between one and three months but some are for up to six months.

The advisers provide counselling to some of the people who have been trained, among others; this continuing contact allows them to monitor the programme's success in terms of businesses started. As at June 1986 some 150 of the 272 ex-trainees were in business. Some of the others had found employment, either locally or in Saudi Arabia and the Gulf region or elsewhere; the remainder was unemployed in the area or could not be traced back. Results are encouraging as they are better than what has been achieved by similar programmes elsewhere. It is hoped that an even higher rate of business start-ups will be realised as the training is improved on the basis of experience.

**Impact and Lessons**

The PfP project is still in operation, and is likely to continue at least until April 1987. It has so far been considered successful, because the numbers trained and businesses started have been well over the target figures, and the costs have been kept well within budget. This success has been achieved at what might be considered a high cost of some $2,000 per enterprise started; this figure compares very favourably, however, with many other business promotion activities. When making calculations of this sort, many projects omit the starting capital which had to be obtained from banks or other sources, but in this case the starting capital is so small that it does not materially effect the cost per business started or job created. This cost should also drop as the project proceeds, both because of improved training and because the first year costs include many items for establishment of the project which will not be repeated.
The following features may have contributed to the successful results so far:

- A wide variety of training is provided, in skills which applicants ask for rather than those which are offered by the project.
- The training is not "resource driven"; by using local business people as trainers, in their own businesses, the project can respond to any relevant request.
- The trainers are mainly local business people, rather than specialist trainers without any business experience as is so often the case.
- The project "reaches out" to applicants through a network of sub-offices and field advisers; training is similarly provided in decentralised locations rather than in the centralised institution.
- The training allowance is very modest and is in itself not sufficient to motivate refugees to apply. It does however mean that they are employees, on the first rung of the ladder towards self-employment, they are carefully supervised so that they will not be exploited as cheap labour. The trainees learn about the need for quality, economy, reliability and so on because their work is subject to the disciplines of the market place.
- The project is tightly managed, costs and performance are rigorously monitored, and everyone works towards specific quantitative objectives.
- The project was designed not on the basis of any "model" from elsewhere but in response to local conditions. Other conditions are being introduced as needs change or experience suggests, and local staff sophistication and capacity improves.
- One of the main design criteria of the project is that its complexity must not exceed the ability of local staff in concept or practice. The growth of the project and its activities is in line with the development of local staff, and it avoids activities which may have worked elsewhere but which are beyond the capacity of local staff at any particular stage.
The basic philosophy of the programme is to avoid standard "models", as should already have been made clear. It is likely that similar approaches will be attempted elsewhere in Somalia by Government programmes, and further afield by USAID, but they will not attempt to apply what has been learned in Hargeisa "ready made" to any other situation.

The idea of using local business people as trainers, in their businesses, is not new, and has been used in India, Nepal, Indonesia and elsewhere with some success. In general, however, the main lesson of the project is that training must be provided in response to prospective trainees' own ideas, so long as these appear basically reasonable and economic in local circumstances. Training for informal enterprise is all too often limited to carpentry, building, vehicle maintenance and blacksmithing for men, and tailoring and food preparation for women, all of which are provided in an institutional setting, with no emphasis on self-employment. The wide range of skills offered by this project, and the success in terms of businesses started, demonstrates that training for the informal sector can be locally relevant and responsive to local needs, and can result in large numbers of informal enterprises being started, at reasonable cost, making maximum use of local staff, institutions, including businesses, and resources.
V. THE EURO-ACTION ACORD PROGRAMME IN PORT SUDAN, SUDAN

This case study briefly describes the Euro-Action Acord small-scale enterprise programme in Port Sudan. This programme offers an integrated package of services, including credit of various kinds, marketing, premises, individual on-site advice and training to existing and new informal sector enterprises in the Deims, or squatter settlements, which surround the city of Port Sudan on the Red Sea.

The programme is remarkable for a number of reasons; it was based on an unusually lengthy period of research into the community, it has evolved and changed continually since it started, it is "owned" and managed by its own staff in a very remarkable way and has achieved very striking results among what must be one of the neediest urban communities anywhere, living and working in a region almost totally devoid of natural resources, suffering from permanent shortages of raw material and with very limited markets. The results demonstrate that success can be achieved almost anywhere, with commitment, flexibility and a firm belief in the ability of informal sector entrepreneurs to help themselves.

Setting

The EAA Small Enterprise Programme is located in Port Sudan. The modest, central administrative office is in the older part of the city, and the five operating offices are each located in one of the surrounding Deims or squatter settlements which have in recent years grown up in the desert around the city.

The population of Port Sudan has approximately doubled in the last ten years, and approaches half a million people; some 80% live in the Deims, mainly in makeshift housing with no security of tenure, and with no formal infrastructure apart from a very erratic water supply, each outlet serving thousands of households.
The people are from a wide variety of ethnic groups; many are nomads who have migrated to the city as a result of persistent drought in the Red Sea hills, while others are refugees from Eritrea and other parts of neighbouring Ethiopia. Some of these have come direct along the coast from Ethiopia, while others have come via refugee camps in the Kasala and Gedaref areas.

Port Sudan is the only significant harbour serving the whole of Sudan, but because of the very poor economic situation the amount of traffic, in either direction, has fallen very heavily in recent years. The biggest single item is relief food supplies, which are unloaded in the port for onward transport to the vast refugee camps in other parts of the country, and to the south. The shipping, and the large numbers of lorries which transport most of the imports and exports, create a certain amount of employment of various kinds; there are a few medium sized modern sector factories, but the formal employment opportunities are only sufficient for a very small proportion of the population. Large numbers of people have in the past gone through Port Sudan for work in Saudi Arabia and other oil producing states, but this source of income has recently been drastically reduced.

The majority of the people, therefore, and particularly the newcomers, must rely on the self-generated economy of the squatter settlements for their livelihood. The informal sector is only "peripheral" or dependant on the formal sector in a very theoretical sense, since it is largely self-sufficient.

There is extensive poverty in the Deims, with most households spending up to 80 or 90% of their income on food and water; there are severe health and nutrition problems, medical care is inadequate; there are a large proportion of single parent families. Many people have traditional craft skills; there is some limited supply of scrap raw materials from the port, and there is still a substantial flow of remittances and supplies from Saudi Arabia.
The Government of Sudan is generally unprejudiced in its attitudes to the informal sector; the growth of the squatter areas, and of the income-generating activities within them, has not been seriously inhibited by any government controls. The Government also adopts a liberal policy towards refugee settlements, but the political and economic situation has been such that it has been impossible for the state to provide even the most modest level of services. The EAA programme is therefore free to operate, and its activities are generally consistent with government policy, even though the government lacks the resources to implement these policies itself.

Project Origins and Design

Euro-Action Acord is a small agency which evolved several years ago out of the efforts of a number of European and other voluntary agencies to develop assistance projects for the Sahel. It is a voluntary agency in the genuine sense of the word, relying to a substantial extent on voluntary contributions and on expatriate staff who are paid far below the normal rates associated with official agencies.

The agency is elsewhere involved in agricultural work, in a number of countries, and had no experience of urban activities. Because of its remarkably successful programmes in the Qual En Nahal farming project near Gedaref, where large numbers of refugees had been successfully settled in self-sustaining agricultural communities, the Government's Commissioner for Refugees asked EAA to do something to help these spontaneously settled refugees in Port Sudan.

The husband and wife team who designed and initially managed the project spent eighteen months studying the community and designing the outlines of the programme. They approached the situation with no preconceptions as to what services were needed; although they developed a detailed proposal, the actual programme has deviated substantially from the original as a result of field experience. The project was funded by EAA itself with contributions from its member agencies and from the European Development Fund and other international organisations.
The principal need was identified to be credit, and this has remained the core of the programme; the rather substantial skills upgrading activity is undertaken partly through very simple, individual management consultancy, carried out by local staff who are responsible for the lending programme; group training in tailoring and other craft skills, and in basic literacy, has been sub-contracted to local people as an income-generating enterprise in itself, which is now self-sustaining and requires little or no assistance from the project in terms of staffing or subsidy.

The programme is designed to respond directly to its target beneficiaries, or "clients" as they are more correctly regarded. Although every effort was made initially to determine the needs of the community, it was decided from the beginning that clients would pay for every service; as a result the "market" has operated as the major determinant of the nature and amount of services offered, and it has not been necessary to carry out separate studies of the impact of the project.

Although the project has drawn extensively on experience elsewhere, the total design is unique, and there are a number of individual features which are in themselves most unusual:

- A significant charge is made for every service that is offered, and this income now covers about 25% of all project costs;

- Clients are only accepted after exhaustive enquiries determine that the average income per head of their household is below a certain very low level;

- The expatriate staff maintain a very low profile, and both day-to-day and major decisions are forcibly devolved to local staff.

As with most effective programmes, these and other features were very much a function of those who were involved at the beginning; there are nevertheless a number of lessons which can be learned from it, which can and indeed have been applied elsewhere.
Objectives and Activities

The original aim of the project was to assist the spontaneously settled refugees in Port Sudan to improve their situation; the actual activities, and indeed the target group, were determined and modified during the eighteen month period referred to earlier. It was decided that the best way to assist the people was to help them to become self-sufficient; given the environment, the only way in which they could do this was by setting up small-scale, informal sector enterprises. It was also recognised that it would be inappropriate, and in any case probably impossible to assist only refugees; all the people of the squatter settlements are in need, and there is no fundamental difference between those who came there because of political problems and those who have come because of drought or other hardships. Women were determined to be in particular need, since there were so many female heads of households, and it is particularly difficult for women in that society to make an independant living.

It was determined from the outset that the programme should itself be run on business lines; no services are given away, results are continuously measured and appraised by the staff who are themselves responsible for evaluation; the services to be offered, including training, must respond to the demands of clients rather than be preconceived on the basis of what the agency believes to be necessary or as the result of a process of consultation which may or may not elicit the actual needs of the target group. In addition to training, credit is supplied for equipment and for working capital, and technical and marketing assistance and workspace are also provided.

The training is mainly provided on a one-to-one basis by a team of nineteen business consultants, operating from five field offices. About half of the consultants are women; all of them have been recruited from the diverse refugee and other communities which make up the squatter population of Port Sudan. The consultants themselves were trained over a period of several weeks, using material previously evolved in Kenya and elsewhere, together with large numbers of field exercises and other content developed during the initial period of investigation. Training continues through regular in-service sessions, using current client experiences as case studies. Each consultant deals with up to thirty clients, and these are engaged in a wide
variety of businesses; tailors are the most numerous, followed by carpenters, water sellers, tea shops and local food processors, but they also include launderers, metal workers, builders, handicraft makers, repairers of many kinds and many other activities.

The on-site training, or consultancy, focuses mainly on simple business management, and is closely linked to the credit facilities provided by the programme; the advice which is given depends on each individual client, but covers items such as:

- Simple book-keeping, and the use of this information to reduce costs and improve results;

- Improved marketing, particularly advising clients how to move from the total dependence on individual customers' advances to the manufacture of ready made garments, furniture and other items;

- The use of simple selling aids, such as signs, or attendance at local markets;

- Improved "housekeeping", better quality to improved workmanship and improved cleanliness of premises.

This simple management training takes place right there where clients work. The consultants are trained to avoid making standard recommendations; they diagnose the problems of each client, and attempt to elicit suggestions for improvement from the clients themselves, so that they "own" the new ideas and are thus more likely to implement them.

Results can generally be directly measured by looking at loan repayments and business performance; a small number of clients take advice without credit, but all pay for the consultancy a fixed proportion of their income at the start of the service; this ensures that the advice is useful, and that the service is not continued beyond the point when it would be unnecessary.
The programme also arranges for technical skills training which is conducted by business people in the community for a fee; these people have in some cases been offering training services before, and in other cases have started at EAA's suggestion, but their clients always pay at least a proportion of the cost, thus adhering to the principle of payment and eventual self-sustained ability.

**Inputs and Outputs**

The programme costs about 750,000 Sudanese Pounds per annum. Of this approximately one third is used to increase the revolving loan fund, which is continuously replenished and expanded through repayments and the interest and administrative payments of 2% per month for equipment loans and 1% per week for working-capital finance. A further third is used for local staff costs, and the remaining third, or rather less, covers expatriate staff and associated expenses.

Nineteen consultants/trainers are employed; they were selected on the basis of their apparent potential and interest, in a highly subjective but apparently successful way.

The clients for services are rigorously selected on the basis of the following criteria:

- They must pay a nominal but to them a significant registration fee;
- They must have been resident in Port Sudan for at least two years;
- The household income per head must not be above a nominated poverty level per month (this figure is changed quite frequently, because of inflation, but is barely above survival level);
- All things being equal, refugees, women and disabled people are given preference;
- Clients must accept a full survey of their household and their business, if it has already started. They must also agree to pay for the consultancy, to pay a fine for late repayments of loans and to pay commissions on any orders which the project may arrange.
After two years of operations a total of 851 clients have been assisted, of which all except 4 have received loans as well as on-site and possibly group training. There have been 72 defaults, for under 4% of the amount lent. Approximately one third of the clients have been refugees while about 35% have been women. The period of client service varies according to their willingness to pay and to the maturity of the loans which are for a maximum of 20 months and minimum of a week. Approximately three out of four clients are still receiving and paying for advice after 2 years, and the total number of clients and the repayment performance are well ahead of the targets originally set.

**Impact and Lessons**

The EAA programme is continuing to expand and is regularly and automatically evaluated in terms of client performance, loan repayments and fees. One external evaluation has taken place, which was intended to suggest and introduce possible improvements after the first year of operation. Nearly 20% of the programme costs are now being met by fees, commissions and interest earnings, and the local staff are fully committed to the eventual goal of creating a self-sustaining business training and credit operation.

The programme is undoubtedly successful, both by reference to its own original targets and to similar efforts elsewhere. A similar programme has been introduced, on a smaller scale, in a squatter area in Lusaka, and various aspects of the EAA programme have also been applied in Senegal, The Caribbean and elsewhere. It would clearly be wrong for this complete programme, or any other, to be "replicated" in other places, as any programme, and indeed any form of training or other assistance must be based on individual circumstances. There are however a number of features of the EAA programme which are of relevance to other attempts to train and assist informal sector business people, some of which have been already applied elsewhere with success. These include:
- The programme was not imposed ready-made from outside, but was designed specifically for local circumstances and local people, based on extensive investigation;
- The programme is not part of a government or other national activity, but was initiated and run by a small voluntary agency, on a local basis;
- The programme relies almost entirely on trainers and other staff recruited from the community it is serving; very little use is made of expatriates;
- Decisions on the strategic design and day to day conduct of the programme are devolved, forcibly if necessary, to the local operating staff. The main function of the one remaining expatriate staff is to set the framework for the programme to evolve as its local staff decide;
- The programme is run as a "tight ship" with rigorous financial management and tight adherence to basic disciplines such as record keeping, attendance, adherence to budgets and self-management;
- The client population, in spite of their extreme poverty, pay something for every service they receive;
- Anybody who conforms to the basic poverty standards and is willing to follow the rules of the programme is eligible for assistance; there is no attempt to exclude particular sections of the community, or to favour any particular type of enterprise.

The EAA programme, is, like all such activities, very much a function of the personality of its initiators; it has evolved in response to local conditions and decisions of local staff. The operating details, consultancy training process, internal management, recording systems and so on are far less important than the basic philosophy of flexibility and respect for local staff and client potential which has pervaded the programme from its inception.
CONCLUSIONS

A sample of four very different programmes is obviously an insufficient basis for any general conclusions. Generalisations are of little value in any aspect of development, and particularly in the informal sector, which is so large, so ill-defined and so varied. It may nevertheless be worthwhile to search for some common features in the four programmes, and to see what bearing they may have on some of the initial questions which must face anyone attempting to design or run something similar.

It has often been said that the origin and institutional basis of any programme are more important than the details of its design. Only the Carvajal Programme in Cali was of purely local origin and sponsorship; the other three were initiated from outside and depended on foreign finance. Only the PfP programme in Hargeisa, Somalia, was directly funded by official aid, however, and it may be significant that this programme is probably the least cost-effective of the four. Its implementing organisation, has in fact gone out of business since the case study was written.

Control and management of the Hargeisa and Port Sudan programmes were in the hands of expatriates, but they were very few in number and most of the day-to-day decisions were actually made by local staff. The expatriates were to some extent distant from the details, through language and other communication problems and because they wanted it this way. All four programmes seem to point to the merits of minimal foreign involvement and maximum delegation of decisions and actual training activity to local people, drawn from the community where the programme operates. The trainers or advisers, as well as their direct supervisors, were in every case local people.

The Malawi programme relied mainly on classroom or formal workshop instruction; in Colombia the classroom was really a supplement to on-site advice; in Sudan there was no classroom training at all, except for one or two brief technical courses which were delegated to local, private training schools; and in Somalia the bulk of the training was carried out in local businesses, by local business people.
There also appears to be a common thread in the sacrifice trainees are expected to make in return for their training; the Colombian and Sudanese business people pay what to them are substantial sums for the services they receive, and the students in Malawi have to undertake a lengthy and fiercely disciplined regime as part of the training course. The refugees in Somalia may not be able to pay in cash for their training, but they are not paid a stipend as such. They are paid for the work they do in the businesses where they are also being trained.

The clearest common factor, however, which is perhaps more apparent to a field visitor than to a reader of case studies, is the rigorous management which pervades all four programmes. The Carvajal Foundation is funded and intimately related to the Carvajal Company, which is a remarkably well-run and successful enterprise. The Salima Rural Trade School in Malawi is run on strict military lines, with army officers actually involved in its management. The Port Sudan programme is run with an efficiency which shows for the many years one of its directors had worked in the Federal Republic of Germany. Similarly, the director of the PfP programme in Somalia had lengthy experience of mass commercial catering management in the United States. The nature of the enterprises previously managed by those responsible for the programmes differs enormously, but all are based on strict administration, rigorous discipline, regular quantitative evaluation and a sense of responsibility for results. It may be that the relative success of these programmes, and of many others, is far more affected by the quality of their management than by any details of their operation. The success of any enterprise depends ultimately on good management, and training for the informal sector may be seen as an enterprise in its own right.
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