

Evaluation of
the Impacts of
PRIDE/VITA
(The Guinea
Rural Enterprise
Development Project)

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Evaluation of the Impacts of PRIDE/VITA:
(The Guinea Rural Enterprise Development
Project)

by

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TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	v
CHAPTER ONE INTRODUCTION	1
CHAPTER TWO SCOPE OF WORK AND METHODOLOGY	3
ASSESSING PROJECT IMPACT ON PARTICIPANTS	3
Sampling Procedure	4
The 1995 Survey	5
Focus Groups	5
ASSESSING WORKSHOP IMPACT	5
Workshop Questionnaire	5
Interviewing Procedures	6
CHAPTER THREE BACKGROUND	9
THE INFORMAL SECTOR IN GUINEA	9
THE PRIDE PROJECT	12
The Micro Credit Project	13
The Atelier sur l'Esprit d'Entreprise	16
CHAPTER FOUR IMPACTS OF THE MICRO CREDIT PROGRAM	19
INTRODUCTION — BASIC HYPOTHESES AND MAJOR OBSTACLES	19
CHARACTERISTICS OF THE RESPONDENTS	21
COMPARISONS OF PRIDE CLIENTS AND NON- CLIENTS:	
ENTERPRISE CHARACTERISTICS	23
FAMILY DIFFERENCES BETWEEN THOSE WITH LOANS AND THOSE WITHOUT	24
INDIVIDUAL LEVEL COMPARISONS	26
COMPARISON OF THE 1991 AND 1995 SAMPLES	27
CONCLUSION	28

STATISTICALLY SIGNIFICANT RELATIONSHIPS	29
CHAPTER FIVE	
IMPACTS OF THE ATELIER SUR L'ESPRIT D'ENTREPRISE	31
TRAINERS: GENERAL	32
SURVEY OF WORKSHOP PARTICIPANTS	32
TRAINEE EVALUATION OF THE ATELIER	33
TRAINEE REASONS FOR ATELIER'S SUCCESS	35
ASPECTS THAT TRAINEES FOUND DIFFICULT	36
CONCLUSION	37
CASE EXAMPLES	37
Case 1: A Young Man in His Twenties	37
Case 2: A Woman in Her Thirties	38
CHAPTER SIX	
OVERALL FINDINGS AND CONCLUSIONS	41
ANNEX 1: ORGANIZATIONAL CHART OF PRIDE AND LIST OF WORKSHOPS OFFERED BY PRIDE	1-1
ANNEX 2: FOCUS GROUP REPORTS	2-1
ANNEX 3: QUESTIONNAIRES	3-1

LIST OF TABLES

<u>Table</u>	<u>Page</u>
1 Contribution to GDP by Sector and Activity (%)	11
2 Employment by Sector and Activity	11
3 Pride Loan Record	13
4 Division of Clients by Sector of Activity	14

SUMMARY

This report is part of the evaluation at the end of the first term of its USAID-provided funding of the Guinea Rural Enterprise Project (GREDP), which is known as PRIDE (based on the French acronym). The headquarters of PRIDE are in Conakry, Guinea. In this report, two elements of the program are considered. The first subject of evaluation is the impact on the participants of the micro credit project. This is a program through which non-collateralized loans are made to small producers who organize themselves into groups of five for the purpose of guaranteeing each other's loans. PRIDE requires credit recipients to be trained in business management before and during the time they have loans. The first loans from this program were extended in May 1992. The second aspect of the study is the impact of the entrepreneur development workshop, Atelier sur l'Esprit d'Enterprise (called here Atelier), on the attitudes and behavior of participants in regard to their enterprise activities. The Atelier is a for-fee program lasting about two weeks and providing 20 to 30 individuals a session with self-evaluation exercises, business management classes, and simulations and individual meetings with bankers. The first of these workshops was held in August 1992.

In regard to the microcredit aspect, the objective of the report is to assess changes in enterprise performance, individual income and outlook, and family finance and well-being resulting from the receipt of credit from PRIDE. This is explored through the administration of a questionnaire to a sample composed of participants and other entrepreneurs who have not received credit drawn from three regions. The PRIDE participant sub-sample results are also compared to the Baseline Study undertaken by the project in 1991. In regard to the Atelier, the objective of this evaluation is to assess the changes in attitudes, work habits, and enterprise performance resulting from attendance at one of the workshops through in-depth interviews with project staff and trainers (to assess goals and methods of training) and extensive interviews with participants in both individual and focus group formats.

Our analysis explored the question of whether receiving a, or multiple, loans from PRIDE can be shown to have had an impact on the business of the entrepreneur and, simultaneously, on the entrepreneur's family and own well being. The research was based on the assumption that, especially on the microenterprise level, these sectors are closely related — family security and improved well-being depends on growth and development of the enterprise. The

major drawback to the analysis was that only three years have passed since the first loans were made by PRIDE. This is not enough time for all the effects — positive or negative — to be felt and absorbed.

Perhaps surprisingly, the results of this investigation show an already clear pattern of difference between those with multiple loans and those who have had one loan or only training and non-clients of PRIDE. The recipients of multiple loans have increased the revenues they receive from their enterprise, their individual income has increased and their family income has increased. This is more persuasive because of two additional factors. The first is that non-clients have as many long-term assets as clients do — houses, land or vehicles, for example. This suggests that the multiple loan recipients have begun to receive their higher incomes recently, in the last few years, consistent with receiving the loans from PRIDE. So it is not simply a fact of PRIDE selecting the more successful to receive the loans but at least in part the effect of the loans themselves on the recipients. Later, after more time, the pattern of assets may begin to change. If the multiple recipients keep up a higher rate of income, they will be able to purchase more assets and then they will be better off not only in income than the non-clients are. A further point here is that multiple loan recipients have begun to enjoy certain fruits of their greater prosperity. In particular they are now able to purchase better food than they could before, again setting them off from the non-clients. Finally, the difference between the multiple loan recipients and the 1991 sample is greater than the overall difference between the 1995 sample and the 1991 sample, suggesting strongly that the impact of PRIDE has been to significantly benefit its longer-term clients.

The second aspect of PRIDE's program evaluated here was the training workshop, Atelier sur l'Esprit d'Entreprise. In regard to the microcredit program, our research found it was very successful. That is, this program did indeed offer an appropriate set of lessons that were absorbed by the trainees who used the information and ideas in their enterprises and profited from the experience. Evaluation based on what the trainees told us suggest that lessons from the training workshop were directly used in their work.

Two aspects were inter related in this success: the high degree of motivation of those who take the workshop and the appropriate package of lessons and teaching techniques. The only question that our research raised was whether the lessons and teaching materials were as adapted to the needs of the women who attended the seminar as they were to the men trainees. There was some indication that an effort must

be made to re evaluate the material with a view to why more women found the lessons difficult to understand and the case material not familiar situations to those they encountered in their work. Overall, however, both men and women were pleased with the program. Individual cases which they told us in detail showed that for both men and women, the lessons had led to important changes in their work habits and in the success they now experienced.

CHAPTER ONE

INTRODUCTION

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The field research for this evaluation was conducted in July/August 1995 by a team of three persons: Dr. Lucy Creevey, Professor of Political Science and Adjunct Professor of Agricultural Economics and Rural Development at the University of Connecticut (Team Leader), Koumakh Ndour, Director of the Ecole Nationale d'Economie Appliquée

in Dakar and Abdourahmane Thiam, Professor of Statistics and Research Methods at E.N.E.A. The work for the evaluation was facilitated by the existence of lengthy previous reports and the extensive self-evaluation reports and excellent data base maintained by the staff of PRIDE/VITA.

CHAPTER TWO

SCOPE OF WORK AND METHODOLOGY

This study included two principal foci: an assessment of the project's impact on participants, and an assessment of the entrepreneur development workshop's impact on participants' attitudes and behavior in conducting enterprise activities.

ASSESSING PROJECT IMPACT ON PARTICIPANTS

The study team assessed the impacts of the credit cum training program to ascertain:

- At enterprise level:
 - Changes in business assets, income and profitability (capital, assets, and inputs as defined by Management Systems International (MSI) report¹ — profitability is a measure used in the earlier evaluation conducted on GREDP)²;
 - Changes in type and amount of employment in business (labor per MSI);
 - Changes in scope and range of marketing and in linkage to local, regional, national, international enterprises (markets MSI); and
 - Business practices (reflection of training impacts — also relates to Management component of MSI).
- At the household level:
 - Changes in household (physical) assets (buildings, property, vehicles, savings accounts, tools/equipment, jewelry, livestock);
 - Changes in household income from all sources; and
 - Changes in expenditures by household (food, debt repayment, and education

specifically) (MSI considers education a human capital asset).

- At individual entrepreneur level:
 - Changes in personal income and assets;
 - Ability to control own resources (labor, income, personal assets — these questions particularly pertain to women entrepreneurs); and
 - Changes in decision-making power in household decisions (purchases large and small, education of children — these questions particularly pertain to women entrepreneurs).

The extent of impact was evaluated through the administration of questionnaires to three groups: clients with several loans, clients who had only basic training or had basic training and only one loan from the program, and entrepreneurs not involved with PRIDE. As far as possible, respondents were chosen from the list of those who had been included in the 1991 Baseline Study to enable comparisons with the pre-PRIDE period. The three groups, thus, included, first, those on whom the impact might have been the largest, the “successful” clients. In contrast, in the second group are those who did not get a loan or only got one, sometimes because they had only recently applied but sometimes they had been rejected for further financing, usually because they did not have the assets to repay or could not form a guarantee group. They may be hypothesized to be less successful and certainly PRIDE had less of an impact on them. Finally, the third group is those with no connection to PRIDE at all.

Sampling Procedure

The Baseline Study sample was drawn in the following manner:

A stratified sample of neighborhoods (*quartiers*) was made in each of three project zones including “downtown,” “suburban, and village neighborhoods. . . . In Mamou, Kankan and Boké (town) we were able to obtain aerial maps (1988) from the Housing Ministry. Using the maps, and assisted by local officials, we divided the selected *quartiers* into sampling

zones ("chunks") of approximately fifty households each. Four chunks per *quartier* were randomly selected, and within each chunk, interviewers physically enumerated the households. Twenty households were randomly selected in each quartier, and all the people in the household with economic activities were interviewed. In case of refusals or when there was no economic activity represented in the household, the interviewers continued on to the next household in order.³

The 1995 Survey took place in Mamou, Kankan and Kindia. The three regions were chosen in order to have the three largest ethnic groups (Soussou, Malinké and Fulbe (Peuhl)) adequately represented and to capture regional variations. The first two prefectures were regions in which the Baseline Study had been done and where the first PRIDE loans were offered. In these two prefectures, then, the branch office of PRIDE was asked to locate as many as possible of those who had been included in the 1991 study in all three of the survey groups (people with multiple loans, people with only basic training and just one loan, and people who had never been clients of PRIDE). To create a minimal statistically significant regional grouping, 30 respondents were chosen for each prefecture divided among the three groups. Because PRIDE clients are 70 percent women, 7 out of 10 in each group were female. Because the overall number of men in the study would be less than the 30 minimum (for statistical purposes), an oversampling of one man was made for each sub group to bring the prefecture total to 33. The total sample was 99 respondents, 36 of whom were men. Where, because of departure, death or some other reason, Baseline respondents could not be located, respondents were located divided among the quartiers where PRIDE made loans. The total number of Baseline respondents in the 1995 survey was 19, meaning that 80 respondents were chosen by geographic distribution (after the other criteria had been satisfied).

In Kindia, where there was no baseline survey in 1991, an effort was made to find people who had been included in a 1992 pre-project survey (called the Mini-Questionnaire). The latter survey was done just after the first loans had been made in Mamou, Kankan and right before loans were made in Kindia. It included many of the same questions as the study but the sample was more arbitrarily drawn, being a distribution of questionnaires over the quartiers where loans were to be made. Only five people from this study could be located and included in the 1995 survey.

The 1995 Survey

The questionnaire used for the 1995 survey (see Annex 3) was prepared in draft in the United States including questions used in similar impact studies in 10 other countries and the survey instrument used in the Baseline Study.⁴ On July 29th, the team met with PRIDE staff to discuss the instrument and interview enumerators. Four candidates had been located by PRIDE who had had secondary education or more and were not (and had not been) on PRIDE's staff and could speak the local languages of the three zones of the study. These four — Amatou Kalla Diallo, Sow Souleymane, Mamadou Diop, Bintou Kourouma — were engaged and a preliminary training was conducted that afternoon. The questionnaire was then revised according to suggestions by PRIDE staff and the enumerators and pilot-tested in Conakry on July 31, after which the enumerators were given another afternoon of training. The survey was revised into its final form and copied. On August 2, Creevey, Thiam, and four enumerators traveled to Kindia, after meetings with the branch staff, the survey commenced immediately. On August 5, the survey team moved to Mamou and on August 11 to Kankan. The credit survey was completed August 16. Coding took place in Conakry August 18 through 21. Data analysis was accomplished (by L. Creevey) between August 24 and September 5.

Focus Groups

Once the survey was actually under way, Focus Group meetings with former PRIDE clients were scheduled by L. Creevey and A. Thiam. These meetings, which ranged in attendance from 2 to 130, were occasions where concerns that had emerged in the questionnaires were pursued and semi-structured discussions were conducted to try to capture ideas that the more inflexible questionnaire format might not get. Eight Focus Group meetings were held. Reports of these sessions are included in Annex 2.

ASSESSING WORKSHOP IMPACT

The Atelier sur l'Esprit de l'Entreprise is an entrepreneurship development workshop program created by Management Systems International in Washington. Twenty-eight workshops have been given since the first ones were held in Mamou and Kankan in 1992. A preliminary task (for L. Creevey) was to acquire from MSI information on the

objectives of each training session so that questions could be developed for the impact questionnaire, which task was completed in July 1995.

The final questionnaire for this aspect of the evaluation was completed in Guinea July 30 through August 1 after consultation with PRIDE staff and a review of the extensive workshop documentation kept at the PRIDE office. This documentation includes characteristics of those who were trained, seminar themes and teaching materials, and a final review and evaluation of each workshop by the trainers who conducted it.

Workshop Questionnaire

This 1995 Workshop Questionnaire (included in Annex 3) looks at changes in business practices resulting from the workshops and any other changes such as in business assets, income, or profitability that can be attributed to workshop participation. Participants were asked how and why they chose to come to the workshop, what their experience in the workshop was and, finally, what particular themes had had the most influence on their work and why. The specific CAPES or, in English, PECs (Personal Entrepreneur Characteristics) themes of the Workshop are targeted directly in questions. The structure of this questionnaire is more open than the credit questionnaire. Specific points are raised for a yes or no (true /false) opinion but more time is given to explanation of what the participant thinks is the reason for his answer and what evidence he/she feels demonstrates the point he is trying to make.

The first workshops were conducted by trainers from Washington (Management Systems International staff) who increasingly transferred training responsibility to the Guinean trainers so that, beginning at the fifth workshop, Guinean trainers began to run them independently. Most workshops were conducted in French (only 6 out of 28 were conducted in local languages). Workshops in local languages took place either in 1995 or December 1994 and are not included here in this study of impacts because they are too recent. Therefore, the questionnaire was administered, and interviews were conducted, in French.

Interviewing Procedures

Before talking to trainees, K. Ndour read the voluminous materials on the workshops and then interviewed PRIDE staff

on the set up, objectives, and implementation of the Atelier since 1992. The characteristics of the Guineans hired to be trainers was also discussed and other general information on the program provided. Ndour then proceeded to talk to 3 of the 5 trainers about the characteristics of people in the sessions they had directed and any comments they felt would shed light on what the workshop had accomplished for attendees. With the help of the trainers, Ndour made contact with a first Workshop participant on August 2 and continued to interview participants through August 5. On August 6, he joined the Credit survey team in Mamou and proceeded with the team to Kankan on August 11 to continue interviewing participants in each prefecture.

Six questionnaires were administered in Conakry, seven in Mamou, and 16 in Kankan. Criteria for choice of respondents included sex, length of time since training (the longer the more clear impacts would be), having an on-going enterprise, and diversification of type of enterprise. An effort was made to locate participants whom trainers had typed as either "dynamic" or, conversely, as not as committed, more easy going, and less directed. This contrast was made to try to assess which impacts resulted from innate characteristics of the more ambitious and that were impacts experienced by "average" businessmen. Only 160 out of the total 697 participants were women. Eight women were interviewed in this study.

In addition, after the survey had been under way for a week, L. Creevey interviewed one participant in depth in an open-ended discussion (August 8) and had one Focus Group session with three women and one man who had been workshop participants on August 12. K. Ndour held one Focus Group meeting with one female and three male participants on August 14. (See Annex 2.)

RESEARCH TIME TABLE

Date	Activity
July	Seek additional information from USAID and MSI. Develop draft questionnaires (L. Creevey)
July 27-28	Travel to Guinea: Creevey, Ndour, Thiam
July 29-August 2	Interviews with project staff and consultation of available documentation carried out. Draft questionnaires finalized (with advice from project staff), pilot tested and duplicated. Enumerators trained. Sampling criteria established and specific sample sites designated. Beginning of administration of finalized questionnaires in study of workshops in Conakry.
August 2-13	Administration of questionnaires in both branches of impact study in designated areas outside of Conakry. Continuing interviews with staff, analysis of documentation by L. Creevey. Conduct of focus groups among credit clients and entrepreneurs by L. Creevey. Preliminary Report to USAID August 11 by L. Creevey. Departure L. Creevey August 13.
August 14-17	Administration of questionnaires, interviews with branch staff, focus groups. Completion of questionnaires in Kankan. Return to Conakry by Ndour and Thiam and Guinean team (August 17).
August 18-22	Completion interviews workshop participants in Conakry. Completion of preliminary reports, data files, summaries etc. All shipped with questionnaires by DHL to L. Creevey. Return K. Ndour, A Thiam to Senegal August 22.
August 15-September 5	Completion of final report (L. Creevey)

ENDNOTES

1. Jennefer Sebstad, Catherine Neill, Carolyn Barnes with Gregory Chen, *Assessing the Impacts of Microenterprise Interventions; a Framework for Analysis*. Washington: MSI (March 1995).
2. Mimi Gillette and Paul Rippey, *Report on Baseline Study*. Council for International Development. No date. p. 2..
3. Sebstad, Neill, Barnes, *Assessing the Impacts*. Op. cit.
4. See Sebstad, Neill, Barnes, *Assessing the Impacts* . . . , op. cit. for an explanation of, and rationalization for, exploring impacts at the level of enterprise, family, and individual.

CHAPTER THREE

BACKGROUND

THE INFORMAL SECTOR IN GUINEA

One of the problems in evaluating the impacts of a program such as PRIDE is the absence of current statistical data on the economy of Guinea and specifically on small enterprises and the informal sector. At present there is no Yearly Statistical Summary (Annuaire Statistique) as in other francophone African countries. Different government offices and divisions have some records but there appears to be little communication among them and, as yet, no overall effort at coordinating their presentation. On the other hand, in the period after 1985 when Guinea began to introduce reforms aimed at reducing government size and encouraging private enterprise, various donors paid for studies on the private sector and produced a wealth of data — but for that period only. This data (from studies in 1987-1990) is used here in a brief presentation to provide a background for evaluating the work of PRIDE.⁵

Guinea is a small country only 95,000 square miles with a population estimated in 1990 at 6,150,000. The country is divided into four major regions. The first of these is the Maritime zone, which includes Conakry, where 40 percent of Guinea's population live in 18 percent of the land area. Middle Guinea, including the mountainous Fouta Djallon, has 20 percent of the population. Upper Guinea, which is flatter, has 20 percent of the population in 40 percent of the land area. Finally, the Forest Zone, the furthest eastern section, has 20 percent of the population in 22 percent of the land area.

Guinea is an Islamic country (95 percent of the population are Muslim) but the structure of the government and its laws are an adaptation of Western forms. The country was ruled by Sékou Touré until his death in 1984. Touré's regime was socialist and repressive. After the French withdrew in 1958, there were few contacts with the West and what aid was received came from China, Eastern Europe, and the Soviet Union. Guinea has rich natural resources having more than adequate rainfall, abundant land, and mineral wealth (bauxite, diamonds). But the Touré regime discouraged private enterprise and much of the existing (in '58) trade and commerce was classified as "blackmarket." and illegal. The results of centralized planning and state control over all sectors of the economy was stagnation and

even regression of the economy. The World Bank estimates that, from 1976 to 1981, GNP per head fell 13 percent and continued to fall at .8 percent a year until 1984.⁶

The results for the small and medium enterprise sector were, as for the rest of the economy, stagnation and withdrawal. But this did not mean there was no dispute or anger against the situation. In 1977, for example, the "Women's Revolt" took place when market women rallied to protest government policies. Despite his emphasis on building a state run economic system, Sékou Touré had to recognize their political power and there was a slight liberalization of regulation of commerce as a result causing a sort of mini-boom among small enterprises in the interior of Guinea. In 1980, Touré even permitted the creation of a national office to promote small and medium enterprises. But it offered little promotion. There remained a thicket of regulations prohibiting trade and exchange and specifically preventing any kind of international trade except by state run enterprises (except that which got through illegally).⁷

After Touré's death and the coup of 1985, the new military government of Lansana Conté turned to the West for assistance. Conté's government emphasized the private sector and introduced, in 1987, a Program for Economic and Financial Reform (PREF) that called for a sweeping away of many of the old laws and an introduction of new measures to provide incentives to private entrepreneurs. In 1992 a new democratic constitution was adopted. In 1993, the first presidential elections were held (legislative elections took place in June 1995). Conté's party won the elections without significant problems although outside observers questioned the fairness of procedures used. In the meantime further structural adjustment reforms had been undertaken including a dramatic down sizing of the government that has added to the number of potential entrepreneurs and certainly swelled the ranks of the unemployed.

Although new regulations favor the growth of the private sector, the current situation is still one of great difficulty. One major block is the absence of credit for private enterprises. In December 1985, the president announced the closing of all six of the Guinean state banks. This meant the closing of more than three quarters of the banking capacity of the country. These banks had not provided credit to small enterprises in any case but their private replacements also do not have the capacity to loan to the bulk of small enterprises. As Le Brun pointed out in 1990 virtually no microenterprises receive loans from banks. This was still true in the research for PRIDE in 1991 and in the survey carried out in this 1995 evaluation. The banking sector in general offers loans that are not appropriate for the needs of small entrepreneurs.

Among other things, loan amounts are too large and required collateral is too high. Moreover, in a country in which (in 1989) 88 percent of people over six have never been to school, required paper work is a formidable barrier. In any case, there is a widespread distrust of banks in Guinea — for credit or savings — due in large part to the poor performance of the state-run banks of the previous regime.⁸

Several programs have opened credit and savings programs that have begun to try and tailor loans appropriate to microenterprises. The two largest of these are the Crédit Mutuel (CM) and the Credit Rural (CR).⁹ CM was originally financed by the Caisse Francaise de Développement (CDF) and CR was created by the Institut de Recherches et d'Applications des Méthodologies de Développement (IRAM), but both now have numerous other donors as sponsors as well. Both have offices in prefectures throughout Guinea. Both aim to reach to rural and urban poor. But the approaches of these institutions are quite dissimilar. Credit Mutuel (CM) is based on a savings-loan principle. The client has to open a savings account. He/she can only borrow if her account has a certain percentage of the amount she wishes to borrow — up to 50 percent for larger loans. CM reaches thousands of people but most of them are only saving; the number of borrowers is far smaller. In contrast, Crédit Rural is a Grameen Bank-inspired program like PRIDE and does not require its clients to save money in order to get a loan. It too reaches thousands of people including farmers (whom PRIDE excludes). CR is similar to PRIDE in its approach to and appraisal of potential borrowers (and its use of guarantee groups and advice from the council of elders). But there are some major differences the most important of which are related to training. CR does not include client training in its program and, therefore, it can not use on-going classes of clients (which PRIDE calls "promotions") as the basis for follow-up work with borrowers as PRIDE does. CR agents have motorcycles and spend much time in the field chasing down borrowers, PRIDE agents do not. PRIDE agents are also paid much more than CR agents but do not have motorized transportation provided. CR has a higher rate of late payments and loan defaults than does PRIDE but, nonetheless, the CR program must be termed successful. It reaches large numbers of clients with small loans with a low rate of default and a fair degree of administrative efficiency. This judgement is purely second hand as neither CR (nor CM) were the subject of direct research for this report.¹⁰

Despite the thousands who have had small loans from CM, CR or PRIDE (or a few other smaller programs), the need for credit for small and medium scale enterprises is continuing to grow in Guinea. This is explained by the size and importance of the informal sector to the economy. Even

allowing for the substantial changes that have occurred over the last seven years in Guinea, the substance of the 1988 figures remains true. The informal sector is still the largest employer of people and the major source of revenue for Guinea and will be so for the rest of this century at least as the following tables indicates.¹¹

TABLE 1¹²
CONTRIBUTION TO GDP BY SECTOR AND ACTIVITY (%)
1988

Sector	Informal	Modern	Total
Primary agri, animal h., fish	<u>99.4</u>	<u>.06</u>	<u>100</u>
Secondary mining, manuf., water, electr., constr.	<u>21.7</u> 9.1 77.8 52.9	<u>78.3</u> 90.9 22.2 47.1	<u>100</u>
Tertiary Commerce Transports Administration	<u>72.2</u> 87.8 52.6 22.2	<u>27.8</u> 12.2 47.4 77.8	<u>100</u>

Notable in this table is the quasi-totality of the agricultural sector that is classified as informal together with more than 3/4 of the manufacturing sector. In terms of the percentage contributed to the GDP by each type of activity, it is respectively: Primary 28.5 percent, Secondary 33.8 (largely provided by mining), and Tertiary 36.2 (largely provided by manufacturing).¹³

Employment figures are even more revealing. The informal sector is still by far the largest employer of Guinean citizens. In 1988, even leaving aside agriculture, the informal sector employed 61 percent of those who were economically active. Ninety-two percent of those in manufacturing activities were in the informal sector and 93 percent of those who were in commerce and trade. Table 2 below shows the overall distribution including agriculture.

TABLE 2¹⁴
 EMPLOYMENT BY SECTOR AND ACTIVITY
 1988

Sector	Activity		Total
	Agriculture	Non-agricultur e	
Informal	1,909,200 (99.9%)	158,803 (58%)	2,068,000 (94.6%)
Formal *	2,300 (.1%)	114,714 (42%)	117,000 (5.4%)
Total	1,911,500 (100%)	273,517 (100%)	2,185,000 (100%)
% of employment by activity	87.5%	12.5%	100

* Including the civil service and the armed forces.

The current (1995) importance of the informal sector both in terms of its contribution to the GDP and its provision of livelihood to the population depends on the rate of growth of the modern sector. Projections by Le Brun suggest a fairly rapid linear decline of the importance of the informal sector. Thus he projects for manufacturing that, where 92 percent of those in manufacturing were in the informal sector in 1988, only 90 percent would be in 1993, and only 88 percent by the year 2000.¹⁵ Similarly he projects growth in the modern sector and ever larger contributions of the latter to the GDP. For several reasons his projections may be too optimistic. One is the addition to the employment market of thousands of civil servants who have lost their jobs in the down sizing of government and swelling numbers of unemployed recent college graduates. Another is problems on the world market for Guinea's mineral products. A third problem for the development of the formal sector is inflation. Guinea had an inflation rate in 1990 of 19.4 percent, in 1991 this was 19.6 percent. In 1992 the rate began to decline until the present time where the rate has stabilized around 4 percent — 1992: 16.6 percent, 1993:7.1 percent, 1994: 4.1 percent.¹⁶ A final hindrance is the lack of domestic savings and the slow arrival of investors in the Guinean economy from other countries. These factors together suggest that the decline of the relative importance of the informal sector may not have been as continuous nor as speedy over the last five years as he proposed.

Even if LeBrun is correct, however, for the foreseeable future, efforts will have to be made to reach the poor through their only viable economic activities that are in overwhelming majority located in the informal sector. The importance of PRIDE and projects like it is that it overcomes the barriers to reaching the illiterate poor and helps them take charge of their own economic future by providing them with otherwise unavailable credit (for expansion, diversification and development of their enterprises) and, in PRIDE's case, with training to make their business activities more effective and productive. The extent to which the PRIDE formula has been able to increase business effectiveness for its clients (measured through increased revenues, profits and business and domestic assets) is the subject of this study.

THE PRIDE PROJECT

The PRIDE project was designed by the Council for International Development (CID) (a now-defunct U.S.-based NGO) in response to a USAID request for proposals. It was funded by USAID with a \$5.5 million grant under a Cooperative Agreement signed in December 1990. In 1993, because of legal and financial problems in the United States, CID transferred the Cooperative Agreement to Volunteers in Technical Assistance (VITA) in Rosslyn, Virginia, which now is the overseer/sponsor of the project. The project staff continued (and continues) under the same leadership as before 1993.

PRIDE consists of four parts: a Micro Credit (with training) component, the Entrepreneurship Development Workshop (Atelier sur l'Esprit de l'Entreprise), a Business Excellence Center (BEC), and an Information, Education and Communication Branch (IEC). The total PRIDE staff includes 98 persons, two of whom are expatriates. The project has eight branches and three sub-branches. Forty-five people are credit agents and eight are branch managers. Five people are Atelier trainers, and the rest are administrators and support staff or work on the BEC or IEC components. See a breakdown of its staff and their location and responsibility in Annex 1.

PRIDE has already been the subject of several studies and evaluations. Two months after its first loans were extended in May 1992, PRIDE did a Preliminary Impact Study on its credit program in Mamou and Kankan based on a survey of clients who had just received loans from the program. Later, in 1994, a follow-up study was done with a sub-sample of this group (who were still in the PRIDE program in 1994).¹⁷

In 1993, a team of six persons evaluated the overall PRIDE Program for USAID based on a three-week study in Guinea. Their charge included all parts of the project administration, fiscal aspects of the program, and its impacts. They produced a report with recommendations in June 1993.¹⁸

In March 1995, two consultants produced a short report for the World Bank based on discussions with project managers and field agents.¹⁹

In May 1995, a team including among others a member from a similar program in Senegal, ACEP, evaluated PRIDE in regards to its staff competency and fiscal sustainability. This report has not yet been finalized.

In addition to these reports, PRIDE maintains an impressive bank of data on its program and all its activities as well as data from a pre-project Baseline Study from 1991 (which is used in this report to contrast to our own 1995 survey). In this regard the project is quite outstanding. Few field programs in developing countries (and certainly none in Guinea) would be able to match its record keeping. Furthermore, reports are regularly produced in which up-to-date statistics are analyzed on the performance of the overall program.

As a result of PRIDE's record keeping and the numerous evaluations, the activities of the project can be presented with accuracy and detail. In this report, however, only the impacts of the credit program and the Atelier are considered so only those aspects of the program are described here. The administrative and fiscal management of the project and its long run sustainability are not presented at all (as this is the charge of the earlier 1995 team).

The Micro Credit Project²⁰

The Micro Credit project makes loans through its six regional branches in Kankan, Boké, Kindia, Labé and Kissidougou. There is, in addition, one sub-branch: Kamsar, through which loans are made. As of June 1995, the project had made 16,465 loans at a total value of approximately US \$3,879,200.²¹ The distribution of the loans by branch and year was as follows:²²

TABLE 3

PRIDE LOAN RECORD
(June 1995)

Years	No. Of Loans: Mamou	(%F)	No. Of Loans: Kankan	(%F)	No. Of Loans: Boké*	(%F)	No. Of Loans: Kin dia	(%F)	No. Of Loans: Labé	(%F)	No. Of Loans: Kissi
1992	515	57%	400	62%	460	70%					
1993	935	63%	1,595	66%	1,205	72%					
1994	1,520	61%	735	67%	540	73%	1,040	81%	1,890	67%	765
1995*	700	61%	735	67%	345	72%	1,135	80%	1,180	65%	770
Total	3,670		3,465		2,550		2,175		3,070		1,535

* 1995 includes the months of January through May.
 * Kamsar is a sub-branch and included in these figures.

In March 1995, there were 5,200 outstanding loans at an average amount of \$155. There was one delinquency in the whole loan portfolio.²³ By June, there had been 9,555 recipients of PRIDE loans. Two-thirds of those who had received credit in the first set of loans were still clients of PRIDE. Approximately 70 percent of the clients were, and are, women and 90 percent are illiterate.

PRIDE makes loans available to the owners of SME's in the five principal branches of activity in the informal sector in Guinea: (1) trade of diverse products (commerce), (2) trade of fresh produce (agricultural and animal products), (3) artisanal production, (4) service, and (5) restaurants and other food preparation and sale. The majority of PRIDE loans are made for small traders as the table below indicates:

TABLE 4
 DIVISION OF CLIENTS BY SECTOR OF ACTIVITY
 (June 1995)

Type of Activity	Number of Clients	Percent
Commerce	3,523	37
Trade of Local Products	3,412	36
Artisanal Production	1,850	1
Service	223	2
Restaurant, Food...	547	6
TOTAL	9,555	100%

For most of the PRIDE clients, there are no other sources of loans. Only six entrepreneurs of the entire Baseline Sample of 522 had ever had a bank loan.²⁴ Even in other West African countries where small loans from the formal sector are slightly more common, the group of clients that PRIDE services would not have been eligible for a loan because of lack of collateral and/or too small enterprise income. Civil servants are not eligible for loans. The average income from a PRIDE-assisted enterprise for women clients is \$660 a year and for men \$1,496. This is a

slightly higher than average income in Guinea as the GNP per capita is approximately \$500 a year, but these clients are still in the sector of the poor.²⁵ (Agricultural activities are also excluded because the cycle of farming would not permit repayment of loans according to the repayment schedule PRIDE has adopted. Most of PRIDE's clients live in or in the outskirts of a town.)

The procedure for establishing a PRIDE branch was a preliminary assessment of the need for credit in the area followed by a visit by field agents to a quartier (neighborhood of about 1,000 people) where a meeting was held with the Council of Elders (including the Chef de Quartier, the Président des Femmes and other notables). Once a branch is established, meetings are held with individuals and groups interested in getting loans so that terms and conditions can be explained. Potential clients must pay a fee of 2,000 FG (\$2.00) to receive a loan. Before any loan may be received, clients must be organized into groups of five. Members of a group may not belong to the same immediate family or household, may not work in the same business and must live in the same district. Groups must be approved by the Council of Elders for the quartier. Each member has to pledge to guarantee other members' loans and to repay his/her loan on time. The guarantees are seriously meant as if one member defaults, no one else in the group will get another loan. Groups within the same quartier pledge jointly not to have late repayments. The penalty extends to the quartier as well if there is a default by a group. In the one instance in Kankan where a group did not repay, the whole quartier was blocked from further loans.

Once a fee is paid and the group of five is formed and accepted, all members must attend a Basic Training course. This consists of two-hour sessions per day over four or five days in classes of 30 to 40 people. Basic training introduces the clients to their rights and obligations under the PRIDE program and begins to teach them what PRIDE calls "management notions", a pre-step to Management Training. Following the completion of the training, a client may fill out a loan application that is submitted to the quartier Council of Elders. PRIDE staff appraises the financial viability of the enterprise (including a cash flow analysis and a balance sheet describing the assets and liabilities of each microenterprise). With the approval of the agent and the quartier Council, the loan is disbursed. Thereafter, loan recipients must attend follow-up training courses of two hours each month. Again, the basic themes of training are "management notions" including such themes as:

- How to manage your loan.
- How to keep track of and distinguish between personal/family and business money
- Stock control
- How to establish priorities

PRIDE provides two types of loans: 6-month loans and 12-month loans. For 6-month loans, repayments are due every two weeks. Repayment for 12-months loans is monthly. First time clients may borrow from \$50 to \$250. Repeat borrowers may borrow up to \$500. As a protection against loan loss, PRIDE takes 5 percent from the principal loan amount for two separate guarantee funds. One percent is placed in a solidarity fund that serves as an insurance for all borrowers from the same quartier and is used in case of accident, death, fire, theft or major illness. It is not returned to the client. In addition, 4 percent is placed in a guarantee fund that is essentially a forced savings plan that yields about 10 percent interest a year. This money is to be used to cover loan loss in a quartier after all other means of loan retrieval have been employed and failed. However, should there be no defaults, the money is returned to the client after she/he leaves the program definitively. Guarantee funds therefore build up with clients who stay in the program and take a number of loans.

Until February 1995, PRIDE loans had an interest rate of 36 percent per year (calculated on a declining balance). Beginning in March, PRIDE decreased its interest rates to 24 percent but added a charge of \$1.30 a month for the training. One rationale for this is that training is seen by PRIDE an integral part of the program but had been abandoned by some other credit programs as too heavy a charge on what might otherwise become a financially sustainable program. By including a training fee in the requirements for the loan, training now begins to pay some portion of its costs.

PRIDE is adding a medium-term loan component (PMT) for larger loans of from \$500 to \$5,000 with a 12- to 24-month repayment cycle. Adding larger loans with longer terms is partially in response to the criticism that PRIDE loans were only suitable for petty traders with very quick turn-around time and discouraged those in manufacturing because they could not get their profits out in such a short period. The staff is somewhat wary about these loans viewing them as more risky than the smaller, shorter cycle ones.²⁶ They, however, do also have the potential of generating greater revenue for the PRIDE program that is a concern because of increasing emphasis by many outside evaluators on the need to achieve self sustainability.²⁷ The PMTs are only beginning in 1995 and are not part of the evaluation of this report.

The Atelier sur l'Esprit d'Entreprise²⁸

The Atelier program was developed by Management Systems International (MSI) with McBer and Company and is designed for entrepreneurs and managers of public as well as private enterprises all over the world. The training workshops take place over a two week period and are offered to 20 to 30 participants at a time. Training methods include practical exercises, role playing, case studies, video presentations and a study of how to create micro enterprises. Participants present a full analysis of their own business (or one proposed) in terms of its organization, marketing and perceived needs together with a plan for future steps for improvement drawn from workshop lessons. The basic themes of workshops revolve around ten personal attitudes and behaviors (called CAPEs). For each of the 10 there are three basic indicators of behavior. Thus for Risk Taking, for example, the three indicators are:²⁹

- Deliberately calculating risks and evaluating alternatives;
- Acting to reduce risks or control the results; and
- Putting oneself in situations that have a cost or a moderate risk.

Classes include simulations, discussions, films and other methods of drawing participants into full involvement in the themes.

The Atelier is a for-fee program and each participant must pay \$200. The fee includes all training materials as well as a mid-day meal, but other costs such as transportation and lodging are not covered. Some of the participants have their fees paid by their companies and a few receive scholarships but a large number have to find the money themselves. The fact that so many have done so is an indication of the popularity of the program. Although it must be added that the fees do not cover the full costs of the program that is about \$400 to 500 per person. The residual of this amount is covered by USAID.

The first Atelier was held in Mamou beginning February 1992 and the second was held in Kankan beginning in November of that year. These first atelier were run by trainers from MSI Washington. In the first sessions, participants included some candidates to become workshop trainers. By 1993, these candidates were running the workshops independently.

To date (June 1995) there have been 28 Atelier sur l'Esprit d'Entreprise workshops. A total of 743 people have been trained, of whom 176 were women. There is, however, only a relatively small pool of French-speaking entrepreneurs in Guinea and the

demand for the Atelier had begun to diminish by 1994. In that year, PRIDE began to give workshops in local languages rather than French so that a wider group of people could be attracted. At the present, the project is considering other workshop formats that might take less time away from work and might cost less. It is not probable, however, that the pool of candidates for the French-speaking workshops will completely dry up in the near future. The recent government downsizing has meant a flood of unemployed civil servants who are seeking ways to establish themselves in the private sector. These people are prime candidates for the kind of training PRIDE offers in its French workshops. Only the impact of the French-speaking two week workshops is being evaluated here.³⁰

ENDNOTES

5. Four studies were carried out on the informal sector:

- Ministry of Human Resources, of Industry, of Small and Medium Enterprises and of CEGIR, “Etude du Secteur Informel en Guinée; Potentiels et Contraintes,” Conakry 1987.
- Direction Générale de la Statistique et de l’Informatique (DGSI), “Enquete Nationale sur le secteur non-structuré de l’économie,” avec l’ORSTOM et la SODETEG (with World Bank funding), Conakry, 1987.
- ILO Programme des Emplois et des Compétences Techniques pour l’Afrique (PECTA), “Le Secteur non-structuré urbain en République de Guinée: analyse typologique, facteurs de blocage et perspectives de promotion,” Conakry, 1988.
- Office National de Formation et de Perfectionnement Professionnel, “Enquete sur l’apprentissage à Conakry,” (financed by Friedrich Ebert Foundation), Conakry, 1988.

These four studies were analysed and their data used in a book produced for the ILO in 1990: Olivier Le Brun, *L’Economie Informelle en Guinée: Analyse et Stratégie de Développement*. Geneva: ILO, 1990.

6. Alfred Waldstein, Sheldon Gellar, William Roberts, and Fodé Keita, *Guinea: Social and Institutional Profile*. USAID: Conakry, 31 October 1991, p. v. Le Brun, *L’Economie Informelle*, p. 9.
7. Le Brun, *L’Economie Informelle*, Chapter II.
8. Le Brun, *L’Economie Informelle*, Chapter VII, esp p. 126.
9. Crédit Mutuel was started in 1988 with an office in Labé and one in Kindia in 1989. By December 1994 it had 70 village banks, 45,000 members, 30 percent of whom were women. Crédit Rural was started in 1989 in Téliélé and Koundara. By December 1994 it had 31,000 clients of whom 28,000 had received credit. Women were about half of the borrowers. Pierre-Olivier Collye and Ousa Sananikone, “Crédit Mutuel de Guinée”, p. 217, and “Crédit Rurale de Guinée”, p. 203 in Leila Webster and Peter Fidler eds., *The Informal Sector and Micro-Finance Institutions in Western Africa*. The World Bank (May 16, 1995) DRAFT see also Waldstein et al, *Guinea...*, p. 117.
10. See *ibid.*, and Pierre-Olivier Collye and Ousa Sananikoné, “Programme Intégrée pour le Développement de l’Entreprise (PRIDE),” in Webster and Fidler, *op. cit.*
11. The definition of the informal sector used here is that employed by Le Brun, *L’Economie Informelle...*, p.58.

An enterprise classified as modern, then, is one that meets the following criteria:

- Having legal status as a society (except for artisanal cooperatives or commercial societies that do not have accounting procedures);
- Having a modern accounting system (excluding those enterprises that are not registered or have less than 10 employees and include only one place of business);
- Carrying on an activity that by its nature is modern (such as electricity, water, banking, insurance); and
- Carrying on a modern activity if registered (such as teaching or health work).

12. *Ibid.*, p. 59.

13. Ibid., p. 59.
14. Ibid., p. 67.
15. Ibid., p. 73.
16. Ministère du Plan et de la Coopération, *Cadre Macro-Economique de la Guinée*. Conakry: January 1995, p. 5
17. Preliminary Impact Study Guinea Rural Enterprise Development Project (GREDP), 1994, PRIDE document.
18. T.D. Barry, K. Craig, P. Prunier, T. Sylla, T.O. Wann, *Final Evaluation Report; Guinea Rural Enterprise Project*. USAID Document, June 1993.
19. Pierre-Olivier Colleye and Ousa Sananikone, "PRIDE," op cit.
20. Credit will also be offered from a Conakry office beginning sometime in 1995.
21. The exchange rate used in this report is US\$1 = 1,000 FG.
22. Tables 3 and 4 are drawn from statistical tables provided by PRIDE.
23. There have been an increasing number of payments made one or two days late. PRIDE has a series of steps to enforce payment once there is a delinquency and, since the whole quartier will suffer if one person does not pay due to being excluded from receiving further loans, these steps have been successful. Paul Rippey (August 1995) states that repayments are almost NEVER later than one or two days.
24. *Baseline Study*, p. 13.
25. Paul Rippey, "The Guinea Rural Enterprise Development Project, PRIDE/VITA, Micro Credit and Training Activities," 1995.
26. Comment Paul Rippey, August 9.
27. See, for example, report by Collye and Sananikone.
28. PRIDE has tested other shorter (1 to 2 day) workshop segments including : Le Bilan (the Balance Sheet), Mon Entreprise en Regle (Legal Rights and Responsibilities of Small Enterprises), Le Marketing and Management de la Qualité Totale (Total Quality Management). These are not evaluated in this report.
29. See Programme de Developpement de l'Esprit d'Entreprise for the rest of the CAPEs. Printed description provided by Directeur, Programme de Developpement de l'Esprit d'Entreprise, MSI, Washington, July 1995.

30. See the list of Ateliers sur l'Esprit d'Entreprise and other shorter workshops in Annex 1.

CHAPTER FOUR

IMPACTS OF THE MICRO CREDIT PROGRAM

INTRODUCTION — BASIC HYPOTHESES AND MAJOR OBSTACLES

This study starts from the same set of hypotheses that are set forth by Jennefer Sebstad, Catherine Neill and Carolyn Barnes in their report, *Assessing the Impacts of Microenterprise Interventions*.³¹ The basic underlying assumption is that microenterprises are part of the overall economic activities of the household and an important element in household security. Consistently, the framework for analysis must include not only what happens within the enterprise itself but also changes that may take place in individual lives and in the overall family well being and in the community. Paths of impact can be traced within these four closely interrelated spheres. Ultimately, positive impacts should result in economic growth, increased household security and improved individual well being. The domains of impact within this framework are as follows:³²

- Within the household: Income, expenditures on household consumption and assets;
- At the enterprise level: The resource base, production processes, management, markets, and financial performance;
- At the individual level: Independent control of resources, leverage in household decision-making and community participation; and
- At the community level: Net changes in employment and income, forward and backward linkages; social networks; and civic participation.

In this study, because of the short time for research, the community level was not considered and certain variables such as expenditures on health have also not been used. But the

following questions have been explored that form a core of the list of propositions set forth by Sebstad, Neill and Barnes. Where in the Sebstad Report these propositions are statements that microenterprise intervention (if successful) will lead to certain changes,³³ here we have phrased them as questions to use in our analysis of the degree of impact that PRIDE has had on its credit recipients :

- Has enterprise stability been improved through the creation of a more stable resource base, more stable employment and improved financial performance?
- Has enterprise growth been accomplished measured by increases in employment, an expanded resource base, and reinvestment of enterprise earnings in the enterprise?
- Has household income improved?
- Have household assets increased?
- Does the household have more money to spend on food and education?
- Has individual well-being been expanded through increased control over resources and increased leverage in household decisions?

This analysis of the impacts of the PRIDE micro credit program faces several large obstacles in arriving at an accurate portrayal of what this program has accomplished. Undoubtedly the first of these is that not enough time has elapsed to allow the effects of the loan to be fully internalized. If, indeed, having a loan does allow a business to expand, make greater profits and begin to develop (through larger markets, diversification, and so forth), it takes several years before the entire process is complete. Indeed, other studies of microenterprise programs looking at impacts found that length of time since the program was instituted is a significant predictor to the degree of impact. Programs that had been in existence for ten or more years were much more likely than younger programs to show changes in individuals' businesses, family lives, and attitudes.³⁴ Yet the first PRIDE loans were only made in 1992 and this study is being carried out only three years later. Although we believe that some important indications can be noted even at this early point, we wish to emphasize that a follow-up study should be done in five to eight years if donors and others really wish to understand what PRIDE has been able — or not able — to accomplish.

A further problem for a study on impacts is ascertaining cause and effect. As explained in the methodology section and

above, this study attempts to measure change in individual, familial and enterprise characteristics due to credit from PRIDE by looking principally at revenue and assets, and comparing individuals with several loans from PRIDE, those with one loan or just basic training, and other entrepreneurs similar to credit recipients in terms of the size and type of their business but who have had no loans from PRIDE. The presence of a control group allows tentative conclusions about potential differences (changes) in income and assets resulting from having received loans. But a reverse spin can be placed on such findings. PRIDE gives loans commensurate with individual entrepreneurs' ability to pay back. Loans are small and the size is predetermined within a small range (see section on PRIDE). All recipients are among the class of poor or small entrepreneurs (loans are too small to attract large entrepreneurs in any case). But within this class, PRIDE is certainly selecting the more successful, that is, those most able to pay back. It follows, therefore, that PRIDE is creating from a marginally elite group a somewhat more elite group. Differences already existed... selection processes ensure this. Such differences may get greater which is a sign of the impact of the credit but also an indication of the selection of the more likely-to-achieve. Any credit program that hopes to be self sustaining must have such criteria. Giving according to need rather than ability to pay would probably ensure failure of the program. But an analysis of what PRIDE has accomplished has to carefully consider, if the multiple loan recipients are more successful in their businesses, whether they would have been more successful than the others even without a loan from PRIDE (although perhaps not quite as successful as they became because of PRIDE).

A final, broader range question on the impact of PRIDE credit relates to the conditions of borrowing set by the program. Loans are small and for short duration. Repayment schedules are very short. As a result, these loans are best tailored to entrepreneurs who have the fastest turn around in their business. This favors traders who buy and sell almost immediately. It disadvantages manufacturers of such products as dyed cloth, furniture or jewelry. Many of these entrepreneurs buy expensive stock, costing more than these loans would usually allow, and they need much longer periods of time to realize their profit. It is not therefore surprising that 73 percent of PRIDE's loans go to traders in general merchandise or in fresh fruits, vegetables, meat and fish although traders overall in the informal sector constitute only about 48 percent of those employed.³⁵ It is not necessarily bad to encourage the expansion of the trading sector (despite the arguments of those who contend that trade produces no value-added while manufacturing does) because the largest sector in most economies is the service sector in any case. One economist, evaluating the informal sector in Guinea has argued that the productivity (that is the profits generated over capital

invested) of trade in general commerce is substantially lower than various types of manufacturing but there is some question about the validity of these comparisons.³⁶ However, one question does remain from this. Should a credit program discourage some lines of productive activities and encourage one basic activity? If our data show that traders are profiting from credit received and expanding their trade, this is a measure of PRIDE's success but perhaps also a measure that PRIDE is doing just this. So, the basic question of whether the program should make greater efforts to encourage other sectors of production remains open but will have to be addressed elsewhere as our analysis does not explore the extent to which PRIDE is distorting the development of sectors in the small enterprise area.

With these caveats stated, however, this analysis has been able to establish certain basic patterns indicating kinds of impacts felt among those who have received PRIDE loans that are relatively reliable because of the existence of the 1991 Baseline Study and of the control group within the 1995 sample, because of the excellent records maintained by PRIDE, and because of the great willingness to cooperate in the study showed by clients of PRIDE and non-clients alike.

CHARACTERISTICS OF THE RESPONDENTS

The 1995 survey was administered to 99 respondents (see Methodology Section). One third of these came respectively from each of Kindia, Mamou and Kankan. Sixty three respondents were women and the rest were men. Forty percent were Malinke, 37 percent were Peulh and 17 percent were Soussou. Five individuals came from assorted other ethnic groups although none were from forest groups.

Sixty four percent of the respondents had never been to school indicating some increase in the size of the group of those having some schooling over 1992 when 87 percent of the sample were not literate in French. But, like the earlier study, women were significantly³⁷ less likely to have schooling than men as the graph below illustrates.

Women in the sample were also — as in the Baseline Study — younger than the men with a smaller group being over 40 (48 percent women and 64 percent men) and a larger group being under 30 (16 percent women and 3 percent men). Women were also significantly more likely to be in trade than men and only women were in the trade of fresh fruits, vegetables, meats and fish.

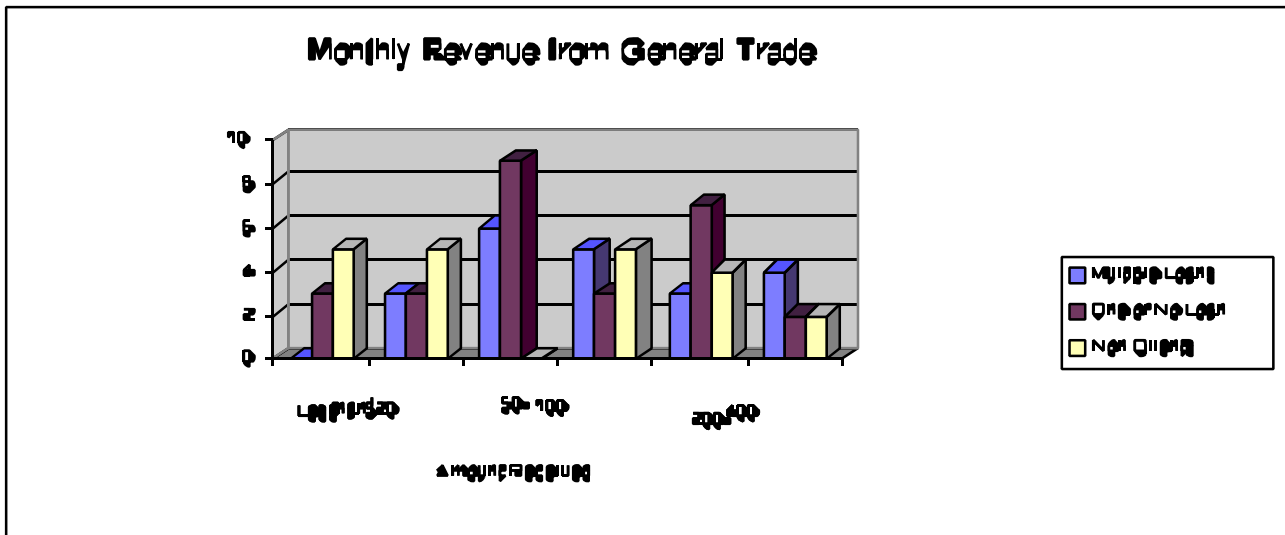
More than a third of the enterprises had been started before 1978. One third had been started between 1978 and 1987 and an almost-third since that period. Only 15 enterprises had been started after 1990. Sixty one percent of the respondents said their enterprises had only one employee at the outset, while 15 percent had two. The rest had three to five employees in their first year. Average number of employees had increased to two employees in the 1995 sample — although 56 had only one employee, 14 had two and 27 had three or more.

The average family size of the respondents was eleven people (as it was in the Baseline Study of 1992). Average family annual income was widely distributed between less than \$1,000 a year and more than \$10,000 As the Chart below indicates.

COMPARISONS OF PRIDE CLIENTS AND NON-CLIENTS: ENTERPRISE CHARACTERISTICS

Only one person claimed to have a bank loan and none had received credit from the CM or CR programs. Seventeen persons said they had loans from family or friends, equally distributed between men and women. Looking now at whether those who received loans from PRIDE demonstrated greater growth in their enterprise and its assets, we explore first **current employment**. Here we find that there is no significant difference between those with multiple loans and others in terms of the distribution of the number of employees overall although those with multiple loans are significantly less likely to have only one employee. All three groups - those with more than one loan, those with one or only basic training and those who had no contact with PRIDE - are equally likely to say that they have had more employees in the last three years, a plurality does so. There is no conclusive evidence, then, that PRIDE loans have led to increased employment although there is some indication of such a trend. However, most people in discussing what the loan has been used for, say they bought more, or diversified, stock for sale. They do not say they hired new personnel. Investing in stock increase with an eye to rapid turnover is typical of African traders and not a function of the PRIDE loan program. Hiring more employees could be an unintended effect of the latter strategy even if it is not mentioned as the primary use of the money or profits therefrom. On the other hand, the nature of the activity of the majority of respondents - trade - often does not lend itself to hiring of additional employees until the point at which the trader has a shop. For most of the women who received loans from PRIDE, they had not yet achieved this volume. Employees other than their minor children were not needed by them. Our data, in any case, do not indicate that increased employment is — to date — a clear result of the loans.

But the effect of the loan does show clearly in terms of the **revenue** of the enterprise. Those who have received a loan from PRIDE are significantly more likely to say that the revenues of their enterprise are higher this year than they were before. In fact, those with multiple loans **are** significantly more likely to have higher monthly revenues. This is shown most dramatically in the area of general trade because this is also the area where most respondents are active.



In terms of assets and equipment, there is no difference among the three groups queried. About fifty percent of each group rents their space where their enterprise is located and the rest primarily do their work at home. Ninety five percent have no vehicle in all groups and eighty percent have no electricity, again in all groups. More than eighty seven percent use traditional means of production or processing as opposed to electric powered tools or machines.

Most of the entrepreneurs buy their supplies for their business in their local village or nearby town. Only ten percent buy from Conakry or further away (an increase over the 1991 Baseline Study in which 2 percent did so). An even larger percentage (74 percent) in 1995 sell daily in their own town or village market or in the local weekly market. Most (81 percent) have not changed the location in which, or clientele to which, they sell over the last few years. Of those who have done so (18 percent), they are almost equally divided between those who have reduced their scope because of a death in the family or illness and those who have expanded their markets because of a perception of wider demand. There is no difference between those with multiple or just one loan from PRIDE and those who have had no contact with PRIDE in terms of these measures of linkage.

FAMILY DIFFERENCES BETWEEN THOSE WITH LOANS AND THOSE WITHOUT

The most striking difference between those who have received multiple loans from PRIDE and others is the higher family income that they enjoy (with the same average size family). PRIDE

clients with several loans are significantly more likely to be in the higher two income categories than those with one or no loans. They are also significantly more likely to recognize that their income has improved this year over years past.

In terms of family assets, however, there is no meaningful variation. Respondents in all categories appear to be about equally likely to have major assets and most who do acquired them before the beginning of PRIDE. Most (over 60 percent) respondents own (or the husband owns) their own home and most (more than 60 percent) own land. About a quarter of those with multiple loans and those who were never clients own cars, mopeds or other vehicles and most of the women own jewelry. About a fourth of multiple loan clients and non-clients have savings accounts and slightly less than a third of each of the groups has a refrigerator or an electric stove. Slightly more of those with multiple loans have running water in their homes (only 32 percent of the non-clients do).

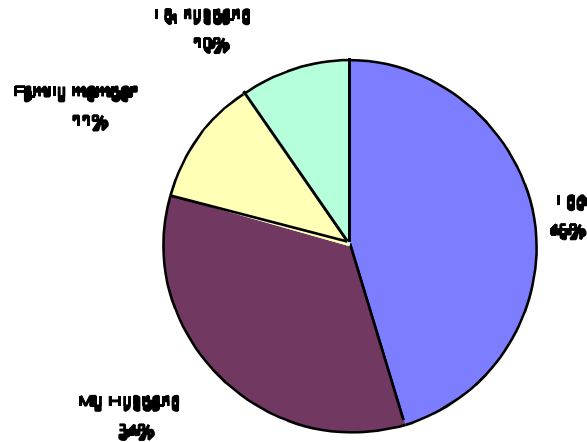
In terms of educating their children (controlling for the age of the children), fewer of those who received multiple loans have never sent their children to school and more have had children go to or complete secondary school or go to the university (66 percent versus 43 percent). But these differences are not statistically significant. However, there is a significant difference among the groups in terms of perceiving that their family diet has improved through being able to have more meat or fish than they previously could have. Those with multiple loans are clearly more likely to experience this improvement. This is an important finding suggesting that PRIDE loans do have an impact on family well-being showing initially through a better diet available to family members.

INDIVIDUAL LEVEL COMPARISONS

Not surprisingly, the same significant difference appears in individual income that appeared in family income and enterprise revenue. Those with multiple loans are significantly more likely than the others to be in the highest two income groups. What is also interesting, however, is that there is no significant difference between clients and non-clients in terms of owning assets such as a house or a car or in terms of recently purchasing assets with their individual income. This finding may be consistent with the interpretation that a higher income has been received because of PRIDE but not enough time has elapsed for enough of a profit to have been accumulated so that additional assets could be purchased.

Decision patterns (asked only of women) are about evenly spread within the three groups with no significant differences among them. About 43 percent of all the women make their own decisions on the use of their own revenue. Slightly more than a third say their husbands make this decision. More than half of all three groups decide on their own economic activities and most decide on their girls education but not on their boys (which is their husbands' decision). None of any of the three groups perceive that there has been any change in the pattern of decision-making within their family. The pattern of decision on revenue for the entire sample of women is presented below.

Who Decides the Use of Your Revenue?



COMPARISON OF THE 1991 AND 1995 SAMPLES

Finally, we face again the question of whether those people selected to receive multiple loans were better off to start with and PRIDE has only reinforced an existing difference. A comparison of information for a group of individuals who were in the 1991 Baseline Study³⁸ with 1995 information on the same group attempts to overcome this problem but can not fully avoid it as, once again, the more successful of the 1991 Baseline sample may be those who have been carried into the 1995 multiple loan group. Some interesting indications do emerge in our findings, however, which suggest again that PRIDE has had a direct impact on those who have received multiple loans. In fact of the 19 in both studies, there is no **significant** difference between those with multiple loans and non-clients in terms of family income. But there is a tendency for non-clients to be in the lowest income category (46 percent as opposed to 17 percent of those with multiple loans) and multiple loan recipients to be in the highest income category (17 percent as opposed to 8 percent for non-clients).

Further comparisons between the sample overall do show some interesting trends although these have to be treated with care because of the small number who were in both studies. In regard to income for traders, for example, we see a tendency for everyone (including non-clients and multiple loan recipients) to be better off than in 1991. Multiple loan recipients, however, are

somewhat better off than non-clients as might be expected if they benefited from the loans they received. Looking at other assets such as owning a house, vehicle, stove or refrigerator or having running water in the house, the same trend emerges. Everyone is better off on average in 1995 than they were in 1991, but those who received multiple loans are generally better off than the non-clients relative to the 1991 sample. This finding suggests that the individual comparisons between multiple loan recipients and non-clients reported above for the 1995 sample may not have shown differences in recent purchases overall but in the largest sub group (traders) a benefit in terms of assets acquired does appear especially as contrasted to their situation in 1991 so that the small amount of time passed since the loans began has not prevented some clients at least from using their profits to acquire new possessions for their families.

CONCLUSION

Our data suggest that receiving a loan from PRIDE does have an impact that translates into improved revenue for the enterprise, for the individual and for that individual's family. Statistically significant findings include the following:

- Multiple loan recipients in 1995 were significantly more likely to have experienced a recent increase in income in their enterprise than those with no loans or only basic training from PRIDE.
- Multiple loan recipients in 1995 have a significantly higher family income than others.

- Families of multiple loan recipients in 1995 have a significantly better diet because they have been able to buy more meat and fish than they could in earlier years while others have not be able to do this.
- Individuals with multiple loans in 1995 are significantly more likely to be in the highest two income groups.

There is some elementary indication that number of employees may increase as a corollary and there are further indications (other than diet) that family well-being increases because of the PRIDE loans as shown by ownership of assets like a house, a stove or refrigerator or a vehicle. It should be noted, moreover, that the respondents themselves believe that PRIDE loans have helped them. Ninety percent believe that their revenue has improved. More than 90 percent also believe that their authority within the family has grown greater and that they have gained in self confidence. Furthermore, and this is important given PRIDE's emphasis on accompanying loans with introductory and follow up training, most believe that their business management skills have improved (100 percent), that they can keep better track of their expenses and receipts than before (85 percent), that they handle their employees better (67 percent) and that they have learned more about the markets available to them (86 percent). Eighty four percent of them say they are satisfied with PRIDE's program and only two of the respondents say they are not. They do have suggestions for the program. Some would like a longer term for repayment; others would like larger amounts loaned to them. Some would rather not have training, and others would rather not have to form a solidarity group to get a loan. But despite these desired alterations, the general sentiment is that PRIDE has benefited them, a sentiment borne out by the data here.

But, why are the impacts not greater or more profound? There are no significant changes in assets for business or family, no substantial change in decision-making patterns and only a slight change in employment patterns or in linkages to markets outside the local community. The answer suggested here is that such changes can only come with time. Three years is not enough to register this kind of growth. It is perhaps even surprising to find as much significant difference as we do find recorded in this study.

Despite the problem of brevity of the experience, recipients of multiple PRIDE loans appear to have been strongly positively affected by their participation in the

program. In answer to the questions raised at the beginning of this section, PRIDE loans have had the following impacts:

- Increased enterprise assets, employment and stability have not been demonstrated by this study but improved financial performance has been shown.
- Household income has improved and there is some evidence of increased assets.
- Household well-being and security have improved especially through better foods being available.
- Individual well-being has improved through increased individual income and in that virtually all of the recipients believe they increased their business skills, their authority in the family, and their self confidence because of PRIDE.

These findings indicate that PRIDE has achieved initial results that do promote economic growth, household security and individual well being, the goals set for microenterprise interventions in the beginning of this report.

STATISTICALLY SIGNIFICANT RELATIONSHIPS

- 1) Sex (male, female) and Level of Study (no schooling, primary, secondary, higher ed.)
Chi sq. = 13.13, Cramer's V = .364, p. = .0044
- 2) Sex (male, female) and age (less than 30, 30 to 40, above 40)
Chi sq. = 4.734, Cramer's V = .219, p. = .0938
- 3) Sex (male, female) and economic activity (commerce, commerce in fresh produce, artisanry, service, food services)
Chi sq. = 15.798, Cramer's V = .399, p. = .0033
- 4) Client status (multiple loans, one or no loan but training, non-clients) and individual annual revenue (less than \$1,000, \$1,000 to \$2,000, \$2,000 to \$5,000, \$5,000 to \$10,000, above \$10,000)
Chi sq. = 26.04, Cramer's V = .363, p. = .0037

- 5) Client status (multiple loans, one or no loan but training, non-clients) and family annual revenue (less than \$1,000, \$1,000 to \$2,000, \$2,000 to \$5,000, \$5,000 to \$10,000, above \$10,000)
Chi sq. = 34.077, Cramer's V = .415, p. = .0002
- 6) Client status (multiple loans, one or no loan but training, non-clients) and enterprise monthly revenue higher this year (yes, no)
Chi sq. = 6.54, Cramer's V = .257, p. = .038
- 7) Client status (multiple loans, one or no loan but training, non-clients) and belief that family annual revenue is higher this year (yes, no, do not know)
Chi sq. 7.863, Cramer's V = .199, p. = .0967
- 8) Client status (multiple loans, one or no loan but training, non-clients) and belief that family diet has improved (more meat or fish, less meat or fish, no change)
Chi sq. = 8.837, Cramer's V = .212, p. = .0653

ENDNOTES

31. Sebstad, Neill, Barnes with Chen, *Assessing the Impacts of Microenterprise Interventions*, op. cit.
32. Ibid., pp. ii -iii.
33. Ibid., p. iv -v.
34. Lucy Creevey, *Changing Women's Lives and Work; An Analysis of Eight Microenterprise Projects*. (London: IT Publications, 1995 forthcoming), Chapter 10.
35. This percentage may have increased since 1988 when this statistic was generated. In 1988, it was reported that 48.1 percent of those employed in the informal sector were in trade. Le Brun, *L'Economie Informelle en Guinée*, op. cit., p. 69.
36. Ibid., p. 113. This table of values is based on an earlier study. Critique of the table based on its non-inclusion of major variables was made by Jere R Behrman, August 31, 1995.
37. A list of significant chi square results is attached at the end of this section
38. Mimi Gillete and Paul Rippey, " Report on the Baseline Study," op. cit., no. date (study conducted in November and December 1991).

CHAPTER FIVE

IMPACTS OF THE ATELIER SUR L'ESPRIT D'ENTREPRISE

This analysis of the workshop on the Spirit of Enterprise has four major objectives:

- To determine the quality of the training overall;
- To measure the impact of the training on the performance of the former participants in their work;
- To identify difficulties that participants encountered in assimilating the training and in using the lessons learned there; and
- To identify new training needs if these emerged.

These objectives differ from those employed in the evaluation of the credit program because they are directed solely at the business attitudes and behavior of the workshop participants. This is in line with the theory discussed above that microenterprises have a specific linkage between individual, household and enterprise performance with success in the latter being reflected in measures of the former such as household security and individual well-being. The workshop participants typically had small or medium size enterprises (not microenterprises) and typically did not belong in the informal sector (since their businesses were registered). Thus, in looking at the impacts of their training, we focus on what they now do or see differently in their businesses as a result of their training rather than looking more broadly at their lives.

Four major sources of information were utilized including a study of the reports, interviews with PRIDE staff (especially trainers), a questionnaire developed for participants of the workshops and Focus Group meetings.

The information thus gathered was extensive. Again PRIDE's excellent documentation allowed us to study the composition of all the workshops, the characteristics of those who attended, the lessons given at the workshops, the reports on the performance in the workshops of all who attended, and detailed information on the trainers — who they were, how they were chosen and what their individual experiences with the workshop were.

The participants chosen for interviews (see Methodology Section) represented a wide range of activities, attitudes and

capabilities. But, with few exceptions, they lauded the Atelier. Most felt the experience had significantly improved their performance and understanding of their enterprise. Analysis below of the questionnaires and Focus Group meetings will demonstrate the major ways individuals felt they benefitted, and, indeed, appeared to benefit.

A net conclusion from this study will be that the Atelier was effective in improving understanding and attitudes toward business and in transmitting new and needed business skills. One point should be raised, however, as an important contextual factor. The new emphasis on the private sector in Guinea since the late 1980s combined with the growing numbers of unemployed civil servants and college graduates means there is a pool of highly motivated individuals who will seek out and work hard at any opportunity that might enhance their success in business. In this setting this type of workshop can be (and was in the PRIDE case) very effective. Thus the reasons for the success of the program must be seen as a combination of appropriate teaching methods with a highly motivated self selected group of trainees.

There are naturally some things that trainees and trainers think might be improved. We have listed these here below as indications of ways in which impacts might be enhanced. But it should be noted that, if someone is asked what might be improved, that person is highly likely to think of something to improve even though he/she may have found the overall experience good. Thus the list of changes proposed or difficulties encountered should be understood as responses to specific questions about what was difficult for them and what they would like to see changed.

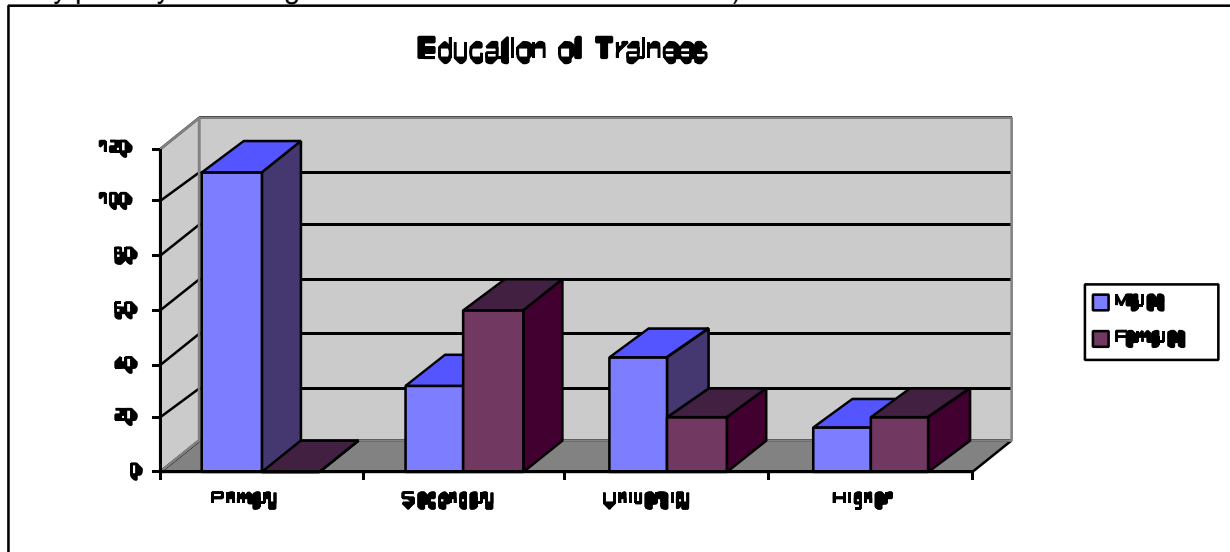
TRAINERS: GENERAL

The workshop trainers had varied backgrounds and experiences. One was a chemical engineer, another a tropical meteorologist, the third, a veterinarian, and the fourth trained in Finance and Economy. All had been unemployed when they were interviewed and chosen as candidates to become trainers for PRIDE. They discussed the workshops they had held and identified reasons for success and difficulties they encountered. Certainly the participative nature of the program and the emphasis on making individuals present their own businesses in the context of the 10 major CAPEs (business attitude and performance measures) are the fundamental grounds for success.

One point raised by several of the trainers is that the success in attracting trainees, despite the high fees (around \$200) charged for a session, has to do with the publicity that PRIDE uses and the emphasis on collaboration with local authorities. Thus PRIDE advertises the sessions on television. Staff also go to the prefecture where a particular session will be held in advance and advertise on the radio, post announcements and contact local authorities. This combined strategy has worked well despite the slight diminution of trainees experienced in 1994-1995.

SURVEY OF WORKSHOP PARTICIPANTS

The 29 participants included eight women and 21 men most of whom (68 percent) were over 40 years of age. All but two of the participants were married with four or fewer children. Eleven of them were of Peulh origin, two were Soussou and 14 were Malinke. They had all had some education with no significant pattern of difference between the men and women (although there were no women with only primary schooling and there were two men who had).



Their businesses were predominantly in trade although there was a scattering of other types of enterprises as the table below shows:

Type of Business	Number of Businesses	Percentage of Total Businesses
Commerce	15	52%
Service	3	10%
Restaurant/Hotel, Bakery	6	21%
Artisanry	5	17%

Most (61 percent) had started their enterprise before 1992 when the first atelier was held but 11 (39 percent) had started after the training. Seventeen of them had attended the workshop in 1992, six in 1993 and six in 1994. Only three of them had heard of the workshop from publicity. The others were evenly divided between those who had learned of it from a third person who had attended or who had talked with someone who was interested and those who had learned about the workshop from one of the trainers. Most (62 percent) said they had come to the atelier because they wanted to succeed in their business but others specified they wanted some information on marketing, accounting or credit possibilities.

TRAINEE EVALUATION OF THE ATELIER

Most of the trainees felt that the course they had attended — including its various training components — had been very well adapted to their needs. About a quarter felt it was quite — but not very — well adapted to their needs. No one said it was scarcely adapted or inappropriate to their needs. Women were slightly more likely than men to make the qualified remark as were Peulhs as opposed to Malinke or Soussou trainees. Type of business did not significantly affect the likelihood that the trainee would qualify his/her approval.

Almost everyone (94 percent) believed they had learned some or a lot of new things from their training. Eighty-six percent believe they use what they learned often or (for most) extremely often. What they cited as the kinds of things they learned are listed below in order of importance:

Skill	Number of Participants Who Learned Skill	Percentage of Total Participants
Master the 10 Basic Attitudes and Behaviors (CAPEs)	16	57%
Set up a Business Plan	5	18%
Construct a Balance Sheet	3	11%
Create a Profitable Enterprise	3	11%
Other	1	4%

Ninety-three percent of the trainees interviewed stated that they carried out their business more effectively as a result of

their training. Examples of what they had improved included establishing a branch to their business, setting out a business plan for themselves, improving their business association with other colleagues, improving their management of their employees and following up on contacts that PRIDE training had made for them.

One interesting aspect to the CAPEs is teaching about avoiding unnecessary, but taking useful and calculated, risks in business. Most (82 percent) of the trainees said that they now dared to take more risks in their business than they had before. The kinds of things they now do that they had not done include:

-
- Increasing orders of goods;
-
- Giving credit to clients; and
-
- Getting a loan from a bank or other source

Ninety-six percent of the trainees said they had succeeded with what they were trying to accomplish with the risks they took. But the whole group also said they avoided unnecessary risks by getting appropriate information before making decisions, studying the market, keeping proper accounts, managing their business better.

Almost everyone said they were more conscious now of trying to satisfy their clients. They also said they could now keep much better accounts than they could before. They believed they had learned how to find out what they needed to improve their products and services and assess the market. They were better able (66 percent) to plan for the long term for their business. Those who felt they could not plan, explained this not because of any fault in the training but because they lacked the funds or had just started their enterprise. All but one of the trainees said they had made valuable business contacts through the training such as contacts with banks that they had never had before. In the majority (79 percent) of cases, the trainees believed they had also improved the quality of the services they offered and the way of presenting these to the public.

Exploring the difference between those who made more qualified remarks or said they had not achieved some of the improvements others claimed for their businesses, it is interesting that there is no significant pattern. It is not particularly women or men or those from Mamou, Conakry or Kankan or the older or the younger business men (women) or those from earlier or later workshops who are inclined to

be less positive about what they achieved. An at least two-thirds majority is convinced on each point with no regular pattern of the less-than-third that says they were not able to do something or did not change in some regard. Even activity does not directly relate to being positive or negative.

TRAINEE REASONS FOR ATELIER'S SUCCESS

The trainees were very enthusiastic about the content of the workshop training they had received. All of them felt they could understand what the trainers were trying to get across through the pedagogy adopted in the program. They all mentioned the role-playing games and simulations, the videos, the posters, the manual they used, the exercises and the notebook that they kept on their own enterprise. All but three said they were able to ask as many questions as they wanted and needed. ALL of them said they kept the training materials at home for their use and that they used them.

Again there was no definite pattern of those who might say they could not fully appreciate or understand one of the tools of the course. However the recent graduates were somewhat less enthusiastic than the ones from the first year and women were more liable than men to say that certain aspects were difficult for them. Women trainees, for example, were significantly more likely to say they did NOT find the business situations described in the examples in the course familiar to them and that they had difficulty in following the themes that were being taught.

Interestingly, when asked to name what was the best aspect of the course, the trainees were split half in half. One group said the trainees were the most important element and the other that the course content and teaching supports were what was most important to keep. There was no preference among more than half as to whether the teacher was male or female although men were significantly more likely than the women to prefer a male teacher and women were more likely than the men to be indifferent as to the sex of the trainer. It was again women who in much greater numbers choose the trainers as the best element of the course while men selected course content and training supports.

ASPECTS THAT TRAINEES FOUND DIFFICULT

The trainees were asked if they found certain things difficult in the scheduling or requirements of the program. Interestingly, they generally said these elements did not pose difficulty to them as the table below shows:

Which Things Did You Find Difficult/ Inconvenient?

Aspect of Program	Yes	No
Too Much Time Involved	10 (34%)	19 (66%)
Paying the Fee	3 (10%)	26 (90%)
Transport	1 (3%)	28 (97%)
Understanding the Course Content	23 (79%)	6 (21%)
Other Difficulties	1 (3%)	28 (97%)

Finding something difficult, however, did not necessarily mean that the trainees wished it to be changed. Asked what they would alter should they have charge of the program, most said they would not change anything.

Would You Change the Following?

Aspect of Program	Yes	No
Where It Was Offered	5 (17%)	24 (83%)
The Trainers	1 (3%)	28 (97%)
Program Content	7 (24%)	22 (76%)
Hours of Class	10 (34%)	19 (66%)
Days of Class	8 (28%)	21 (72%)
Teaching Supports	0	29 (100%)
Other	4 (14%)	25 (86%)

CONCLUSION

The questionnaire administered to the trainees of the Atelier sur l'Esprit d'Entreprise suggests that the program was a success as far as the trainees were concerned. They believed they had benefitted from it and that their expectations when they entered the program had been met by the training. Almost all of them felt their enterprises were more successful than they would have been had they not had the training. Moreover, they could name specific skills they had acquired that they were now using. Thus, this data suggests that in terms of the questions raised at the outset, the Atelier DID provide a good overall training experience that was directly utilized by the trainees in their work with a direct positive effect.

In regard to any conclusions about negatives or difficulties in the program, this data does not really indicate the degree to which people experienced difficulties. It is significant that although seventy nine percent said the course content was difficult, seventy six percent said they would not change it if they had control of the program. One question does emerge, however. There seems to be more difficulty experienced by women than by men with the course content and teaching tools. It would be worth further exploration to find out what might be added to make the case scenarios and other examples more appropriate to the women in the class.

This study has no way of measuring actual performance of the trainees of the Atelier except by their own account. However, less structured interviews and the Focus Group meetings adds to the information on what they actually did with their training. Two examples are cited here as illustration of the program's overall success.

CASE EXAMPLES

Case 1: A Young Man in His Twenties

Mr. Mahmadou Malin had attended the Agricultural College from which he graduated in 1989. He and five classmates had started a cooperative enterprise that they called Coopérative Agricole de Ninguéland (CAN) in Bajing Tolé-Mamou. CAN intended to grow passion fruit, tomatoes, peppers and other vegetables on land borrowed from the college³⁹ to sell in the Conakry area to another enterprise

SAIGA. CAN had not gone well. In specific, the price of passion fruit had fallen sharply and they all lost what little money they had. SAIGA itself closed down. In May 1992, CAN folded. The other collaborators were discouraged and didn't want to have anything more to do with such work but M. Malin's reaction was different. He wanted to know what had gone wrong and, more importantly, what he could do differently next time.

Mahmadou originally came to PRIDE after having gone to USAID and other donors to find out who was helping those who were trying to set up small enterprises. They recommended PRIDE. He learned of the atelier from PRIDE and immediately signed up for it. He had to borrow money from a friend to attend because he did not have the funds. His friends thought he was silly to bother, but he was sure that the seminar would be important to him.

The atelier had made him look at himself and his work differently, he said. It had given him the confidence to believe that, even though he had nothing to start with, he could succeed. He sat down and made a list of the things that had gone wrong and why. Then he worked out a plan of what to do to start again and how to proceed on the first steps. He decided that what he needed first was a secure marketing outlet. So, he went around from place to place in Conakry looking for a contract to buy vegetables. He finally got one from Super Bobo, he says, because he had a carefully written plan of what to do, because they knew he had gone to the atelier and because he had acquired good recommendations from people in agribusiness.

Finding this contract was his hardest job. Once he had it, however, he had to find the supply of fruit and vegetables that he had promised to deliver. He went to the major markets in Conakry but decided against buying from multiple vendors (apparently because of lack of staff or transport). He then went to a large-scale trader (known as a "grossist") and was able to convince him, because of the contract he held, that he was a good risk. Still he had to leave his identity card with the merchant. He then obtained from the merchant a full supply of fruits and vegetables on a suppliers' credit arrangement where he paid back once Super Bobo had paid him.

Having done this and made a profit, Mr. Malin was able to convince his old colleagues to join him in a business again, less than a year after they had shut down CAN. He is the head of the business and negotiates the major arrangements and contracts but one of his colleagues is going to attend the next atelier. Mr. Malin says this is

important because he wants someone else who can think like he does now so he can delegate some of the responsibility.

Fanta Agri-Business (FAB), the new business, is now owned by six young men. It is primarily concerned with growing and selling agricultural products and is registered with the government. FAB has two plots of land where cultivation takes place, both in Mamou Prefecture. These plots can grow fruit and vegetables all year round because they have water for irrigation during the dry season. FAB has contracts to provide fruit and vegetables to the Super Bobo (the only large supermarket) and another smaller supermarket. Mr. Malin is now seeking larger scale financing. He is equipped with a well-designed brochure explaining his business which he said he figured out how to do at the workshop.

Case 2: A Woman in Her Thirties

Mme Camara had seen PRIDE advertised on television and had heard another woman in the pharmaceutical profession talking about how much the training had helped her. She came of her own volition because she believed her business skills would be improved. She was a small and quiet woman who at first appeared a little withdrawn from the others in the Focus Group. Once she began to speak, however, her confidence, personal ambition and sharp intelligence was very evident.

She had come to the atelier as the owner of a pharmacy (a small rented single room shop in Madina, the old part of Conakry, where a variety of drugs are dispensed) and a boutique (similarly small and in the traditional market section) where diverse items including cloth are sold. What the atelier had done for her, she said, is help her learn to plan and to be confident that she could find the ways to get people to facilitate the steps in her plan if she was persistent, insistent and well organized.

She talked for a long time about how, after the atelier, she had managed to get an equipped telephone-fax center. In Conakry most people do not have telephones, even shopkeepers. They rely on going to some person who has a phone to leave messages or get messages. She decided that since there was no phone in the Madina shop area, she would see if she could get one installed. First she canvassed the shops to see if other also wanted to have a nearby phone and found there was a high demand. Then she went to the Lebanese merchant who owns the whole shopping complex

and got him to agree before witnesses that she could have a free spot for her telephone booth. He did but said he was sure she would not succeed because he had tried and the phone company said the line could not take any more additions. This opinion did not stop the pharmacist. She went to the phone company and was refused. But she went back day after day and got powerful friends higher up in the government to also speak to the managers. One day when she went she was told, "well, yes, you can fill out an application,"... she took the form outside and completed it in fifteen minutes, to the great surprise of the phone service company who had expected a week or so reprieve. The phone was granted and she set up a system for selling cards for phone use that worked and was profitable. In doing this she found people she could hire for a small cut of the profits in sale of cards.

Then she decided that the demand was even more than she estimated and that a full service phone center that included a fax and people answering calls and taking messages was needed. Again she was persistent and insistent and well organized and again she succeeded. The most notable thing in this transaction was that she went to a bank for a loan to build (and wire) the needed shop. The bank manager was patronizing and refused her, telling her she should just use the profits of her pharmacy and not bother him for a loan. Since she wanted to keep her pharmacy separate from the phone business, she did not agree. Ultimately she forced the bank manager to give her the loan on the strength of threats that, if he did not, she and her husband would withdraw their savings accounts and move to another bank.

Mme Camara seemed totally energized by her experience with the atelier. She felt it was the turning point for her. She believed that every entrepreneur who wanted to succeed should take the course and she was recommending it widely to others in the pharmaceutical profession. She intended to bring her sisters into the business and she was insisting that they attend the atelier as well. For her this training had given her the confidence to become significantly more successful than she was before through a combination of risk-taking and planning and dealing confidently with those with whom she came in contact through her work.

ENDNOTE

39. The college loans graduates land to help them get started. If they are successful, they can buy it at a later date.

CHAPTER SIX

OVERALL FINDINGS AND CONCLUSIONS

PRIDE's program is established in a country that is undergoing a massive downsizing of government service and experiencing a new emphasis on the importance of the private sector. Under the former Touré regime, business had stagnated under the weight of repressive legislation designed to encourage government programs and government-controlled business establishments. Under the current Conté government, private entrepreneurs are able to enact their business throughout the country and even trade relatively freely with the exterior. In this setting, then, the private sector is beginning to grow rapidly.

Although new regulations favor the growth of the private sector, the current situation is still one of great difficulty. One major block is the absence of credit for private enterprises. In December 1985, the president announced the closing of all six of the Guinean state banks. This meant the closing of more than three quarters of the banking capacity of the country. These banks had not provided credit to small enterprises in any case but their private replacements also do not have the capacity to loan to the bulk of SMEs. As Le Brun pointed out in 1990 virtually no microenterprises receive loans from banks. This was still true in the research for PRIDE in 1991 and in the survey carried out in this 1995 evaluation. The banking sector in general offers loans that are not appropriate for the needs of small entrepreneurs. Among other things, loan amounts are too large and required collateral is too high. Moreover in a country in which (in 1989) 88 percent of people over six have never been to school, required paper work is a formidable barrier. In any case, there is a widespread distrust of banks in Guinea — for credit or savings — due in large part to the poor performance of the state-run banks of the previous regime.

In this setting, the two major programs offered by PRIDE have a potential considerable importance. In the first place, credit is desperately needed especially in the small and micro enterprise sector. In a country in which more than half of the population is still employed in the informal sector and where ninety percent of those in trade are in that sector, a large number of people are without access to any kind of credit other than from family or friends. Two programs other than PRIDE offer credit on a massive scale in Guinea: Crédit

Rurale and Crédit Mutuel. Crédit Rural, for example, offers credit to more than 38,000 people. In contrast, PRIDE to date has made only 16,465 loans (June 1995). However, PRIDE started making loans three years after CR started its program and, moreover, the need for such loans is vast. At least a third of the population of the country is engaged in the informal sector. There is room for all three of these programs and others as well if the needs of the population is to be met and until the banking sector can be seriously reformed — if indeed it can ever handle micro credit.

The swelling numbers of unemployed civil servants and recent college graduates provide the pool of candidates for the second aspect of PRIDE's program evaluated here, the workshop l'Atelier sur l'Esprit d'Entreprise. Closed out from what formerly would have been their path to success, the government service, thousands of young and not so young people are trying to find a niche in the private sector. Most have not had business training. Quite commonly they begin in some aspect of trade to try and establish themselves in a viable enterprise. Not surprisingly, there are many failures as well as successes. Among these people, the more ambitious are looking for ways to improve their business and better their chances for success. The Atelier is one source of information and training. Geared to those starting in, or already in, the private sector without a background in business, the lessons offered maximize the direct participation of the individual entrepreneur-trainee and the application of what is learned to his/her own enterprise. This too is potentially a very important task in a desperately poor country and there are no other sources for this kind of training.⁴⁰

Our analysis explored the question of whether receiving a, or multiple, loans from PRIDE can be shown to have had an impact on the business of the entrepreneur and, simultaneously, on the entrepreneur's family and own well being. The research was based on the assumption that, especially on the microenterprise level, these sectors are closely related — family security and improved well-being depends on growth and development of the enterprise. The major drawback to the analysis was that only three years have passed since the first loans were made by PRIDE. This is not enough time for all the effects — positive or negative — to be felt and absorbed.

Perhaps surprisingly, the results of this investigation show an already clear pattern of difference between those with multiple loans and those who have had one loan or only training and non-clients of PRIDE. The recipients of multiple

loans have increased the revenues they receive from their enterprise, their individual income has increased and their family income has increased. This is more persuasive because of two additional factors. The first is that non-clients have as many long term assets as clients do — houses, land or vehicles for example. This suggests that the multiple loan recipients have begun to receive their higher incomes recently, in the last few years, consistent with receiving the loans from PRIDE. So it is not simply a fact of PRIDE selecting the more successful to receive the loans but at least in part the effect of the loans themselves on the recipients. Later, after more time, the pattern of assets may begin to change. If the multiple recipients keep up a higher rate of income, they will be able to purchase more assets and then they will be better off not only in income than the non-clients are. A further point here is that multiple loan recipients have begun to enjoy certain fruits of their greater prosperity. In particular they are now able to purchase better food than they could before, again setting them off from the non-clients. Finally, the difference between the multiple loan recipients and the 1991 sample is greater than the overall difference between the 1995 sample and the 1991 sample, suggesting strongly that the impact of PRIDE has been to significantly benefit its longer term clients.

PRIDE's credit program, then, can be said to have a significant impact achieving the goals that it set for itself of helping the microenterprise sector develop. This leaves, however, two issues. The first of these is the much-debated question of multi-faceted versus single factor interventions. PRIDE emphasizes the training aspect of its credit program that differentiates it from the other credit programs in Guinea. Training is given at the outset and monthly followup training is required. This training is simple, pre-business concepts and simplified accounting and marketing techniques. Given this aspect, PRIDE must be considered more of a multi-faceted program than a single factor intervention. PRIDE's success is undoubtedly related to the combination of credit and training that it offers. However, since we did not evaluate the Crédit Rural program, we have no basis for concluding that PRIDE is more successful than they — or any other program in Guinea — because it offers training. Our findings on PRIDE's success, however are consistent with earlier findings that multi faceted programs have deeper impacts than single faceted ones.⁴¹

PRIDE loan recipients responded in the survey with a variety of specific reasons why training had improved their business skills and practices. These have to be taken with a grain of salt, of course, because the respondents are

reciting the list of things they are supposed to have learned. That they did so could only be ascertained by observing their practices now and comparing these to other non-recipients in the same area of activity, a form of research not undertaken in this study. Anecdotal evidence was rather persuasive, however. One case in point that appears typical was the woman who was talking after the questionnaire had been completed about some of things she now did that she had not done before. She mentioned the "two pockets" lesson, that is the necessity for each entrepreneur to figure out what she must keep from her revenues to invest into her business and what she can afford to spend for the family. This woman, who was a general trader in the local market, told us how she used to stop after her work was over and buy kola nuts and bananas for her husband, which he particularly liked, with her revenues from that day. But, after the "pockets" lesson, she stopped doing this as she figured she needed the money to buy more and diversified stock. Her husband was angry because he felt that was her obligation. But, she refused to start "wasting" her money again. In retaliation, the husband went to the PRIDE branch headquarters. "How," he insisted in anger, "Can you teach my wife that she is not supposed to buy things for me? In Guinea that is the custom...." It is a measure of the PRIDE staff's ability that they were able to convince him that, in the long run, he and the family would benefit if she was more careful with her money and invested it further in her business. The "pockets" lesson had been fully internalized at least in this case.

The second issue that has not been raised is the extent to which the participants in this program would, if left to their own devices, continue to maintain it as it is now. Despite the emphasis on participation of clients in training discussions, the entire set up of the program is certainly imposed from the top. Various of the primary complaints voiced by participants illustrate this. Many of them complained about the solidarity groups. They did not want to be responsible for someone else's repayment of their loans. Some, especially those who were not traders, found it hard to find a group of four people to join with. A second grievance was the short time in which people had to repay which again disadvantaged those not in trade. Finally, despite their belief that they had gained from the training, many of the clients would not have gone to the followup sessions if they did not have to get a loan. The reason is the amount of obligations they have to fulfill in their day in their domestic and economic roles. There simply is often not enough time to do everything and some suggested they would much rather delegate the responsibility of going to the training to one member of their group. PRIDE's

formula apparently does work so, despite the complaints, there is little reason to think things would work better if any of these requirements were removed from the program. Earlier efforts by many NGOs to loan money in poor countries, which resulted in high rates of non-payment and eventual closure of the program, provide a strong argument for this Grameen-bank style approach. But the long-term viability of the program will certainly depend on attracting continuing leadership with the same values and beliefs about what will work as those of the current leadership. Pressure from the growing numbers of clients is for change. Some changes may be good — an alternate program of larger loans with longer time periods for repayment is being considered, for example. But change needs to be undertaken very gingerly. It is not always good to fix up something that is working well.

The second aspect of PRIDE's program is the training workshop, Atelier sur l'Esprit d'Entreprise. As in regard to the microcredit program, our research found it was very successful. That is, this program did indeed offer an appropriate set of lessons that were absorbed by the trainees who used the information and ideas in their enterprises and profited from the experience. Evaluation based on what the trainees told us suggest that lessons from the training workshop were directly used in their work.

Two aspects were inter related in this success: the high degree of motivation of those who take the workshop and the appropriate package of lessons and teaching techniques. The only question that our research raised was whether the lessons and teaching materials were as adapted to the needs of the women who attended the seminar as they were to the men trainees. There was some indication that an effort must be made to re evaluate the material with a view to why more women found the lessons difficult to understand and the case material not familiar situations to those they encountered in their work. Overall, however, both men and women were pleased with the program. Individual cases that they told us in detail showed that for both men and women, the lessons had led to important changes in their work habits and in the success they now experienced. PRIDE (and MSI that developed the program) must be complimented on the efficacy of this workshop.

Two issues remain here, however. The first is that our evidence suggests the success of the training program, but it is necessary to suggest a note of caution. It is very hard to really know what training does per se. The same lessons given to a different group, even one with no business

experience in another developing country with an expanding private sector, might not have the same result. The nature of the self selected elite of French-speaking entrepreneurs in Guinea may determine the outcome. It would be very interesting to pursue this study with a followup study of the native language programs that PRIDE is now offering as well. Is it the same highly motivated elite that attends? Are the impacts on the actual business practices as great as in the French program? There are difference in the content of the native language workshops that would have to be taken into account. But, having done this, it would greatly add to our knowledge of the actual impact of the program content and teaching methods if this more recent program could also be studied.

The last issue is whether there will be a long-term future for the Atelier sur l'Esprit d'Entreprise or whether there is a declining pool of potential trainees because the French-speaking elite is only a limited number of people. PRIDE is exploring other workshops - some shorter, some less expensive and all covering slightly different areas than did the Esprit one. This experimentation is obviously a good idea as even former trainees may opt to attend other training sessions on specific points in which they are interested. But it is difficult to maintain a full time training staff without a regular schedule of programs. If the demand for the Esprit atelier declines and the others are given irregularly, the expertise and experience that PRIDE has built up may be lost as the trainers will have to move on. In the short run, however, this is probably not too serious a problem. There is still a growing number of unemployed civil servants and college students who need the Atelier sur l'Esprit d'Entreprise. For the immediate future the program has an important role in Guinea. How long it will be able to maintain that role is another question.

40. PRIDE's success with the Atelier has in fact inspired imitation. One of the former PRIDE trainers has set up his own atelier modeled entirely on the PRIDE course.

41. Creevey, *Changing Women's' Lives and Work*, op. cit., Chapter 10. and Vengroff and Creevey, "Report on the ACEP Program," op. cit.

