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Program for Investment in the Small Capital  
Enterprise Sector  
PISCES Phase I

ASSISTING THE SMALLEST ECONOMIC  
ACTIVITIES OF THE URBAN POOR

PART II: Case Studies

AFRICA

by

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The Development Group for Alternative Policies

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## FORWARD

ACCION International/AITEC, a private non-profit organization was contracted\* by the Office of Urban Development, Development Support Bureau, Agency for International Development to study projects which assisted the smallest economic activities of the urban poor. AITEC was to determine if it were possible to reach these tiny enterprises in large numbers and at low cost. If it proved feasible to assist this sector, project would be developed with local agencies and AID missions.

AITEC contracted two other non profit organizations, Partnership for Productivity for Asia and the Development Group for Alternative Policies for Africa, to carry out the research and project development phases of this work. In turn, AITEC would direct the project, complete the field work for Latin America and synthesize the results of the investigation.

The program began with a series of workshops held in early 1979 to define the research problem. In the spring the research teams visited twenty countries to identify projects and carry out their initial investigations. In the summer they completed in-depth studies of the most promising projects.

This volume of case studies was written by Fred M. O'Regan and Douglas A. Hellinger of the Development Group for Alternative Policies based on their field studies of nine projects in six African countries.

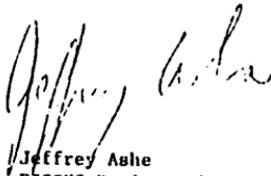
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\*Contract Number DS-otr-C-0013, Small Enterprise Approaches to Employment PISCES Phase I.

Volumes of case studies are also available for the Philippines, India, and Latin America. A final report will synthesize the results of these studies and suggest practical approaches to develop new projects.

These case studies will be useful for any practitioner, planner or funder who hopes to upgrade existing employment and income programs for the poor or create new ones.

Questions and inquiries should be directed to AITEC, 10-C Mount Auburn Street, Cambridge, Mass. 02138, or to the Development Group for Alternative Policies, 1010 Vermont Avenue, N.W., Suite 521, Washington, D.C. 20005.



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## TABLE OF CONTENTS

	Page
Introduction	1
The Urban Community Improvement Programme of the National Christian Council of Kenya (NCCCK)	5
The Village Polytechnic Program (VP), Kenya	52
Institute for Cultural Affairs (ICA) Kawangware Community Upgrading Project, Nairobi, Kenya	95
Tanzania Small Business Industries Development Organization (SIDO)	108
Artisan Training and Credit Program of the Centre National de Perfectionnement des Artisans Ruraux (CNPARR), Upper Volta	144
Women in Development Project (WID-Swaziland) Ntonjeni, Swaziland,	157
Indigenous Business Advisory Service (IBAS) Banjul, The Gambia	169
Centre d'Education a la Promotion Collective (CEPEC) Yaounde, Cameroon	179
Institut Panafricain pour le Developpement (IPD) Douala, Cameroon	185
Summary of Findings and Conclusions	193

## Introduction

This exploratory study was undertaken to examine and assess various methodologies utilized by income- and employment-generation programs which directly reach and assist the very poor in urban and peri-urban areas in Africa. The principle objective of the research was to abstract elements of structure and process which seem to be related to effectiveness in assisting people at this economic level. A synthesis of these key programmatic factors is presented at the conclusion of this report.

There are two distinct features of the study. First, it is not concerned with the informal enterprise sector in toto, as are most studies on this subject. The informal sector in Africa includes a broad range of enterprises in terms of size and relative sophistication; not all people engaged in economic activities in the sector are necessarily poor. Accordingly, this study was undertaken with the specific purpose of examining those programs which assist the very poor who (i) are engaged in self-employed activities of one form or another, and (ii) are not normally assisted by conventional small-scale enterprise programs.

Second, the study focuses upon assistance methodologies utilized in ongoing projects to reach and assist this segment of the population. Thus, it should prove useful to professionals working with donor and other assistance agencies which wish to either initiate or strengthen programs of support to income-generating activities among the very poor in Africa urban and peri-urban areas.

The research was carried out in two phases. On the basis of an initial search through secondary sources, an exploratory trip was made

to directly contact and outline the assistance methodologies of various projects which appeared relevant to the purposes of this study. An effort was also made in preliminary project selection to include programs which collectively served populations in and around both primary and secondary cities in East, West and Southern Africa; an attempt was also made to include both Anglophone and Francophone countries. The only change in original itinerary occurred when a visit to Ghana had to be cancelled on route.

As is normally the case, many of the projects identified through intermediary channels differed from the descriptions rendered, with some proving to be more relevant to the research and others less so. At the same time, other projects were identified through further investigation in the field. All projects deemed relevant to the research are included in this report. They are:

- The Urban Community Improvement Program of the National Christian Council of Kenya, which supports income-generating activities as part of its integrated community-upgrading program;
- The Village Polytechnic Program (Kenya), which offers informal training and enterprise-development assistance to youth throughout the country;
- The Kavangware Community Development Project of the Institute for Cultural Affairs (Kenya), which promotes employment generation as a major part of its general community development strategy;
- The Small Industries Development Organization (Tanzania), which provides technical and managerial assistance to locally promoted industries on a national basis;
- The U.N.D.P. Women in Development Program (Swaziland), which is engaged in the formation of production groups involving very poor women;
- The Centre d'Education a la Promotion Collective (Cameroon), which has initiated artisan-assistance activities complementary to its ongoing community education program;

- The artisan-assistance efforts of L'Institut Panafricain pour le Developpement (Cameroon), which focus on the up-grading of the artisan sector in a major urban settlement;
- The Centre National de Perfectionnement des Artisans Ruraux (Upper Volta), which provides training, technical assistance, and credit to a network of artisans throughout the country; and
- The Indigenous Business Advisory Service (The Gambia), which extends managerial assistance and promotes credit extension to local entrepreneurs.

As the time spent with these projects during this first visit by necessity differed from one project to the next, the level of detail and analysis on each correspondingly varies. At the same time, concerns over publication of information, such as budgets and funding sources, which was considered sensitive by some program administrators have been respected and the material not utilized even where available.

Consistent with the methodology established for the work on all three continents, one program -- the Urban Program of the National Christian Council of Kenya -- was selected as the focus of an in-depth study. This project was chosen on the basis of its offering a wide range of income-generating and other supportive assistance to extremely poor clients in both primary and secondary cities. To broaden the scope of in-depth analysis, a follow-up study of the Village Polytechnic program, which concentrates on training, was also undertaken. All of the field research in Africa was conducted between April and August of 1979.

As a limited and exploratory effort, this study was not designed to produce conclusions on methodology that are universally valid for application to every employment- and/or income-generation effort among the urban poor in Africa. While the projects which were selected for in-depth analysis (and upon which many of the conclusions are based) employ most of the assistance techniques utilized by the other programs

examined, they are limited to the context of one country on a vast and diverse continent.

An additional constraint in drawing conclusions relates to the nature of the programs themselves and to their clientele. The urban and peri-urban poor in Africa constitute a very diverse group in terms of ethnicity, age, sex, type of employment, skill levels, and degree of poverty relative to the rest of their respective nations' populations. At the same time, the programs identified serve different groups in different ways. Some, like the Village Polytechnic program, train youth, while others, such as the Swaziland Women in Development Project, extend technical assistance and credit to artisan groups. Similarly, some of the programs service inner-city slum areas, while others deal with peri-urban or secondary-town populations.

Despite its limitations, however, we believe the study brings to light many important elements of program methodology related to reaching and assisting the urban and peri-urban poor in Africa. Quite a few commonalities in structure and process emerged from an analysis of the various programs, and the more in-depth studies undertaken in Kenya have allowed for a more thorough exploration of some of these key factors. We are therefore confident that the conclusions presented provide an indication of those programmatic elements which are important in the attempt to effectively assist the economic activities of the very poor. In this sense, we believe an important groundwork has been laid both for further investigation in this critically important area and for the strengthening or initiating of assistance efforts.

## I. Project Identification

Name: The Urban Community Improvement Programme  
of the National Christian Council of Kenya (NCCCK)

Principals: Ms. L. Kadzo Kogo, Director  
Mr. Charles Gikonyo, Director, Small Business Scheme  
and Handicrafts Industries  
Mr. Nelson Kibathi, Outreach Coordinator, Nairobi

Consultants: Fred O'Regan and Douglas Hellinger, The Development GAP

## II. Setting

A. Kenya has experienced tremendous urban migration since the early 1960s. Nairobi, one of the largest cities in East Africa, has become a classic example of urban dualism, with sophisticated commercial and industrial sectors, on the one hand, and sprawling squatter-settlement slums, on the other. The Mathare Valley and Kawangware -- two of the largest settlements -- have combined populations of over 150,000. On a smaller scale, secondary cities such as Mombasa and Kisumu are experiencing similar urban problems. In the words of NCCCK,

Kenya like any other developing country is experiencing rapid changes in the society. The changes have brought about social problems which were never faced by the traditional society. This is especially true in the major towns where one finds a multitude of school leavers frustrated by unemployment, old people isolated from their families, couples whose marriages are under strain and destitute families living in poverty. These problems are increasingly alarming from year to year.

In Kenya, urban informal-sector economic activity is, by African standards, both widespread and vibrant. As such, it has been the object of much research and was the focal point of the ILO's well-known identification of the informal artisan as a legitimate "target" of development aid. Kenya's public development assistance programs,

however, have not expanded sufficiently to address the problems of the urban informal sector. With the notable exceptions of the urban Village Polytechnics and fairly recent housing projects supported by the World Bank and USAID, assistance to the urban poor has come from the private development sector and has been mostly church-related.

### III. Project Description

A. The goal of NCCCK's Urban Community Improvement Programme (UCIP) is to upgrade the quality of every aspect of local squatter-community life, principally by helping people to become economically independent and to make desired changes in their own lives. Based upon this comprehensive perspective, the program is designed to deliver services in the areas of housing, health, education and literacy, nutrition, child care and employment.

B. Brief Description and History. The National Christian Council of Kenya is the nation's pioneer agency in urban development. Its approach in all areas of development is to identify unmet needs among the poor, begin organizing communities around these needs, initiate service delivery, and then advocate the adoption and expansion of the new program by the public sector. The Urban Community Improvement Program operates in Nairobi, as well as in the secondary cities of Mombasa, Kisumu, Eldoret, Nakuru, Kakamega and Nyeri. The Mathare Valley in Nairobi was chosen as the initial site for assistance because of its extreme poverty (per capita income estimates range from \$13.00 to \$20.00 per month), its lack of essential services and infrastructure (despite its close proximity to the city center), and its particular social characteristics (NCCCK estimates that 80% of the adult population is female, with an average of six children to each woman).

### C. General Structure and Function.

1. Organizational structure. NCCCK is a constituent organization representing about forty distinct member churches and private, mostly religious associations within Kenya. It is governed by a general assembly, made up of member church representatives who meet at least once a year, and a variety of committees which oversee the diverse functions and departments of the organization. The organization is headed by a general secretary, who reports to the assembly and its executive committee and is responsible for all financial, administrative and staff functions. The purposes of NCCCK are both ecclesiastical and developmental, with the latter purpose apparently dominant. Its ecclesiastical functions include facilitating inter-church cooperation and communication, publicizing and promoting church efforts, channeling international funds for church construction and other such activities, and strengthening members' approaches to religious and family-life education. The Council is noted for speaking out on major moral and social issues, such as the refugee problems of East Africa and inter-ethnic rivalry in Kenya.

The development assistance functions of NCCCK are far-reaching. One of its most significant development roles is that of a conduit of private, mostly church-related, international funds to local communities and representative organizations. Through its Projects Endorsement and Priorities Committee, the Council channels roughly \$250,000 each year to forty local self-help projects. These funds are received from private donors, including Christian Aid (Britain), KED (Germany), and CODEL (USA).

NCCCK also delivers a broad range of technical, managerial, planning, and training services to development projects and service programs of its

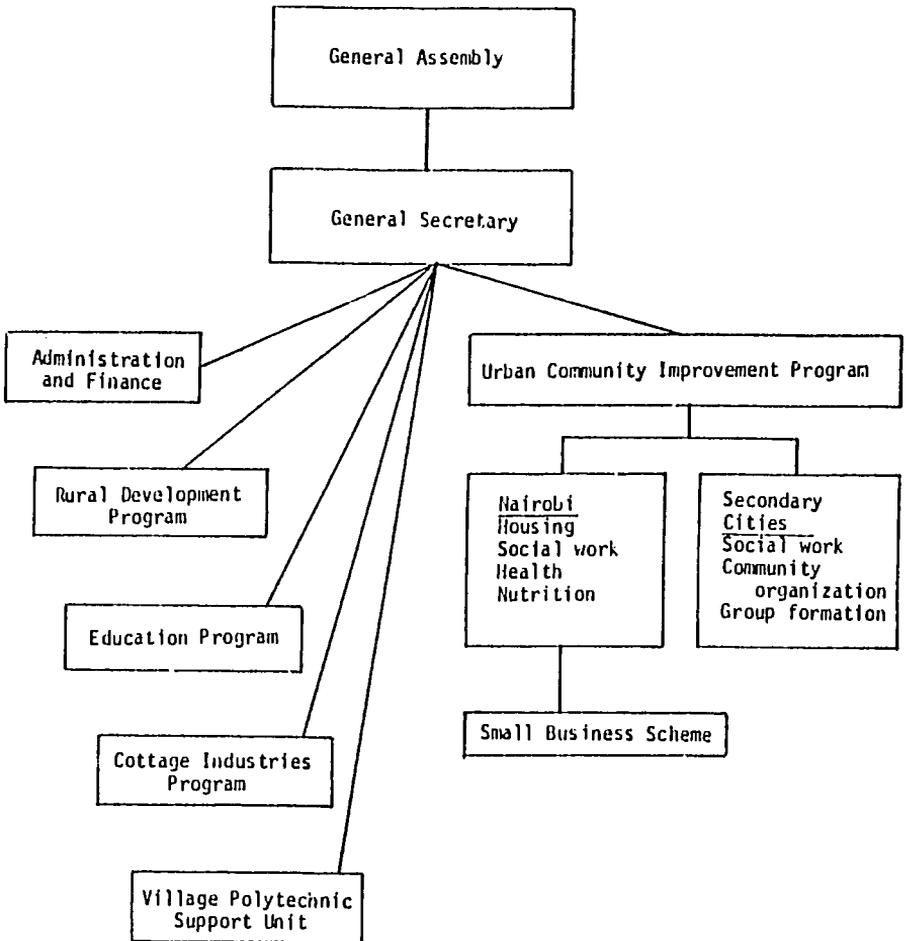
own. To do this, the organization employs a staff of approximately 120 people, who are divided into various departments. These include the Department of Rural Development, the Urban Community Improvement Program, the Village Polytechnic Support Program; the Department of Education and Training, and the Cottage Industries (handicrafts) Program.

Although the various departments coordinate activities among themselves and come under the central control of the General Secretary, they are somewhat autonomous. Each is administered independently, operates under its own budget, and receives earmarked development funds from international entities. Most of the departments are overseen by a sectoral committee appointed by the general assembly.

The Urban Community Improvement Program (UCIP) is one of the larger better known, and most important programs of NCCK. It provides housing, nutrition, small-business and organizational assistance through local community social workers to the urban and peri-urban poor in Nairobi and secondary cities.

The director of UCIP is Ms. L. Kadzo Kogo, who has been with the program for five years and recently received a masters degree in social work in the United States. She is supported by staff both in Nairobi and the secondary cities. In Nairobi, there are two administrators, seventeen nutrition workers, two nurses, one midwife, one small-business expert, one community development worker specialized in resettlement, two social workers, one assistant social worker, and nine community organizers. Two social workers operate in Mombasa and Kisumu, while Kakamega, Eldoret and Nakuru are assigned one each. Community organizers and social-work assistants are also utilized in these secondary cities. All community organizers are residents of the community and have been

ORGANIZATIONAL DIAGRAM FOR THE  
NATIONAL CHRISTIAN COUNCIL OF KENYA\*



\* The programs shown are not inclusive of all NCCK efforts.

trained by NCCK; some also receive specialized training in technical fields. All specialized personnel, such as nurses and social workers, are certified in their respective fields. Based on current budget figures, the average staff salary is roughly \$300 per month, which is quite competitive in Kenya considering that housing and other benefits are also provided.

2. Relationships with Other Programs. The activities of the urban program are carried out in coordination with a number of other programs, both intrinsic and extrinsic to NCCK itself. Among the most notable of these working relations are with: (a) the World Bank and Nairobi City Council in the planning of a self-help housing program; (b) the Ministry of Cooperatives in the training of production co-op members in Mathare; (c) all local hospitals and health clinics; (d) the Ministry of Housing and Social Services in the areas of Village Polytechnic development and direct social referral on social services; (e) various local government schools for the purpose of primary-school and literacy education; (f) the Kenya Cooperative Development Bank for the extension of credits to small businesses; and (g) various local churches and community organizations.

3. Role of Beneficiaries. Within the NCCK's organizational structure itself, beneficiaries play no direct participatory role, but within project development and assistance activities they are directly involved. For example, NCCK was instrumental in helping to form the Mathare Valley Development Committee, which was composed of fifty representatives drawn from both the local community and the city's broader private and public sectors. All development programs within the Valley, including Nairobi City Council efforts, were carried out

with the advice and consent of this group. During the early stages of NCCK's urban improvement efforts, the Committee assisted in fostering public support for the program's local activities. As assistance was delivered, local committees began to play a coordinating role; hence the Committee outlived its usefulness and ceased to function.

The local-level coordinating committees are composed of chiefs, District Officers, village leaders, and representatives from UCIP-assisted groups. Leadership in these groups revolves each year, with NCCK social workers providing leadership training. The goal of both NCCK and the villages is to create integrated programs which, in time, the latter can carry on themselves.

D. Funding. Exact figures on total funding of NCCK programs were not available. However, current figures on some of the urban program components do give a fairly solid picture of the scope and emphasis of various NCCK activities. Total funds budgeted for urban housing, for example, equal \$2,678,434; of this \$442,200 is for program costs, while \$2,326,295 is used to cover capital costs associated with housing projects and the construction of community centers. The budget for community social work (social services) is roughly \$100,000 for all seven cities within which the program works, while the total, published budget for the small-business program is \$37,879.

Most funds for NCCK are provided by international agencies. No detailed figures on donations were available. Major donors include ICCO of Holland, EZE of W. Germany, the World Council of Churches in Geneva, and CODEL and Church World Service of the United States.

E. Beneficiary Characteristics. The people serviced by the Urban Community Improvement Program are indeed the poorest of urban residents

in each of the serviced cities. As previously mentioned, the population of the urban and peri-urban squatter settlements in Mathare Valley suffers from extremely low per-capita income and consists in large part of women with dependent children. Ethnically, the entire urban population being served incorporates a diverse mixture of tribes from throughout the nation.

It is interesting to note that although there are many skilled and semi-skilled artisans residing in slums like the Mathare Valley, the actual beneficiary population of the urban program in many cases is below this skill level. The majority are women and youths who, for the most part, have had neither the training nor traditional apprenticeship opportunities which would provide them the necessary skills to compete in the informal sector. This population group is clearly distinct in character from the urban, self-employed artisans assisted in other African development programs.

#### F. Project Activities.

1. Approach. The general approach to assistance of UCIP is to: (a) work with the community in defining and prioritizing problems to be attacked; (b) organize the community to begin working toward the solution of these problems; (c) institutionalize both decision-making and development-action capabilities within the community; (d) deliver services and funds in support of these efforts; and (e) advocate, to the government and the general public, continued support (in the form of needed services and relevant policy decisions) to the community.

All assistance activities revolve around the core activities of the social workers and community organizers. Social workers are sent into depressed urban areas where they work with local populations in

identifying local problems and finding practical solutions. More specifically, the social workers are directed to "... help people enhance and more effectively utilize their own problem-solving and coping capacities; establish initial linkages between people and resources systems; facilitate interaction, modify and build new relationships between people and societal resource systems; dispense material resources; and serve as 'change agents' ... specifically employed for the purpose of creating planned change."

Into the early 1970s, NCCCK social workers handled cases individually, adopting social case work as their operational method until it became clear that this method was no longer adequate. In many instances, whole communities were found to require assistance, often in a material or financial form, and basic economic problems were growing faster than they could be solved. As it was considered futile to continue attacking root economic problems at an individual level, emphasis shifted to group work, where it remains today.

The NCCCK has typically begun its work in poor communities in response to crisis situations, such as the outbreak of cholera in Mathare Valley in 1969. The organization responded in that instance by successfully organizing the people to put in a piped water system in order to avoid eviction from the land. Generally, action is not taken until the social workers have been able to informally survey, or assess, the needs of the people and organize the community. Community organization is carried out through the process of community meetings, which are always coordinated with the local chief and sub-chief and carried out in consultation with the local District Officer and/or the local Community Development Officer. Initially, the NCCCK social worker helps

organize groups and assists them in determining their most pressing social and economic problems, as well as possible solutions. A decision is then made on how to attack the major problem, or problems, immediately facing the community.

Subsequently, people from the various communities (Mathare Valley, for example, is organized into nine villages) will approach the social workers with requests for assistance on specific local problems. Once the latter decides that the number of requests reflects a community problem, a community meeting is called and the group decision-making process is utilized again to decide upon the action that should be taken. The NCKK nutrition program grew out of the Mathare social-work program in this manner, as did the small-business assistance effort. In both cases, simple surveys were carried out prior to project design, with the focus on the types of existing economic activities, family backgrounds, and local demand patterns of a limited section of Mathare.

One of the principle needs which has surfaced in almost all cases, however, has been the need to find income-earning opportunities. In dealing with this problem, NCKK has addressed the issue of unemployment, which it has found to be a root cause of much of the suffering in urban areas. The majority of the people who come from the rural areas into these towns are illiterate, have very little formal skills training, and, hence, are ill-prepared for urban life. They are therefore unable to find worthwhile work (and end up living in slums where housing is the cheapest), to afford nutritious food, and to provide school fees for their children. NCKK endeavors to create employment for these people and/or to prepare them for employment. It is with this in mind that in the early 1970s social workers began to encourage the formation

of groups in which young and old were taught such trades as traditional handicraft production and dressmaking. After training, they were expected to form cooperatives or find employment in established firms. At the same time, NCCCK set up a series of handicraft-production workshops, which are now administered by the Cottage Industries Program rather than by UCIP.

As the training and organizational assistance proved insufficient for the creation of new enterprises, UCIP social workers tried to convince formal enterprise programs to provide assistance. Unsuccessful in this endeavor, NCCCK then established the Small Business Scheme (SBS) under UCIP in 1975. It was designed to provide management and financial assistance to small-scale enterprises in the urban and peri-urban informal sectors of Nairobi. The next two sections present descriptions of specific NCCCK employment-generation activities, including the operation of the SBS in Nairobi and other programs in the secondary cities.

2. Nairobi. In Nairobi, UCIP's social workers recommend clients for the SBS program on the basis of their need, reliability, and accessibility to NCCCK staff. Most have no regular employment or salary and may have about \$70 in cash on hand. (For those even worse off -- usually women who cannot support their children -- the SBS may make available a small grant of about \$14 to buy produce which is then sold to generate some family income and allow for reinvestment in more produce.) The social worker then brings the prospective borrower to the administrator of the SBS for an interview and further screening. The client's plan and request for financial assistance are reviewed to determine how much capital the borrower would be able to handle; this process is facilitated if the person or group has a record of borrowing from NCCCK

in the past. Clients who have outgrown the NCCK program, or are financially better off to begin with, are referred to commercial lending institutions.

The administrator also asks for an identity card and requests that a loan application be completed, with the help of the social worker if necessary. That form, entitled "Nairobi Urban Squatters' and Low-Income Areas Small Business Loans, Assistance and Training -- Creation of Employment Under the Small Business Loans Scheme -- Business Loan Application Form," requests the following information:

1. name, identity card number, district, sub-location (plot), parents' names, home address, name of chief at home;
2. marital status, number of wives/whether husband is alive, number of children, number in secondary school, primary school, nursery school, and at home;
3. amount of money spent monthly on school fees, clothing, housing, and food to feed the whole family, plus total amount spent on all the children in one year;
4. name of the business, postal and business addresses of the enterprise, monthly rent, nature of present or proposed trade or business, length of time in this trade, type of business (private or limited company, registered partnership, unregistered partnership, or registered business), photostat copy of certificate of registration, present or intended number of regularly engaged employees, and the name, address, and occupation of each partner, if applicable;
5. other employment status, other salary or income, other business interests (including farming), educational level, amount of commercial or technical training received, and person who keeps the books;
6. amount of loan required, amount of monthly repayment expected, average monthly profit expected with loan, details on how loan would be used, and a complete budgeted proposal for loan use;
7. nature and value of security offered, including land, buildings, machinery, vehicles, tea stumps, coffee trees, other cash crops, or cattle dip; if no security to offer, give names and addresses of three guarantors.

which can include businessmen, M.P.s, Councillors, accountants, managers, senior public or private sector officers, advocates, priests or pastors, or other trustworthy people;

8. estimated value and list of present saleable stock, average total goods purchased monthly, average sales per day/week/month, average monthly gross profit, names and addresses of a few good customers, details and copies of outstanding orders, bank where applicant has a current or savings account, if any;
9. owner of present business site if not owned by applicant, degree of permanence for applicant of present business premises, whether permission has been granted by owner to trade there, whether the Government or the Nairobi City Council has approved the premises, and whether the applicant has received a Government trading license or a NCC or other kiosk card; and
10. number and total size of loans received from NCC, and source and date of any other business or agricultural loans received (or applied for) in the past five years.

In addition, signatures are required under the following statements:

- "I understand as a condition of the loan and agree to employ at least 75% of business labour requirements out of bonafide residents of the area/villages where the business is situated."
- "I understand that: (i) If I am granted a loan I must start and/or continue to maintain acceptable books of account. (ii) All the facts given above will be checked at my place of business and that my application will be rejected outright if I have given any false information."

Given the level of clientele, it is not expected that all items on the form will be completed. After the relevant information is provided, the application is submitted to, and evaluated by, the SBS administrator. His recommendation, along with that of the social worker, is attached to the application before it goes to a five-member Small Business Committee. The individuals on this loan committee are not members of the NCC General Assembly, but rather appointed by the

organization on the basis of their expertise in business and enterprise development. Disbursement of approved loans are made by check from HCCK's central accounting office to the borrower's bank account, which he or she must open to get the loan. The loan agreement contains a draw-down schedule, and the program administrator, with the help of the social worker, checks to see if the initial disbursement is used for the purposes laid out in the agreement before the next one is made.

The management assistance component of SBS was initiated after the completion of an assessment of the needs of the intended beneficiaries. A survey carried out by HCCK when the program was initiated revealed that the beneficiaries usually identified the lack of money and adequate facilities as their major problems. In addition, however, it was discovered that a lack of management know-how was the principal problem facing most of the enterprises. HCCK therefore employed a full-time small-business administrator, who, in collaboration with officers from the government's Cooperative Development Department, provides technical advice and expertise to these people.

The intensity of the management assistance provided to a client is decided on a case-by-case basis. For example, it can be a prerequisite to funding for a group lacking a bookkeeping system, or it can be extended supplementally when an adequate accounting system already exists. Regardless of the client, the primary focus of all training is on teaching them how to record sales and purchases, cost their inputs -- including their own labor -- and mark up their goods in order to produce a profit. After the discipline of making daily bookkeeping entries is established, monthly close-outs are taught. Costing is particularly emphasized with commodity retailers, who must learn how to cost their stock. All

individuals and groups are taught to physically separate their revenue into three bags -- one to be the source of funds for the purchase of new stock and for loan repayment, the second for covering labor costs, and the third for profits. In this way, they can see how much of the money they are able to personally consume or save.

In addition to assisting them with pricing and cash accounting, the program administrator also advises clients on marketing, joint purchasing of materials on a wholesale basis (from a factory, if possible), licensing, cooperative registration, and how to get access to public extension services, among other things. These matters are taught in weekly sessions, with follow-ups with group leaders, treasurers, and financial managers. As NCCK's clients are extremely poor and have very limited entrepreneurial and technical skills, no fees are charged for the training and assistance.

Just as NCCK's approach to the delivery of the social services evolved from a case-by-case to a more group-oriented approach, SBS financial assistance has moved from an individual to group orientation. There are many reasons for this, not the least of which is that searching for an individual loan defaulter in a place like Mathare can be a hazardous, impossible task. The increased interest in a group orientation is also due to the greater ease and cost-effectiveness of training and the greater financial discipline practiced by group managers responsible to the other members. Leadership in these groups rotates annually, unless the same officers are chosen at the yearly elections. It has been found that this enhances mutual trust, while also spreading responsibility and the acquisition of financial skills.

This preference for group lending was operationalized in 1978 when a "Trade In Group" program was announced, wherein loans would be made to groups. Four groups were organized in areas of charcoal selling, meat butchering and retailing, second-hand clothes marketing, and patchwork material production. The Ministry of Cooperative Development was approached and responded favorably to the idea of registering these groups in a cooperative society (the Mathare Kogeria Handicraft Society) so as to allow them access to a number of services. These services include training facilities in simple bookkeeping at a Nairobi cooperative college and the acquisition of loans from the Cooperative Bank of Kenya.

It has proven easier to monitor the use of funds by members of the Society because an official from both the Ministry of Cooperatives and NCCK are signatories to bank accounts. In fact, monitoring may be unnecessary, as group members check on their financial officers and are directed to report any misuse of funds to the officials mentioned above. Success in the cooperative area has led the SBS administrator to encourage the development of other trade groups in such areas as woodworking, leather work, metal work, bicycle repair, and the retailing of such commodities as fruit, vegetables, and fish.

SBS loans are made at a 3.5-percent annual interest rate; apparently taken on the average outstanding balance. NCCK considers this to be the maximum it can charge retailers, who usually work on a 10-15% mark-up, and allow them a fair profit. The mark-ups of these retailers are often limited by government controls on certain basic commodities, and, operating at low volume, this places them at a great disadvantage. After a two- or three-month grace period, monthly payments are required,

with the clients making the payments directly to the NCCCK/UCIP central office; that office issues a receipt and also notifies the SBS office of the repayment. The amortization period granted the borrower is determined by the size of the loan, type of business, size of enterprise, and volume of sales. Larger clients may get as much as two and a half years to repay loans for the purchase of inventory or tools, while very poor clients dealing in low volume may be given only three months.

Total lending in 1977 and 1978 amounted to twenty loans for \$8,599. Individuals accounted for 68 percent of the total, with such loans ranging from \$67 to \$934; average loan size was \$366. Groups received the remaining 32 percent of the loan capital in this period. NCCCK lent three groups with a total of 21 members a total of \$1400 (\$67/member), while providing the largest (162 members) \$1333 worth of financing. Except in two or three cases, repayment has been very regular. Eighteen thousand six hundred dollars is budgeted for SBS loans in 1979, and group lending should increase substantially while individual lending drops off.

3. Secondary Cities. The social workers of UCIP began working in the secondary cities of Kenya at the same time as they began their work in Nairobi. Since then, they have helped organize a number of groups in five urban areas and have delivered or facilitated the delivery of assistance in the areas of organizational development, education, training and marketing. Financial assistance is also necessary, but, although some credit has been available through NCCCK's Cottage Industry program, the Small Business Scheme does not operate in the secondary cities. Nonetheless, NCCCK's effort through the UCIP social workers

and the Cottage Industries program has helped a number of groups develop considerable potential for growth as small-scale enterprises.

a. Mombasa, the country's second largest city with a population of 800,000, has been a site of much NCCK activity. The Tototo Home Industries Project has operated in Mombasa since 1967 under the auspices of NCCK's Cottage Industries Program, and UCIP social workers have worked there in association with Home Industries in both urban and nearby rural areas since 1969.

The objective of the Tototo Home Industries Project is to train and assist girls, women, and men in the lowest income groups to produce and market handmade articles, while generally participating in the economic and social development of the area. As many as four hundred people, mainly women and girls, presently benefit directly from the project. These include young girls with limited education who are trained in dressmaking; poor urban women who are given workshop space for training, production, and income generation in dressmaking piece work; and twelve organized groups of rural and urban women who are provided markets (and some technical assistance and business advice) for their handicrafts and other products made with local raw materials. All operations are supervised by the director, Elvina Mutua. A designer and a product-quality advisor assist the various groups, while an NCCK store, with a staff of five, purchases and sells, at a fifty percent mark-up, the goods produced by the groups and the workshop.

The Tototo Workshop (Towosho), situated in old town Mombasa, is one of the programs run by the NCCK Project. The program employs and trains more than seventy women and girls in dressmaking, and has a five-person staff. The staff includes three teachers responsible for the

training, a general supervisor, and a production supervisor.

At any one time, there are two distinct groups receiving training. Training category "A" currently contains some fifty girls who are taking a dressmaking course. These are girls who do not qualify for secondary schools and whose parents cannot afford to put them through private schools. In 1975, twenty school leavers were accepted into the course; the number of trainees increased to twenty-five in 1976, thirty in 1977, forty-six in 1978, and finally fifty in 1979. Due to this large number and the limited capacity of the workshop, training is delivered by two instructors in four daily two-hour shifts, with the girls taking turns on the six available machines. In each of the first three years, an average of seven girls were referred by NCK social workers as needy cases and paid no fees. This number has increased to ten or fifteen and the \$6.50/month paid by the other girls is not enough to cover all the training expenses. Tototo also cannot afford to purchase the two new sewing machines which are needed, nor hire a highly qualified teacher to train the girls to a Grade I Government Trade Test level and diploma.

Presently, the 18-month course prepares trainees to a Grade II level, which qualifies them for jobs in factories, shops, and Village Polytechnics, as well as for self-employment. In 1975, for example, of the seven girls who finished training and passed the government test, one was helped by her family to open a business, another was employed in a factory, and a third by a private shop, while four others went on to category "B" on-the-job training. In 1978, when sixteen girls completed one-and-a-half-years' training, thirteen passed the exam and went out to find employment or start their own business. The thirty

others receiving training in 1978 completed their course in July 1979.

The category "B" training and production program shares the same, limited space with the straight training component. Thirty very needy women -- mainly unmarried and divorced mothers -- are referred to the project by NCCCK social workers operating in the Mombasa slums. Their training, which is continued until the individual finds employment, consists of making dresses by hand, by machine, and through the process of tie-dyeing. The women are paid for what they make, earning an average of \$32/month in 1978. On the average, leavers are employed at a starting wage of about \$41/month. In the event leavers are interested in self-employment, the women are encouraged to first learn how to hand sew, for even if they were to set up a cooperative, the cost of a sewing machine might be prohibitive. This training in hand sewing calls for the women to work at home, bringing in their work to be checked each week.

In the meantime, other women are working on machines, while others are turning out finished tie-dye products. These products include dresses, shirts, and tablecloths produced in a variety of designs on contract to shops, which, in turn, sell to both the tourist and local markets. A technical production supervisor is in charge of the whole production process, from design through final preparation. The products that are sold to the NCCCK store are priced to cover all costs, including training, and to turn a profit. Somewhat faulty, but improving, inventorying and cost accounting systems were responsible for a slight loss in 1978.

The two training programs are not self-supporting, as trainee fees and the limited sales of student-made articles together only cover about one-quarter of expenses. Category "B" badly needs financing for the purchase of more raw materials and two additional sewing machines in order to adequately expand training and production. About \$13,000 would do as seed capital for the former, while \$1300 would cover the latter. The project's supervisors feel confident that, with this investment, the profits from Category "B" production could within one year easily support Category "A" training, including the salary of a new teacher. In addition, the whole program could use more physical space.

Since the Tototo training program was recently registered under the Village Polytechnic program, the Ministry of Social Services has visited the workshop often and has made a \$1300 grant. Part of the grant was used to purchase two sewing machines to add to the three or donated by Bread for the World of Germany, while the rest went toward teacher salaries. Other grants have been made to the Tototo Project by such church-related groups as Christian Aid, the Anglican Church of Canada, and the Swedish Section of the Lutheran World Federation. The project has also received one soft loan from Germany for purchasing materials, and utilizes bank overdrafts for meeting immediate purchasing needs.

As far as workshop graduates are concerned, many go back to their rural areas, as a wage of \$40/month can barely support a single woman in Mombasa, much less a woman with children. Those who would like to attempt self-employment are in need of small loans for the purchase of materials, tools, and equipment. The case of two women who went

through the training and production program and set up their own dressmaking shop illustrates the problems associated with initiating one's own enterprise. Although they were fortunate to have two sewing machines and some limited funds of their own, they have not had the capital to invest in enough materials to produce at any significant volume, nor the collateral to secure a loan (which would be risky anyway, due to banks' inclination to repossess once repayments fall in arrears). In addition, the two partners had to pay \$67 for a trade certificate, \$13 in city licensing tax, \$16 for disposal services, and \$27 for a month's advance rent.

The immediate solution to their financial problem was to rent two additional machines at \$6.60/month each, and start training ten students, charging each \$8.00/month. After six months in operation, they clear \$7.00/month in this fashion, but hope to expand the production part of their business as they become better known and are able to obtain credits to purchase materials in bulk. They have good skills, produce a good cross-section of dresses, and keep a good, simple, daily record of accounts, but they suffer badly in competition with local Asian shopkeepers.

In addition to the workshop, NCCCK, through the work of UNCIP social workers, has assisted rural and urban groups in the production of handicrafts to generate the income necessary to undertake more stable economic (and sometimes social) endeavors. UNCIP often donates initial materials (deducting their cost when paying the groups after marketing their output) and advises on product quality and design, new product lines, and simple business practices. Social workers also teach handicrafts as part of their community work. Group workers can earn as much

as \$40/month, or about \$24 on average. When the market allows a group to make a profit, it generally invests in other projects that which is left after their members are paid.

Regarding reinvestment, one enterprise, the Shimoni Group, for example, puts one-quarter of its profits into a poultry project. At the same time, the Bomani women's group has successfully built a small bakery and is selling bread; the women at Ngamani on the outskirts of Mombasa are selling eggs from their poultry project; the Mawani Group is selling firewood; and the Mkooyo women are building a badly needed nursery in their village. The problem is that the tight handicraft market severely limits the speed at which these groups can expand their other economic and social projects. Help has been solicited from the Ministries of Agriculture, Health, and Social Services for the support of these activities and other ways are being explored to help the women raise more funds.

The Tototo Home Industries store is the principal outlet for workshop products and those handicrafts produced by the other groups. The shop is in good financial shape, with \$80,000 in total sales and a healthy profit margin in 1978. The store's profits, totalling \$7,123, were used to support both the training and the group projects; deficits run by those projects can be as much as \$17,800. If the shop has a major problem, it is the lack of sufficient up-front capital to pay its suppliers within a month's time.

b. NCCK's support for employment and income generation is not as highly developed in the country's third largest city, Kisumu (pop. 150,000), as it is in Nairobi and Mombasa. As in Mombasa, there has not yet been established a division of the Small Business Scheme

in the city, but IICCK's local Wananchi Craft Shop does market the goods of various independent groups under the Cottage Industries program. What other economic activity that does take place under IICCK's auspices is stimulated by UCIP and its social workers. Upon entering a community, the social worker for Kisumu, Herea Aoko Otongla, conducts a general survey, meets with people to determine the common interests and problems that exist, and helps to form groups for social and economic purposes.

One of these groups, the Town Group, consists of two organizations -- a girls' club and a women's group. The girls' club was formed to help uneducated school leavers, including single mothers. Group discussions are held, and family planning, home economics and bead work are taught. The women's group consists of twenty-nine women, half of which come from outside the town. All members of this group are unemployed, but at the community center they make tie-dye materials, papyrus lamp shades, and necklaces from local beads.

With UCIP assistance, the Town Group was able to obtain two sewing machines, allowing tailoring to be introduced using their tie-dye material. The women are learning how to make dresses, skirts, shirts and tablecloths, all which are popular in the surrounding community. Profits have been minimal, but \$2.50 to 6.60 per month has been distributed to each member. The women have now reached a stage where they need professional guidance if they are to turn out more professionally finished goods. A tailoring training program has been established, but it lacks the support necessary to properly assist the tailoring groups.

The Orongo Group, located in a new squatter settlement, has been the most successful of the UCIP-assisted groups in Kisumu, with some

fifty members. The men make fish traps and baskets, while the women work with fabrics. In addition, land has been acquired for a small agricultural project. In 1979, however, local competition wiped out much of the market for fish traps and it was found that the lake flooded the acquired land when the rains came, so interest and attendance fell along with group income. Regardless, the members continue to meet on their own. Soon they will be constructing, on a recently donated plot of land, a building to be used for a meeting place, a nursing school, and a store for their handicrafts, as well as a bakery for the village.

Another organization in downtown Kisumu is a group of ten to fifteen women that has benefited from UCIP assistance. Like other groups, it meets twice weekly. It has focused on sewing, tie-dye, nutrition, home economics and kitchen gardens, but has not been very active due to individual household problems.

Thirty-five female members from all three groups in Kisumu have also joined the UCIP's tailoring program. About half of those are able to pay the membership fee of \$1.40. Although the girls can come to the Christian Fellowship Center daily for training, the young women can meet only twice a week for a total of only four hours -- not sufficient time to learn a trade. Their income from the sale of their dresses, skirts, blouses, tie-dye materials, and bead products has been small, despite the fact that most of these products are sold.

As the social worker, Miss Aoko, is an expert in neither tailoring nor dressmaking and is overwhelmed with her group work, committee meetings, administration, and marketing activities, an instructor who can also help turn out quality products is badly needed. Skills training should extend into the tie-dye area, while a grant would be

most useful for the purchase of more sewing machines with which to teach; presently, there are two machines for twenty trainees. In addition to a tailoring instructor, a general business advisor for the area is badly needed to help organize groups into workshops, help them set up books, and assist in the marketing of their goods. This advisor could also extend assistance to individuals who presently eke out an existence by trading in produce and other commodities. In addition, a small loan fund would be useful both to groups and individuals.

On the other hand, the Wanachi Crafts Shop has been doing quite well since it was taken over by NCCCK in June 1978. In the first twelve months of operations, monthly sales averaged over \$1,035, while monthly rent, shop salaries, and licensing fees totalled about \$780 by the end of the period. Most of the margin is passed on to the various producer groups. These groups could use the assistance of a designer who could help them redesign their products; NCCCK feels that poor or unvaried design is responsible for a recent decline in the shop's sales. For their part, the groups complain that it is too expensive for them to transport their articles to market, thus NCCCK has decided that it must both hire a designer and purchase a vehicle to cover all of Western Province.

c. In Kakamega (pop. 50,000), UCIP's social worker is responsible for organizing groups among the city's poor. Mrs. Batroba has been very effective in her work since she started in 1972. In addition to working with orphans and poor families and helping to start a Village Polytechnic, she has helped organize three producer groups and one group of retailers. The last is composed of six older, poor and illiterate women who began by selling vegetables, seeds, and

maize and who now sell fish and old clothes as well. Mrs. Batroba advanced each of them \$14 from the NCCK emergency fund to purchase initial stock to sell in the local market. As in the case of the Small Business Scheme in Nairobi, it is expected that those who receive such grants will be able to begin generating income for their families by rapidly turning over the produce they purchase. Being illiterate, the women do not keep books and receive no assistance in that area, as the local social worker does not have this expertise.

Another seven women, all members of the same local church, belong to a knitting group. As a pre-cooperative, they meet two days a week to produce sweaters and are now employed in different shops the rest of the time. With savings from piecework and some knowledge gained by one member from a friend, the group was able to purchase its own machines and move from small handicraft production into the manufacture of sweaters; UCIP also advanced it some \$275 for that purpose. The women now make an average income of \$24/month, and, with their husbands unemployed, this money goes directly to support their families and pay their children's school fees.

Another group of thirty, very poor, Muslim women, who are organized around their desire for literary training, has moved on to handicraft production as well. The social worker saw that some of the members were able to make such things as mats, baskets, and tablecloths, and encouraged the others in the literacy class to learn from them. They now purchase palm leaves, sisal, and thread for very little and turn these materials into income-generating products. Information on exact incomes was not available.

Finally, a new group of seven women (also from the same church) has been formed and has begun making brooms from grass. The social worker will be checking the quality of the products before searching out markets in Kisumu. She feels that new groups like this one lack the experience to deal with credits; however, the other Kakamega groups, particularly the retailers, could use additional funds on a credit basis. The program would also benefit from assistance in the areas of skills training, production management and marketing.

d. An NCCK social worker began operating in Eldoret in 1969. She originally worked on a case-by-case basis, distributing milk and food to the poor. The social worker has also attempted to pursue community organization but has found it difficult because of the highly transient nature of the urban squatter population in this city of 75,000 inhabitants. The new migrants have not been able to secure settling rights on their occupied lands, causing an air of uncertainty which makes organizing difficult.

Nonetheless, the social worker has been able to start one small women's group. Established in 1976 with the help of a UCIP contribution of \$70 to cover start-up costs, its purpose is to help destitute women begin to earn incomes for themselves and their families. The group members, which now total ten, make and sell sisal products and have learned tie-dye. They meet once a week in the Municipal Social Hall and also work at home.

The social worker has also been pursuing the construction of a community center in Eldoret. She has been instrumental in finalizing plans for the center and acquiring approval for its construction. Once the center is built, the social worker will assist women and girls in

learning such crafts as weaving, pottery making, tie-dye, bead work, and sewing, and eventually will introduce courses in typing, bookkeeping, and adult literacy.

e. NCCCK has its own community center in Nakuru which helps the social worker there to provide support to existing groups and promote the organization of new ones. Beyond extending health and educational assistance, she has assisted four women's groups develop income-generating possibilities.

The Doboro Community Group was one of the groups organized with NCCCK assistance. The Community of 3,500 is located twenty miles from Nakuru in the Resuit forest. The social worker has started adult literacy classes and has tried to stimulate alternative income-generating activities since the traditional village collection of honey has been disrupted. Handicraft production and modern beekeeping are being pursued as substitutes.

A second group, composed of nineteen church women, was organized by a minister's wife. The purpose of the group is to establish a means through which the members, who are all unemployed with large families, could earn some kind of living. The church granted the group \$40 and each member makes a monthly contribution of \$.65 to purchase wool and thread to make crochet articles and children's clothes. The products sell well in the community, but generate low profits due to insufficient sales volume. With the help of the UCIP social worker, the group has applied for a \$265 grant for raw materials. It is believed that this will help generate another \$13 per month per person, which is still insufficient but better than the current monthly earnings of \$2.50 to \$6.60.

The Tembuya women's group was formed in the early 1970s by the UCIP social worker, but did not gain momentum until 1977. It started with seven members, who had no steady income and relied on occasional casual work for survival. Members, however, were able to raise the group's start-up capital by contributing \$1.30 each per month. This was used to buy raw materials to make articles needed by local working mothers, including wool for making ponchos and materials for children's clothes. In 1977, membership reached fifteen and income per member grew to about \$20 per month. Output has since expanded and members are now earning about \$27 per month.

A fourth group to grow out of HCCCK efforts in Hakuru is a small one of six married women, each with a sewing machine at home. The women use the machines to make garments from scrap material they buy from local industry. Their incomes are reported to be low, but indispensable, as their husbands do not make enough to support their respective families.

The Bangladesh Group, a self-help organization registered with the government, operates independently of the social worker but comes into contact with the HCCCK community center because of the need for marketing assistance.

A handicrafts store has been opened with help from UCIP. The four women's groups contribute \$6.60 per group per month toward rent and a sales-girl's salary. Ten percent of sales also goes toward the shop's expenses. The store has been successful, in terms of sales volume, although the theft of about \$400 caused a temporary setback. Figures on participant incomes were not available.

### G. Impact and Assessment

1. Nairobi. To more clearly analyze and assess UCIP's work in Nairobi, an informal survey was conducted of both group and individual clients of the Small Business Scheme. The interviewing of clients was carried out by UCIP community organizers in The Mathare Valley. Responses from clients were sought concerning: the use of SBS credits; improvements made as a result of NCCCK assistance; current levels of income, sales, and equipment; the biggest problems of their enterprises; and NCCCK services that were perceived to be most beneficial. Responses were received from the majority of members of the four cooperative groups formed in the Mathare Valley (with the exception of a patchwork sewing cooperative which, with over 100 members, is uncharacteristically large) and from four of the eleven individual client enterprises currently being assisted. The individuals queried included two tailors, one kerosene and clothing retailer, and one general dry goods retailer, while butchers, charcoal sellers, patchwork sewers, and second-hand clothing retailers made up the four co-ops, respectively.

The major findings of the survey are as follows:

a. Of the four cooperative groups receiving assistance, SBS credits played a direct role in the creation of three of them which now employ 28 people. The fourth group, a patchwork cooperative, has expanded by 62 members since receiving SBS assistance -- although this expansion is also due to assistance from the NCCCK Cottage Industries program. Of the four individual enterprises which responded, only one had increased employment beyond the owner or immediate family members; this enterprise (a tailor) had hired two people.

b. The vast majority of SBS credits to these groups were used to purchase raw materials for production or stock for retailing. The only other use of credits that was reported was for the purchasing of minor tools and equipment such as butchery knives and sewing machines. This result is not surprising given the need of people at this economic level to quickly turn over stock and materials to maintain incomes.

c. Of all 22 clients interviewed, only one had received any assistance outside of that provided by NCKK. This client had received training in sewing from a Village Polytechnic.

d. Responses identifying the most difficult problems facing the clients' enterprises varied widely and addressed most of the problem areas commonly associated with the very poorest of informal-sector enterprises. Responding clients focused on the lack of sufficient capital, tools, materials, markets and secure physical space. While it is difficult to abstract a clear consensus from the responses received, greater emphasis was placed on problems associated with marketing and insufficient capital. In many cases, problems were reported in trying to sell what was already being produced or in stock. At the same time, many clients said that they needed more capital -- especially for the purchase of better tools. In addition, most clients interviewed -- including all individual clients -- mentioned the lack of secure, well-located premises for production and/or sales as a major problem.

e. The average income of the clients who responded was \$36 per month. Monthly incomes, as reported, ranged from \$16 to \$80, with individual entrepreneurs at both ends of the income spectrum and exhibiting higher average incomes than group members. This may be due in part to the fact that, in general, co-op group members are less skilled than their

individual counterparts. On the other hand, group incomes were reported to be more stable than individual incomes. The average number of dependents per client -- both group members and individual entrepreneurs -- was found to be 6.5 people.

f. In response to questions concerning improvements in the enterprise made as a result of NCCK assistance, the majority of clients noted improved management and bookkeeping as the major advances. Improvements in tools, stock, and/or materials were also cited. No clear distinctions in the types of improvements made emerged between individual and group clients, although the former tended to emphasize stock and sales improvements in addition to better bookkeeping, while the latter tended to cite better group management and greater unity and cohesion within the cooperative. Estimated increases in sales ranged from 30 to 500 percent, with the number of exact responses being too few to abstract a meaningful average.

g. Responses regarding the most valued NCCK/UCIP services varied significantly between individuals, on the one hand, and group members, on the other, except for credit, which emerged as the single most valued service within both client categories. Beyond credit, individual entrepreneurs cited only SBS assistance in locating and purchasing stock and materials. Group clients, however, cited the full range of NCCK/UCIP social services being offered in The Mathare Valley. In order of client preference, these services are: nutrition (child feeding program), health (innoculation, health education, and nurse-practitioner pediatric services) community and group organization, and individual social case work. As most respondents cited two to three categories of UCIP social and organizational assistance, these services, taken together, far outweigh all other

types of assistance offered in terms of client preference -- at least in so far as the very poor, group clients are concerned.

This last result is not surprising given the fact that the majority of UCIP clients are at the rock bottom of the economic ladder in Nairobi and are therefore far more concerned with their own survival and that of their dependents than with economic growth per se. This basic fact underlies NCCK's approach to all of its urban anti-poverty work.

Although limited in scope and technical personnel, the Small Business Scheme in Nairobi has produced moderate but significant results. The program is clearly reaching the poorest and least skilled segment of the urban population and, within this difficult context, has managed to register some important gains in the areas of group-enterprise formation, credit extension and the upgrading of management and bookkeeping capacities among clients. While the results of the program are by no means astounding in terms of increased incomes and enterprise growth, new enterprises and jobs have been created, and, in most cases, have survived. This viability of enterprises is demonstrated by the fact that twenty loans, totalling \$8,590, have been made with only one recorded default. Only one enterprise (the butchers' co-op) has failed, its members citing lack of capital.

Improvements clearly seem to have been made by clients in the purchasing of stock and raw materials, in the upgrading of tools, and in enterprise management. Perhaps most importantly, the Small Business Scheme seems to be achieving its major goal of affording clients, for the first time, some measure of economic security and an enhanced perception of dignity and self-worth.

In large part, the success of the SBS itself is probably due to the extremely sound promotional, outreach and organizing work performed by UCIP social workers and community workers. This is understandable since the Small Business Scheme was, in the first instance, planned as a complement to the social-service and community-organizing network already established in the Mathare Valley. At the same time, however, the program has added two significant services without which sustained, independent employment among UCIP clients would not be possible: credit and management assistance. While the credit component has been rather slow to develop in terms of loan volume, the scheme is well thought out (see the Analysis section which follows) and seems to be appropriate to the needs of most clients that it has reached. Similarly, management and general enterprise assistance seem to be equally significant, since most clients report improvements in the quality and level of their stock and raw materials brought about by NCCCK assistance in bulk procurement, and in bookkeeping, as a result of NCCCK training and on-site assistance.

The one missing element of the SBS appears to be in the area of marketing assistance. Although marketing advice to clients is provided by the SBS administrator as part of management training, many clients report continuing problems in this area. While most small-scale entrepreneurs (especially retailers) usually complain of low sales regardless of their actual volume, the low incomes of SBS clients would seem to indicate that there are in fact some marketing problems. Probably NCCCK's major problem in this regard is a lack of technical personnel. The program has only one small-business expert who simply cannot maintain a sufficient level of technical follow-up to satisfy all client needs. The program is still in its developing stages, however, and NCCCK hopes to add technical personnel as increased funding is received and the program expands (see Future Plans).

## 2. Secondary Cities

A broad canvassing of NCCCK clients in the five secondary cities which the program serves was not possible. The following discussion is therefore based upon informal discussions with social workers, support staff and some clients, as well as upon observations of the program's operations in these cities, and a review of program reports and documents.

With the exception of clients in the Tototo Industries' training program in Mombasa, the direct economic impact of NCCCK's work in secondary cities in terms of production, sales, incomes, and enterprise growth, is somewhat lower than that in Nairobi. This conclusion, however, must be considered in light of the distinct settings in which the secondary-city program operates and the more limited objectives of this program at its current stage of development.

To begin with, the majority of secondary-city clients are located in peri-urban areas, are engaged in subsistence agriculture to produce basic foodstuffs for the family, and therefore do not pursue direct income-producing activities to the same degree as their counterparts in inner-city slums. These clients -- mostly very poor women with large families -- are basically traditional, rural people who are not accustomed to urban life and who possess very little knowledge of the mechanics of trade in a cash economy. In Mombasa, for example, a large number of the clients served by U/CIP social workers are squatters in peri-urban areas who have never lived in a truly urban environment and who have had little exposure to artisan production or trade. In addition, they lack access to potentially profitable outlets for marketing whatever goods they may produce, because they are located far from the city center and their typically large families limit

their mobility. These types of clients constitute a very difficult segment of the society to reach and assist.

As the only assistance entity reaching these clients, NCCK's objective is to slowly introduce income-generating activities which build upon existing knowledge and skills, patiently attempting to help these clients to establish viable enterprises of one sort or another. For the most part, its work has focused on group formation and the production of either simple handicraft items or local primary goods, such as poultry (Mombasa) and honey (Mombasa and Kakamega). The major exception to this approach in the secondary cities is the Tototo program in central Mombasa which focuses heavily upon client training in a new skill area -- sewing. In all cases, NCCK has played a major role in marketing the goods that are produced, through the opening of handicraft stores (Kisumu and Mombasa) or by establishing marketing links for the work groups.

This approach, while necessary in the attempt to help generate some form of cash income among the exceedingly poor, low-skilled, and relatively isolated clientele, constitutes a major challenge to the social workers who have implemented it. Groups must be organized, product ideas and skills introduced, markets identified, and, in many cases, marketing outlets established. All of this has had to be accomplished without large-scale funding and/or outside technical and managerial assistance.\* Within this context, NCCK's results have been impressive, especially in the area of group formation and concomitant social development. Numerous work groups incorporating poor women have been formed as a result of sound community organizing, and the vast majority of these groups have established internal democratic decision-making processes and seem to have made significant

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\*As mentioned previously, The Small Business Scheme operates only in Nairobi.

gains in achieving a higher level of self-initiation and enhanced control over their social and economic environment.

As a result of this effective social work and group organizing (and, in the case of the Tototo program in Mombasa, sound training), incomes have begun to be generated by clients. These economic results, however, have not come about without considerable effort and some trial and error in the choice of goods to be produced and the identification of marketing channels. The marketing of handicrafts has run into some difficulties, for example, due to the variable demand for these goods in tourist markets. Marketing such goods from secondary cities, i.e., outside the major tourist centers of Nairobi and Mombasa, presents additional problems of transport and central-city market identification. Through the establishment of handicraft stores in Mombasa and Kisumu and a central marketing outlet in Nairobi, NCKK has played a major role in the marketing of simple items produced by work groups. However, due to the relatively low quality of handicrafts produced by many of the groups which have not received the comparatively intensive training afforded to clients in the Tototo program, incomes to many producing groups have not been very high.

As the same time, demand for fairly high-quality items, such as fish traps produced by groups near Kisumu, has fluctuated sharply, making it difficult for the craftsmen involved to form stable enterprises. Some problems are also present in the social workers' attempts to generate incomes through such activities as poultry raising and beekeeping. While potentially profitable as group industries, technical assistance is required in such endeavors to adequately plan production and to determine the appropriate costing of both inputs and products. Such detailed business advice is, in most cases, beyond the expertise of the social workers, and

the participation of public-sector, technical advisors has not always proven to be reliable. As a result, some of the group enterprises seem to be generating quite small profits and, hence, low incomes for its members.

In large part, the shortcomings in the delivery of technical and business assistance in the secondary-city program are due to a lack of technical staff to back up the promotional and organizational work of the social workers. This lack of personnel (in all components other than the Small Business Scheme in Nairobi and the Tototo Industries Project in Mombasa) is, in turn, due to a lack of funds at the disposal of NCCCK.

Despite such limitations, however, NCCCK has rendered impressive achievements in the secondary cities. In all cases reported and observed, incomes have been generated among very poor clients, many of whom are receiving cash incomes for the first time. Viable, internally supportive groups have been formed, and no cases of groups breaking up were reported, regardless of the level of economic return. As in the case of Nairobi, services in the areas of nutrition, child care, literacy and individual social case work are delivered simultaneous with community and group organization. By all accounts, these services are deeply appreciated by NCCCK's clients, the vast majority of whom receive no other assistance.

Perhaps most importantly, however, clients are given the opportunity for the first time to produce and market goods through their own labor, thereby increasing their economic capacities and their sense of individual self-esteem. It was this aspect of their work that most social workers interviewed found most rewarding. Given the level of poverty and isolation at which this program operates, the introduction to clients of methods by which they can initiate their own economic activities is in and of itself

a significant achievement, and the commitment and general competence of the NCCK workers involved in this difficult and sensitive task are clearly exceptional. With technical support, especially in the areas of training and marketing, and additional funds for enterprise creation and expansion, there is little doubt that the economic gains of the secondary-city program could be increased significantly.

#### IV. Analysis of Methodology

The major points of analysis may be summarized as follows:

1. NCCK's urban improvement program is essentially a social program with economic spin-offs. Its specific purpose is to reach and assist, in whatever way possible, the very poorest of urban and peri-urban squatters. The organization realizes through experience that clients from this segment of the population are at a basic physical survival level, and, in most cases, do not possess sufficient economic knowledge or productive skills to make them competitive even within the informal sector. Thus, the goals of the program are "not to make them rich," but rather to afford the very poor some measure of physical security together with greater control over their own lives and an enhanced awareness of their own self-worth.

2. Consistent with this view, the program is based upon outreach (through personal contact within poor communities), comprehensive needs assessment, and community and group organization. Perhaps the most distinguishing aspect of this program is the fact that it operates almost entirely within the squatter communities -- community educators are recruited from the communities and they remain to work there. At the same time, social workers work with these educators and organizers to comprehensively assess

local needs, while beginning to organize the community around meeting these needs.

These two essential program elements -- direct, continuous personal contact and local needs assessment -- have allowed NCCCK to a) plan service programs which are directly related to client needs and priorities; b) establish trusting relations with squatter communities and thereby generate support for programs within the communities; c) form a decentralized network of community-based personnel through which services can be promoted and delivered, and d) identify the poorest people within communities who are most in need of services. In short, the formation of such direct and continuous outreach links within communities is a critical factor in NCCCK's success in identifying, reaching and assisting the very poor.

3. NCCCK understands that the problems and needs of the poor are multifaceted in nature and can vary in type and intensity from one setting to the next. Therefore, its basic program development methodology calls for the initial establishment of successful service efforts to meet priority needs within a community, and then the building of additional programs on top of the existing promotional and service structure to increasingly meet total client needs. As a result, a diverse array of service programs have been developed by the organization in its work in various communities with which it is involved. NCCCK's high degree of flexibility in responding to priority needs as they arise is best exemplified by its work in The Mathare Valley in Nairobi. Health problems were initially identified as the major priority in Mathare and a community preventive health system was thus initiated. This was followed by the establishment of programs in nutrition, child care, literacy, employment

and housing. Such compounding and expansion of services over time, together with community organizing, is undoubtedly a major factor in NCCK's ability to establish significant levels of trust and popularity within local communities.

4. The fact that employment services have not been among the initial services delivered by NCCK to the very poor reflects the fact that the most immediate needs of clients at this level are often those of a physical nature, i.e., food, health maintenance, nutrition and shelter. This certainly appears to be the case with NCCK's clients, the majority of whom are poor women with dependent children. It is therefore NCCK's contention that basic support services must precede or accompany any employment-generating efforts at this level.

5. NCCK's responsive, diversified approach to service delivery is based upon a decentralized organizational structure. While administrative and financial management services operate in a centralized manner, program-planning, budgeting and fund-raising activities, as well as control over day-to-day program operations, are left to those directly involved with the distinct programs and sub-programs. At the same time, field staff are extended significant responsibility and latitude in forming relationships within local communities and in delivering services. This decentralized decision-making structure affords NCCK both flexibility in terms of diversified program planning and the capability to respond quickly in meeting client needs in the areas of program initiation and service delivery.

6. Perhaps the most critical factor in NCCK/UCIP's success is its sensitive, committed and highly competent staff. While salaries within the organization are generally competitive in Kenya, total benefits in

most cases do not equal those at comparable civil service levels. NCKK, must therefore depend upon factors other than financial remuneration to attract and keep competent personnel. The organization's professional and para-professional personnel find NCKK's autonomy, together with the independence extended to staff and a shared sense of commitment, to be more attractive than the more lucrative employment which many of them could obtain elsewhere.

7. It should also be noted that the network of field staff already in place within local communities provides the outreach and assessment mechanism through which clients to be assisted in self-employment are identified and selected. As the selection of clients is based upon economic need and accessibility to local social workers (for the purpose of follow-up), the selection process is informal. Such informal selection seems highly effective, however, since community workers know the local communities and residents well and can therefore identify clients who are truly needy and reliable.

8. Field staff are also in a position to maintain intensive personal contact with clients throughout the assistance process. This intensive follow-up is a crucial aspect of the program, as many clients are being introduced to formal economic activity and enterprise assistance for the first time. These people require significant personal attention to gain self-confidence and acquire the basics of enterprise management. Such attention is extended from the beginning in the SBS application and selection process in Nairobi, with potential clients usually being assisted in filling out their questionnaires and accompanied by field staff during their interview with the SBS administrator.

9. As the field workers know the clients well, the latter are not referred unless staff are fairly certain of acceptance. Also, no attempt is made to secure a credit for the client until the SBS administrator is satisfied that their financial management capabilities have progressed to a sufficient level. These steps are indicative of NCKK's patient attempt to bring clients along at an appropriate pace. It is aware of client limitations and is careful not to push too much assistance too soon. The low failure rate of client enterprises is in all probability related to the adoption of such an approach.

10. NCKK has limited financial and technical resources and therefore lacks the capacity to engage in wholesale, specialized training in a variety of technical fields. It thus attempts in all cases to build upon the existing productive skills and enterprise knowledge of its clients. After utilizing their personal knowledge of clients to identify economically viable trade areas, field personnel advise in the formation of enterprises and then concentrate on financial and management assistance. Hence, the majority of clients are engaged in trade areas relevant to their backgrounds and experience, e.g., handicraft production, the retailing of basic goods, etc. Where extensive training has been carried out, such as in the Tototo program, the focus is on sewing -- a skill that is at least somewhat familiar to the women involved. This approach is also quite appropriate to the needs of clients, as most of them are extremely poor, have many dependents and therefore cannot afford the time to attend lengthy training courses without earning some income in the process.

11. Group enterprise formation has become a critical element of NCKK assistance, especially among the poorest and least skilled of clients.

As most clients are not entrepreneurs by choice, and would as soon engage in steady wage employment if it were available, individual entrepreneurship has not been the focus of the program. Rather, clients are advised to form collective enterprises in order to share knowledge and skills among themselves, provide group guarantees for credit, purchase raw materials and market products in bulk, and increase their accessibility to professional assistance from both NCCK and other sources. In addition, NCCK believes that the poor must become organized at all levels if they are to effectively demand increased access to resources and gain further control over their lives. In large part, however, NCCK's group work with clients is carried out to enhance self-confidence among clients through internal group support and a shared responsibility in decision-making. The rotation of group leadership and group management responsibilities among members, as advised by NCCK, seems to be a very effective mechanism for promoting trust among group members, many of whom have not previously worked together. The viability of most of the work groups which have been formed is evidence of the organization's success in this endeavor.

12. The use of separate funds as a means of teaching accounting and financial management to clients seems to be an innovative and highly effective management-assistance technique. As most of the clients are illiterate and lack any formal knowledge of bookkeeping or management, the physical separation of cash income into distinct "accounts" is an excellent method of introducing discipline in financial management. Judging from client reports of improved bookkeeping and the low default rate in the credit program, this method has worked exceedingly well.

13. Flexibility also characterizes NCCK's delivery of financial assistance to client enterprises. As previously stated, clients are

selected informally, and field workers, in conjunction with administrators, determine the timing, level, and type of financial assistance to be extended. Clients receive financing when they are judged ready to effectively utilize such assistance, i.e., after they have established their enterprise and adopted the organizational and financial management procedures recommended by NCCK.

The type and terms of this financing are determined on a case-by-case basis to meet specific client needs. Thus, both individual and group clients who have generated no sales activity and therefore have no basis upon which to absorb credit, can receive grants to purchase initial stock, materials and/or simple tools with which initial income can be generated. In Nairobi, very small cash credits are extended on a short-term basis to clients who have already begun to generate income; larger credits are extended on a longer-term basis to clients once they gain a more secure financial footing. This ability to adapt financial assistance to specific needs is undoubtedly a critical element in NCCK's success in enterprise assistance at this level.

14. At the same time, tight control over the utilization of funds is maintained through the monitoring of client expenditures by the SBS administrator and through intensive follow-up supervision by field staff. Realizing that the viability of working with the very poor must be demonstrated if increasing support is to come from the public sector, NCCK has been very diligent in guarding against high default rates. As in the process of client selection, intensive personal contact in loan supervision and follow-up has proved to be the key to success in this effort. In addition, NCCK has been successful in keeping program costs per client relatively low -- perhaps as low as \$145 per person per year, even in the early start-up stages of the SBS program. There is reason to believe that, as the program expands and a greater percentage of the loans are delivered through cooperative channels, cost per client will be lowered further.

15. An examination of the program also calls attention to the need to provide marketing assistance and technical training as a complement to management and financial assistance to enterprises at level of society. While the majority of NCCK-supported enterprises seem viable, the rather low quality of the goods and services produced, together with the difficulties of marketing inherent to all informal-sector activities, poses the problem of possible enterprise stagnation in the future. To counter this potential problem, further and rather intensive assistance in either the establishment or identification of marketing channels must be undertaken. At the same time, training and technical assistance in costing, production planning and skills upgrading will also be necessary. NCCK is well aware of the upgrading needs of the program, but currently lacks sufficient financial resources to acquire technical personnel to meet these needs.

#### V. Future Plans

Currently, NCCK/UCIP plans to upgrade the enterprise-assistance efforts of the Small Business Scheme in Nairobi and extend the credit and technical assistance components of that program to the secondary cities of Mombasa, Kisumu, Kakamega, Nakuru and Eldoret. The two basic elements of this improved and expanded program would be 1) a team of four new technical extension agents hired to cover the Nairobi, Mombasa, Kisumu/Kakamega and Nakuru/Eldoret areas, and 2) an expanded revolving loan fund which NCCK would like to increase to a total capitalization of approximately \$105,000 by 1982. NCCK is presently seeking international assistance to help them achieve these goals.

To effectively incorporate these new components into the overall program, the technical extension agents would provide back-up business

advisory services to the social workers in each of the cities; expand program outreach; coordinate the delivery and collection of loan funds; and deliver basic managerial and accounting assistance to individual and group enterprises. Consistent with the program's current operations, these extension agents would work directly with their social-work counterparts, receiving referrals from the latter as clients are continually identified. They would also assist in the organization of work groups, in addition to coordinating the flow of credits and delivering on-site technical assistance. Qualifications for extension agents would include a B.A., or equivalent, in business administration or economics.

The build-up of a technical staff to handle all direct field work would free the present program director to handle full-time program administration and management. In this capacity, he would be in charge of program planning, staff selection and training, central credit administration, and overall program coordination. The increase in loan-fund capital is being planned to match the expansion in program activity.

With outside assistance, NCKK has also drafted preliminary plans for the construction of a small industrial estate which would provide secure, sheltered sites to poor artisans who are currently operating either out of their homes or in non-secure premises. The development of this small estate, however, is not being pursued as a priority at this time, as NCKK first wishes to concentrate on the upgrading and expansion of its current enterprise-assistance efforts.

## I. Project Identification

Name: The Village Polytechnic Program (VP), Kenya

Major Participating Agencies:

- Village Polytechnic Support Unit, Ministry of Housing and Social Services
- Center for Research and Training (CRT)
- National Christian Council of Kenya (NCCCK)

Consultants: Fred O'Regan and Douglas Hellinger, The Development GAP

## II. Setting

One specific problem facing Kenya has been the growing problem of unemployment among primary and secondary school leavers and youth in general. In Kenya, as in other African countries, independence was accompanied by an enormous push toward formal education, especially in rural areas. Significant subsequent gains in general education, however, have proved to be a mixed blessing. While Kenya has succeeded in producing hundreds of thousands of primary and secondary school graduates each year, the labor absorption capacity of the formal sector has not grown accordingly.

Equally critical has been the lack of vocational skills training within a formal education system which continues to turn out thousands of graduates who share high expectations but are ill-equipped to pursue formal or self-employment. Thousands of youths caught in this bind flock to cities, further swelling slum populations and contributing to growing urban crime rates as their frustration rises. With 65 percent of Kenya's population

under twenty-five and almost 50 percent under fifteen, training and employment opportunities among the young are critical issues.

At the same time, demand for affordable, good quality, locally produced goods and services has continued to grow within local communities -- both urban and rural. Given Kenya's current foreign reserve problems, the need to substitute for imported consumer goods and materials has also become increasingly important. Hence, there exist economic reasons beyond employment generation for stimulating such local production.

### III. Project Description

A. The goals of the Village Polytechnic (VP) program are various, and can be divided into three categories. At the level of the individual, the major objective is to provide sound, informal training in marketable skill areas to primary-school leavers and other youths between the ages of 16 and 25. Beyond this, the program is designed to assist VP leavers secure sustained employment, preferably in their home areas and in the form of self-employment in work groups.

As regards local communities, the goal is to provide needed, locally produced goods and services to communities throughout Kenya at a competitive price, while promoting self-sustaining and locally controlled economic development. Innovative thinking has particularly been shown in this area, as the architects of the program saw that, by exploiting local markets, money would be retained in the given rural or peri-urban area, thus providing the basis for other local economic initiatives.

Finally, at the national level, the goals are to further the process of democratization and decentralization in the nation's development, while helping to shift the emphasis of Kenyan education toward non-formal training.

The best and most succinct statement of the goals of the VP program, however, has been made by the NCCCK. "The basic aim of the programme," it states, "is to give school leavers from the local area, skills, understanding, and values which will make them able to engage in money-making opportunities where they live and at the same time contribute to local development by building up the economic strength of their community. The dual objective of developing individuals and their communities are interdependent."

B. Brief History and Description. The Village Polytechnic Program was begun by the National Christian Council of Kenya after it organized discussions on the problems of primary-school leavers with government, church, and academic representatives. The first four, experimental VPs were established as low-cost training centers by NCCCK and local communities in four different provinces in 1966. The program spread rapidly through self-initiated (Harambee) efforts in other communities, with the help of NCCCK's promotional efforts and its publication of The Village Polytechnic Handbook. In 1971, management of the overall movement was assumed by the Ministry of Housing and Social Services, which assembled a distinct project unit to provide promotional, managerial, financial and technical support to VPs throughout the country. Although coordinated and assisted by the government, the VP movement itself consists of over 200 community-managed programs. The government's role is thus one of providing responsive support; there is no central implementing, administrative or executing unit per se.

### C. General Structure and Function

1. Organizational Structure. The organizational structure of the program is therefore dualistic, including the government and PVO support

system, on the one hand, and the Village Polytechnic unit within the community, on the other.

a. The Support System. The VP program within the Ministry of Housing and Social Services consists of two major sub-units: Administration and Finance, located in the Central Ministry offices, and the Center for Research and Training (CRT), located at Karen, 30 km. from central Nairobi. The central administrative/finance unit consists of three people -- the Principal Youth Officer and two assistant officers, one of whom is in charge of monitoring all finances; actual accounting is performed by the central finance department of the Ministry. The research and training unit consists of a specialist in each of the following areas: general education; occupational surveys; village technology (one Kenyan, plus three UNICEF appropriate technology experts); general curriculum development; informal curriculum development; rural industrialization; instructor training; research; women's education; and community education. These professionals often travel in teams to Village Polytechnics to help organize courses, upgrade the skills of the instructors, and evaluate the level and condition of the VP's tools and equipment. The CRT is directed by a Research and Training Committee.

In addition, there are sixteen field extension agents -- Provincial Youth Training Officers (PYTOs) and District Youth Officers (DYOs) -- who operate within the eight provinces of Kenya and are attached to regional development offices; one of these agents is responsible for the Nairobi area. The program also utilizes the services of other government technical personnel, including community development officers and agricultural experts. The functions of this personnel will be described in the section on project activities.

In addition to the government support system, a number of assistance organizations, both domestic and international, contribute substantially to the development of VPs. This assistance can be either direct, delivered to individual communities and VPs, as in the case of Peace Corps volunteers; or in the form of indirect financial assistance, exemplified by NOVIB's financing of a tools and equipment credit fund for trainees, with loans made through the Ministry. Much of this assistance is coordinated by the Project and Finance Committee, which annually decides which VP and other youth development projects will receive financing or other aid. Along with the Government, NCCCK and other private groups sit on this committee.

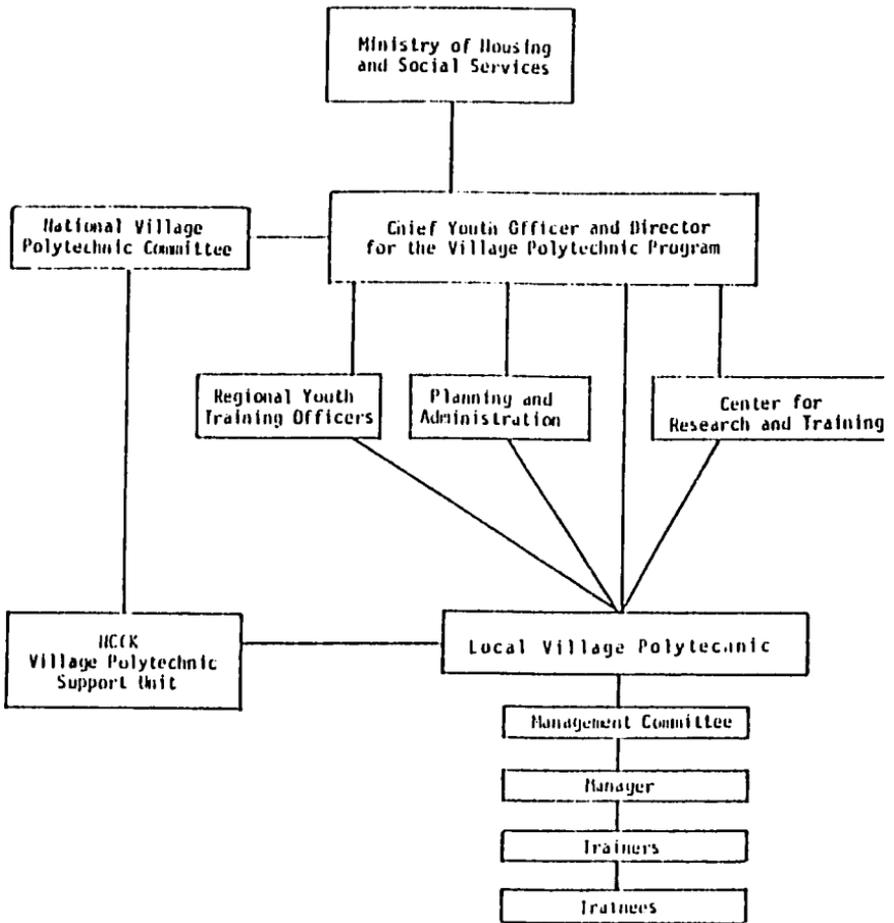
b. Local VP Units. Currently, there are approximately 270 Village Polytechnics throughout Kenya, with a total of about 300 projected by the end of 1980. Of these 270, 220 receive government support and, of those, only 190 are considered proper VPs. The others include Christian Industrial Training Centers (CITCs) and Craft Training Centers, which are somewhat more structured, provide higher skills training (although in similar trade areas), and tend to prepare leavers for wage employment. (The fact that the Government is changing the name of all VPs to Craft Training Centers reflects its interest in further structuring the individual projects; for that reason, NCCCK is not in agreement over the change in name.) Of the total of five urban VPs in Nairobi, Mombasa, and Fica, three are CITCs. There are also approximately 30 peri-urban VPs functioning in district towns or located near, and using the services of, such cities

as Kisumu, Kakamega, and Nyere. These tend to be larger than rural VPs, offering more courses to a greater number of trainees.

The structure of a typical VP includes a VP management committee composed of fifty percent community representation and fifty percent public officials. Public representation on an average VP committee of thirteen will usually include the local VP field representative, the District Youth Officer, the District Development Officer, and an education outreach officer. These representatives serve in an ex-officio capacity, except for the VP field rep, who usually plays an active advisory role to the committee. Typically, the community membership will include the local chief or sub-chief, a local pastor, and a women's representative, along with the local people who were active in the formation of the VP. In some cases, members are chosen by categories, with the whole community called together on a given day in order to form farmers' groups, businessmen's groups, parents' groups, etc. and choose representatives from within each one.

These committees, along with the VP managers, are charged with the responsibility of running their respective VPs. The manager is the key person, as he has the most direct involvement in the long-term planning and development of his center. Although the managers report directly to the committees, there is now some confusion over whether they are employed by the committees or the government. While the committees understand the needs of their local areas, the government feels it knows more about the overall program and the training requirements for managers and trainers. Hence, the government requires managers to send regular reports on their

ORGANIZATIONAL DIAGRAM FOR THE  
VILLAGE POLYTECHNIC PROGRAM



VPs to the proper officials and also reserves the right to transfer managers from one VP to another. These policies demonstrate the changing nature of the VP program itself, with original decentralized decision-making processes being replaced by more direct government involvement in the entire program.

Most VP managers, especially those in smaller, rural VPs, carry out part of the training, while also administering the VP center. On average, with the manager included, a center will have five instructors. In some instances, these trainers are expatriates serving two-year stints, during which they train Kenyan counterparts. The urban and peri-urban VPs tend to have a larger number of courses and instructors. For example, the Kisauni Polytechnic in Mombasa -- one of the oldest and largest VPs -- has a total staff of eighteen, including thirteen instructors teaching close to 150 trainees in nine courses (plus some bookkeeping and simple cost accounting). With an operation of this size, the manager no longer teaches a course as he did when he took over six years ago. Likewise, at the Maseno Craft Training Center near Kisumu -- which was established one year after Kisauni in 1968 with the help of HCCK -- a manager, seven instructors, and three support staff are responsible for some 109 trainees. In sum, the 220 government-supported centers throughout Kenya employ approximately 1100 trainers teaching some 19,000 trainees at any one time. With thirty national-level staff, forty-two provincial personnel, and the number of trainers expected to climb to 1,250 with the addition of new centers next year, the government considers this to be a significant program.

2. Salaries. Salaries within the support system itself vary according to organization, position, etc. Government VP employees within either administration and finance or research and training are civil servants. While their average salary is calculated at about \$500 per month (by dividing the total number of Ministry employees assigned to the VP program into the stated allocations for recurrent salary expenses), this figure has not been verified. VP managers receive somewhat less from the government -- about \$300 plus certain allowances.

On the other hand, instructors' salaries are very low. Grade 2 and Grade 3 instructors in rural areas make less than \$100 per month, while even Grade 1 trainers received only \$120 a month before new pay scales recently went into effect. The top trainer salaries in the larger, urban VPs, however, reach \$150 per month. Although the Youth Services Department establishes grade levels and pays instructors' salaries through grants from the Ministry, the trainers are hired directly by the local management committees and are not civil servants. Thus, they do not receive the pension and health benefits of their PVO or civil-servant counterparts. This condition, together with the comparatively low salaries offered, is cited as a major cause of rapid turnover among trainers at the local level. The salary problem is difficult as the Ministry already spends three-quarters of its VP money on instructors' salaries, leaving shortages in other areas, such as the local stocking of tools and equipment.

3. Relationship among Contributing Entities. As it is referred to in Kenya, the VP program is actually a "movement," which is rather loosely coordinated at the national level. The relationship between the government's central VP program units and participating assistance organizations is indicative of the excellent relationship between the public and private development sectors in the country. Within the flexible structure of the VP

program, the private Kenyan and international assistance agencies are seen as an inherent part of the movement, rather than as external contributors.

While coordination by government of all contributors is stressed, the VP directorship within the Ministry of Housing and Social Services does not attempt to dominate all assistance activities. Essentially, private groups initiate VP support activities in whatever manner they wish, as long as they follow the general guidelines which govern the establishment of all VPs. Many assistance organizations also contribute centrally to the entire movement by providing managerial, technical and research support through the Center for Research and Training at Karen (see "Project Activities").

Interestingly enough, most inputs into the VP movement come from private and international assistance entities rather than from other Kenyan government agencies. Criticism, both internal and external to the support system itself, has been raised over the problem of lack of coordination with other public programs in such areas as agriculture, community development, and general, formal education. Coordination is reported to be improving, however, especially with the Ministry of Education and the Ministry of Commerce and Industry.

The list of entities contributing to the VP movement is a lengthy one and includes the UNDP, ILO, UNICEF, FAO, NORAD, NOVID, CIDA, DANIDA, Oxfam, CEREMO, CARE, and the WCC. Volunteers involved in promotion, training, and research come from the U.S.A., Denmark, Holland, the U.K., Germany, Sweden, Norway and Japan. Negotiations are currently in progress with the World Bank for soft credits to construct and equip fifteen distinct VPs. This list of participants does not include the many local churches, mis-

sions and civic groups within Kenya that have been instrumental in initiating and maintaining many VPs.

The full participation of these contributing agents together with that of the local community management committees is evident in the many workshops, conferences, general meetings and implementational activities which, in sum, determine the overall direction of the movement. In fact, the government VP unit depends strongly on contributing agency inputs for the continued promotion of new VPs, for technical and research support, and for the introduction of innovations within the system itself. More than seventy VPs currently receive voluntary agency assistance.

Illustrative of this point is the role of the National Christian Council's VP unit. Consistent with its general policy of initiating new development efforts and advocating their expansion through formal government channels, NCCCK began the VP program in 1966 and handed over central management of the support program to the Ministry in 1973. Since that time, NCCCK's small VP unit has assumed an initiating, promotional and advisory role; it continues to promote the creation of new VPs -- especially in neglected areas -- providing technical and managerial assistance to local programs where necessary. NCCCK now sees its role as that of an innovator and trouble shooter seeking to identify problems and introduce new methodologies, especially in the areas of local program management and job creation for trainees. Coordination of effort between NCCCK and the government VP unit is very strong, with the former contributing thought pieces and operational suggestions (such as the idea of a revolving loan fund) together with assistance requests from local VPs with which it is in contact. Out of NCCCK's total VP-support budget of \$40,000, roughly \$13,000 is channeled directly to local VPs, while the remainder is used for its general support activities.

Likewise, government assistance is provided only upon request to local VPs, and only after a rather thorough consultation with central research and training staff. Usually, the government support unit does not provide financial assistance to a local VP until it has completed one to two years of operation. This is done purposely to ensure local commitment to the project. After such time, research and training staff visit the site to determine the viability of the project and its assistance needs with the local committee.

The government's role, however, has evolved over time into a more pervasive and directive one vis-a-vis the local management committees in the some 220 VPs the GOK\* currently assists. Neither the chairpersons nor the treasurers of the committees, for example, can any longer issue VP checks on their own, as the co-signatures of the local Youth Officer and/or the VP manager are now required. At least in part, these tightened fiscal procedures have arisen out of the government's desire to guard against misuse of funds. At the same time, however, such policies can lead to decreased local control and participation, a concern which has been raised by NCCK.

4. Role of Beneficiaries. It is the responsibility of the local communities to plan, initiate, manage, evaluate and, to the extent possible, finance their own VPs. The movement is conceptualized as a self-help, community-development effort, and without community involvement in all phases of operation no government support is given. (The community's role is further detailed under "Project Activities.") Despite government policy to involve trainees in decision making -- perhaps, as has been recommended, through the establishment of local Trainee Councils which would communicate with the respective management committees -- substantial

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\*Government of Kenya.

progress in this area has not been made. One would speculate that this is, to some extent, due to the limited role traditionally extended to youth in community decision-making in African society.

D. Funding. In the initial five or six years of the VP movement, NCCCK and the individual sponsoring churches were the principal sources of funding of the individual VP projects along with the respective communities. Although the Council still utilizes about \$40,000 per year in church and other private donations for project innovation, it is the government, picking up on NCCCK's work, which has become the major funder of VP efforts. Starting in 1971 with the support of twenty VPs, the GOK has annually increased its commitment to the program. In 1980, the number of local projects receiving assistance will reach 250, with the total number of trainees exceeding 22,000. Most of that support has gone fairly evenly into Western, Nyanza, Rift Valley, Central, Eastern, and Coast provinces.

Figures on total appropriations and expenditures for 1979 are estimates based on various interviews and available data, and include only funds channeled centrally through Ministry accounts. They are as follows:

1) Recurrent support costs, including salaries, for central administrative staff		US\$ 67,567
2) Support to local VPs		
(a) trainer salaries	US\$1,197,297	
(b) workshop construction	54,054	
(c) equipment and materials	297,297	
(d) miscellaneous, including grants to participating Kenyan agencies	83,719	
		1,632,367
3) Research and Training Center, recurrent		
(a) salaries	162,059	
(b) furnishings, supplies, etc.	110,568	
(c) operational expenses, including staff training	81,081	
(d) vehicles	81,081	
		434,789
4) One-time construction costs (workshops and housing, Research and Training Center)		588,675
		<hr/>
Total Expenditures		US\$2,723,398

These figures do not include local loan funds, which will be discussed under "Project Activities."

More specifically, government assistance takes the following forms:

1) Staff Salaries. An evaluation of local instructors is carried out by an education specialist, while an economist conducts a detailed occupational survey. Upon completion of these studies, the government will often agree to subsidize trainer salaries but only those trainers who are judged to be qualified and who are teaching in trade areas deemed to be relevant. (Total annual support: \$1,197,297)

2) Tools and Equipment. Again, assistance is provided only in trade areas approved by the staff economist, and financial resources available in this area are severely limited. (Total annual support: \$297,297)

3) Training Materials. These include timber, cloth, metals and specific materials that are not easily obtained locally. Some subsidies are available, but, like tools and equipment, most materials are secured locally. (The figure on total annual support in this area is included in appropriations for tools and equipment.)

4) Construction Grants. This includes funds for workshops and staff housing. Assistance is only given to complete buildings already under construction. (Total annual support: \$54,054)

5) Travel Subsidies for Trainer Follow-Up with Work Groups. Funding is provided for this activity to promote on-going technical assistance, especially in rural areas where travel can require overnight journeys of 100 to 200 miles.

6) Equalization Grants. Special emphasis is placed on the promotion of VPs in poor, relatively neglected parts of the country, such as the

northern part of Kenya. In these areas, government provides heavier subsidies -- up to 85% of total expenses. Total annual appropriation is estimated at roughly \$100,000, much of this being channeled to voluntary agencies.

Government reports indicate that government and community financial support for the VP program as a percentage of total assistance expenditures has risen from 57 percent in 1975-76 to 74 percent in 1979. Minimum foreign contributions being sought each year by the government to cover the balance of projected expenditures is slightly over \$800,000. In 1978-79, this amount was raised from four principal donor sources. Some of the figures which follow represent ongoing contributions, while the others represent one-year, one-time donations:

DANIDA	.....	US\$472,972
CIDA	.....	324,325
EEC	.....	81,081
IBRD	.....	<u>40,540</u>
		US\$918,918

On the other hand, local contributions to the VPs have unfortunately diminished as expectations from government have grown. Even if all forms of local inputs -- donations of land, "Harambee" construction, proceeds from fund-raising drives, VP proceeds from local contracts, trainee fees, etc. -- were to be included, the VPs on the whole are not drawing the forty-percent local support originally expected. In an effort to raise more money, some VPs have increased fees above the average \$5-to-\$25 per year level (depending upon the course taken, with the urban-VP average somewhat higher) and have required that trainees buy VP-made uniforms. While many trainees can pay this amount, some of the poorest cannot, and the situation has been exacerbated in cases like the Maseno VP near Kisumu where the fees for at least one course were raised to over \$100 per year per trainee. Very poor trainees

can, in such cases, be screened out of the VP movement, and without increased community and public financial support to VPs. This could become a serious problem.

E. Beneficiary Characteristics. Trainees must be between 16 and 25 years of age. The majority are between 16 and 18 upon entering the program and between 18 and 20 upon leaving. Figures for 1976 show that 75% were male. Although specific data was not available, it is clear that most of the trainees, like the VPs themselves, are located in rural areas, as one of the basic goals of the program is to stem youth migration to the cities. The approximately 25% of the trainees which are in the larger, urban-based VPs come in part from the urban slums, but there is evidence to suggest that most are rural youth who are temporarily in the cities looking for jobs. The exception may be the Mathare Valley VP in Nairobi, as it appears that most of the students there come from the surrounding slum area.

It is clear, however, that regardless of their place of origin, the vast majority of trainees are from the poorer segments of society. Although no figures on trainee incomes were available (as program research focuses on training and job-creation information), most people interviewed maintained that trainees had hardly any income and were dependent on their families (or relatives, in the case of migrants) for support while training. It was also pointed out that it could be assumed that trainees were from poor families, since the "well-connected youth" continue in school and find white-collar employment. On the other hand, VP youths are essentially primary-school leavers who have usually completed up to Standard VII (roughly 8th or 9th grade, U.S.), although there are also drop-outs from secondary schools. A quick interviewing of some twenty trainees yielded the information that only three of their fathers had

gone beyond Standard VII education and only three had salaried jobs; average land ownership was 1.5 acres.

#### F. Project Activities

1. Promotion and Creation of VP Programs. The VP movement is well known in Kenya. It is promoted in newspapers (through numerous articles reporting on local VP activities), through radio spots and news, and on television. Pamphlets and other simply presented publications are prepared by the VP Center for Research and Training, as well as by NCKK. The promotional publications present the steps and organizational guidelines to follow in the creation and management of a local center.

Although NCKK turned over management of the program to the government six years ago, it has continued to remain active in the promotion of new VPs. In the early days, the Council's director of the VP program, Edward Wanjala, spent three weeks out of every month visiting various communities upon request to promote and help establish the individual projects. Today, once a community becomes interested in forming a VP, it will more likely contact the local government extension agent through the regional or district development office. This agent becomes responsible for advising the community and helping it secure necessary assistance.

The first organizational step to be taken by a community is the formation of a local management committee (the composition of which is described in section III. C. 1.b.) through the election of at-large community members. The committee must mobilize its own resources to begin a program. Land must be set aside to establish the training center, and although many VPs begin either in quickly constructed sheds or in the open, workshops must eventually be built. In addition, tools and equipment must be bought or donated in order to initiate the training program. NCKK, in a few selected cases, still makes small grants of capital and tools

and equipment to communities which make counterpart contributions of time and resources. Whereas NCCCK felt that a project could be initiated with as little as \$675, when the government took over in 1973 it felt that ten times that amount was necessary to cover salaries and other recurring costs, as well as \$1350 for workshop construction. In any event, no government assistance is usually channeled until a VP is well underway.

Prior to initiating training, the management committee -- with extension agent assistance -- seeks to determine what skills, products or services could best be developed to serve both the job-creation needs of trainees and the future development needs of the community. To help in this regard, some years ago NCCCK produced the book, What Happens to Money in a Rural Area, to show communities how to trace their expenditures and determine which external sources of supply could be replaced by local VP-trained artisans. This determination, together with an assessment of resources, forms the basis for planning the initial training program. Once the size of the initial trainee enrollment and the skill areas to be pursued are established, the committee recruits local, skilled artisans to become trainers and has the responsibility to raise funds to pay them. Trainers are given guidelines for the formation of work plans (internal curricula), program management, trainee evaluation, etc.

In the selection of enrollees, the trainers work in conjunction with the management committee. While functional literacy and adequate dexterity are two qualifications for acceptance, great emphasis is placed on individual economic need. There is usually substantial competition for the limited number of spots available at each VP; at the Kisauni VP in Mombasa, for example, there were 75 applicants for the 15 slots in the motor-mechanics course this past year. Applicants are interviewed and in the

case of primary-school leavers, a meeting is held with the parents to determine which is the best trade area for their son or daughter. Even if the trainee plans to return to his nearby rural area from an urban-based VP, the VP trainers and management will often know enough about the area and the local demand composition to be able to give good advice. Trainees can lose their seats if, after two weeks, they do not prove themselves to be dedicated students. Management committees are mandated to set fees for trainees and to base the rates on local income levels.

2. Training. Training is offered in a wide variety of trade areas. In the 192 VP projects assisted by the government as of March 1978, there were thirteen trades which were taught at at least two VPs. They were:

Carpentry	(178 courses in 1978; 24% of the trainees in 1976)
Masonry	(160 " ; 20% " )
Tailoring/ Dressmaking	(158 " ; 22% " )
Home Economics	(137 " ; 4% " )
Agriculture	( 74 " ; 10% " )
Metal Work	( 46 " ; 5% " )
Leather Work	( 38 " ; 3% " )
Motor Mechanics	( 17 " ; 5% " )
Typing/Bookkeeping	( 14 " ; 2% " )
Plumbing	( 10 " ; 1% " )
Painting/ Signwriting	( 6 " ; 1% " )
Electrical	( 4 " ; 2% " )
Fitting/Tanning	( 2 " ; .05% " )

The urban VPs are typically larger than their rural counterparts and offer a broader range of courses. The Kisauni VP in Mombasa, for example, offers training in ten of the above areas, while the Maseno VP near Kisumu offers seven courses and the Keveye Craft Training Center in

the peri-urban area between Kisumu and Kakamega offers six. Many of the rural and peri-urban VPs teach agriculture to all the trainees, regardless of their specialty, in order to make them more self-reliant upon returning home. It is typical that the trainees are each given a small plot to work and that they get part of the return from the marketing of the produce they harvest. At one peri-urban VP -- Solongo, also between Kisumu and Kakamega -- fish breeding will also be taught at a new project site.

As far as training methodology is concerned, the approach taken in VP programs is termed "work directed," with trainees taught skills through the production of marketable goods and services for which contracts have been secured. It is the responsibility of the local management committee and the manager, as well as the instructors, to secure such contracts from local sources for their VP. This is done for two basic reasons: first, to get trainees involved in income-producing, professional activities as quickly as possible and thereby instill discipline and a confident attitude toward self-employment; and, second, to raise money to defray the operating costs of the VP, which in many cases has become an important, low-cost producer of essentials within the community.

In some trade areas, it is easier for the VPs to get contracts than in others. Masonry and carpentry, for example, are both popular with trainees and money-makers for the VPs, despite the fact that training materials are rather expensive. If trainees help build a house or make some furniture on contract, the VP typically will charge for labor, have the client supply the materials, and perform the

work at a discount rate. Some of the profits will be used to subsidize courses which cannot generate much contract work, such as typewriting, clothes-making, and home economics (which is one course demanded of all VPs by the government).

According to the program's guidelines, the earnings from contract work are to be divided into three equal shares. One-third is to be distributed to the trainees as pocket money; another third should help capitalize local loan funds or individual trainee savings accounts for the purchase of leavers' tools and equipment; and the remaining share is to be utilized for general VP operating expenses. While figures were not available on the actual disbursements of such funds, and it is therefore difficult to estimate the extent of the problem, it was reported that a number of local projects have not been paying attention to these guidelines, especially in regard to paying trainees their share. Many trainees leave the program without any cash savings and therefore do not have the capital to start their own endeavors. Often, money is diverted from the trainees to pay for much needed tools and equipment at the VP itself, but there have been cases cited in which trainees have been exploited as cheap labor to carry out jobs for privileged persons in the community.

Training methods in VPs are highly flexible. The training curriculum for each trade area is determined by the trainer in consultation with the manager, who also coordinates work-plan development. The content of the training is highly influenced by the level of tools and equipment available, as well as by the types of

local contract work that can be arranged. These constraints are viewed as positive rather than negative program factors, as trainees have the opportunity to work under the local conditions they will face upon leaving the program. Similarly, in order to accommodate entrants' varying skill levels and the levels demanded locally in the various trade areas, the program is designed with no set period of instruction. A trainee supposedly leaves the program as soon as he feels comfortable with his skill and is encouraged to leave when a solid employment opportunity arises. The final decision is made in consultation with the trainer.

Two major problems have arisen, however, in this regard. First, the average of two years of course work for trainees has increasingly become institutionalized for all trainees. While this may be necessary in highly technical areas which require more standard training, a great deal of flexibility has been lost to accommodate the individual's needs and those of the community. Second, there has been a decrease in the degree of individual counselling and follow-up due to the fact that in general, classes are getting too large. In many cases, there are twice as many people in a course than the ten to fifteen recommended by those involved in making VP policy, despite the fact that there are not enough tools and equipment to go around. In sum, these policy-makers see a danger that the VP program is taking on the characteristics of more conventional training forms rather than remaining what might be called a "structured apprenticeship" system.

Finally, it should be noted that strong emphasis is also placed on working in groups within the VPs. This is done mainly to ensure the internal transfer of skills from more advanced to lesser advanced trainees and to introduce trainees to normal working conditions. In addition, self-reliance is stressed from the beginning of training, with, for example, construction trainees building the workshops in many of the new VPs.

3. Job Creation Process. As far as job creation is concerned, the emphasis is on self-employment in response to local demand. In reality, however, although seventy to eighty percent of VP leavers find employment, about two-thirds of these are employed by existing firms. This is particularly true in urban areas where the competition faced by would-be entrepreneurs is much stiffer. Of the 39 students who finished the motor-mechanics course at Mombasa's Kisauni VP last year, for example, eighty percent secured wage jobs in local service centers. It is also estimated that sixty percent of the leavers from the CITCs in Mombasa and Nairobi found wage employment and that the leavers from Nairobi's Undugu VP also had little trouble in doing so. On the other hand, those who had taken plumbing and typewriting courses at Kisauni had trouble finding jobs. Most leavers in the tailoring and dressmaking areas pursue jobs in factories, although some do try to leave to set up their own shops in their home areas. In fact, most urban-VP leavers are encouraged to go back home to work. From various studies carried out in the early 1970s, however, it would appear that close to forty percent of the leavers who found employment did so in the urban areas and almost a third did so outside their home areas.

This is not to say that there are not examples of successful attempts at self-employment. Most self-employment has been achieved in the form of cooperative work groups, with little individual entrepreneurial successes being reported, especially in urban areas. Group formation is encouraged by the VPs to allow the leavers to: 1) share and better coordinate enterprise management functions; 2) lower costs in purchasing raw materials or agricultural inputs; 3) pool their individual savings; 4) form group guarantee mechanisms for obtaining credit; 5) give greater security to contractors; and 6) more easily receive follow-up technical assistance from trainers.

The process of forming work groups begins when a trainee goes to an instructor with an enterprise idea he or she would like to develop. The instructor will typically survey the area to determine the level of local need and demand, and, if sufficient, will get others at the VP from the trainee's home area to form a group. Often, these groups are formed during the second year of training and can also be of assistance in training first-year students. The initiation of work groups at the VP site is sometimes restricted, however, by the lack of land at the center.

At the Undugu VP in Nairobi, two work groups have been established on the VP grounds. One, a carpentry workshop, is technically part of the VP itself and is used to help leavers make the transition out of the VP. There are six workers at any one time (two of whom may be second-year trainees) and a graduate from a higher-level technical school who helps in product design. Although they do have some orders

from schools for desks, it is more difficult to get contracts in urban areas due to the higher standards demanded. This has been found to be an even more restrictive factor for urban VP leavers in a field like masonry, for they are effectively kept out of building construction by very high engineering standards.

A more typical VP-leaver work group -- in that it is not run by the VP itself--is the Kisauni Building Cooperative Society located in Mombasa. It was organized by a qualified builder/contractor from the government's Youth Services Division who began working with the youths at the Kisauni VP for five weeks in May 1977. Charged with promoting youth employment in the area, he has brought together fifteen VP leavers--eight masons and seven carpenters--who have carried out three major jobs from early 1978 to date. First, they constructed buildings at the VP, then a private house, and, most recently, the grandstands for the Mombasa Agricultural Show Grounds. These jobs have not paid well (the last job yielded each worker only \$30/month) and were undertaken principally to give the leavers needed experience. Their biggest problems have been the lack of tools and equipment, working capital (to bridge payment delays and down time), and further technical and management assistance. Although being registered as a cooperative has permitted some access to the extension services of the Ministry of Cooperatives and the Kenyan Savings and Cooperative Union, greater technical upgrading in the areas of planning and blueprint reading, along with more bookkeeping and management assistance, is needed if the group is ever to become self-managed.

A look at a more successful work group would also be instructive. The Maseno Builders' Society was initiated on the VP grounds outside Kisumu in 1972 by five VP leavers with some basic tools and the help of a German volunteer. Later, thanks to a grant from the German Voluntary Services and \$3,000 in profits on its first major construction job, the Society was able to purchase two machines and new tools, as well as construct its own building. Subsequent profits, which have been maintained at a 25% rate, have in large part been reinvested in building construction and the purchase of adjacent land. Expansion has also meant an increase in the number of workers -- currently, 23 cooperative members are employed full-time and as many as forty non-members may be employed on a job basis; salaries vary according to experience and skill level, but average somewhat under \$50/month. In addition, the group is committed each year to taking on, on a six-month probationary basis, two new VP leavers, who are usually first given sub-contract work to do when they are still at the VP.

After successfully establishing the group on sound footing, the German volunteer left after five years, to be replaced by a Kenyan technical advisor. The latter is now responsible for managing the workshop (although ultimate control rests with a Members' Committee), pursuing contracts, and, with the assistance of a second technician, designing the group's products. The workers do get some ad hoc training in product design. The group also has two bookkeepers, one of whom came from the VP, as did the present general foreman.

The Society works on a contract-to-contract basis, with most of the contracts coming from the private sector and calling for building construction, furniture making, and other wood-working. It uses the

contracts as a guarantee for the purchase of materials, as it has never taken out any type of a loan. It has been able to grow in a stable fashion without outside financing, but now may approach the Cooperative Bank for a credit to buy a molding machine or a large vehicle. A loan could also help it build a materials store or showroom it has planned.

Despite varying degrees of success, the three work groups described above have two important things in common: they have survived over a period of time, and they may have done so due to a high degree of professional follow-up and supervision. In recent years, in fact, it has become clear that such groups not only need follow-up, but also intensive supervision. Most leavers, particularly in urban areas, do not appear to be ready to go it alone at first, and, just as importantly, most prospective clients tend to perceive them as too young to competently run group enterprises. Therefore, each VP -- i.e., its management committee, the trainers, and especially the manager -- takes on the added task of securing contracts from local sources for the products and services of groups and individuals even after they leave the center.

Unfortunately, VPs have been unable, in many cases, to effectively assist in the establishment of sound VP-leaver group enterprises, as evidenced by the thousands of VP leavers each year who must search for wage employment. The management obstacles to creating one's own enterprise are too great for most leavers, and their former instructors, overburdened with too many students, are unable to give the leavers the attention they require. Furthermore, even if a VP sets aside fair shares of contract profits for leaver tools and equipment, in some fields, like carpentry and masonry, this capital may represent as little as ten percent of that needed to get a successful enterprise off the ground.

In the meantime, the situation is being exacerbated by the growing number of VPs and trainees per VP which have put a further strain on public resources and on local trainers and managers, respectively. Little counselling or follow-up assistance is generally given to leavers, much less intensive supervision. Many VPs do work hard in pressuring local institutions and businesses to purchase products from their leavers, but this can often run into conflict with their efforts to secure contracts for the training programs themselves. There also remains the problem of a lack of leaver tools and equipment and other resources needed for enterprise start-up. With greater resources of its own, NCCCK, as a program innovator, would choose to focus on this last problem in particular and on follow-up assistance and supervision, in general.

Undugu and Maseno do provide two models for overcoming these difficulties. In the former case, the VP has accepted contracts for relatively sophisticated goods, such as modern furniture, to be produced by leavers using the tools and workshops already available. With the leavers being paid normal skilled labor rates on such projects, contracting of this nature can provide a transitional step for them toward successful entrepreneurship. The Maseno case, meanwhile, provides an example of intensive supervision being applied to a work group, in terms of both time and professional expertise.

Based upon cases such as these, as well as upon the lessons learned from their failures, the originators, instructors, managers, and administrators of the VP program have developed various ideas for program reform in the follow-up area. It is clear, above all, that the VPs must limit the number of trainees and/or allocate more resources to follow-up activities. Extra funds would allow for the hiring of more staff and the purchase

of vehicles, freeing instructors to assist and supervise geographically dispersed leaver groups. Better yet, supervisory personnel could be hired, or, as in the Kisauni case, full-time government personnel could be provided to work closely with a number of groups. Thought has been given to the idea of having a single manager directing and coordinating the activities of a series of similar groups in an area encompassing a few VPs. This supervisor would arrange for contracts and instruct leavers in leadership, bookkeeping, administration, finance, production, marketing, etc. over a period of two or three years, leading to some form of self-management for the entire group or the splitting off of self-reliant sub-groups.

4. Revolving Leaver Loan Scheme. In 1975, mainly through the efforts of HCCCK, a loan scheme was established to provide small credits to VP leavers for the purchase of tools, equipment, raw materials and agricultural inputs. The program was initiated through the government VP support unit and has received grant financing from Freedom from Hunger (Canada), NOVIB and CEBEMO. Total loan capital is roughly \$135,000.

The program is structured around a revolving loan fund, with credits disbursed through local management committees. The local committees first apply to the central VP support unit for funds; requests are assessed and approved by a central finance committee within the VP unit in Nairobi. All local VPs are required to raise matching funds of at least \$13.50 per VP leaver before funding can be approved. Upon approval, funds are disbursed to the VPs as grants. Loan management is the responsibility of local committees, assisted by field agents and VP managers. A separate bank account must be opened by each VP for their funds.

An annual financial report, detailing the total amount lent, the number and amounts of loans, and the trade areas and groups or individuals receiving loans, is also required. The report must also contain repayment information.

Approvals on the loans themselves are made by the local committees. Decisions must be based on the applicant's need (level of income, number of people he/she supports, etc.), and projected ability to repay. Managers usually play a strong advisory role in this process, and field agents (usually PYTOs) are also available for advice.

Reliable, current figures on the loan schemes were not readily available, and a compilation of data on both the CEBEMO and NOVIB loan funds is only now being undertaken. The following figures are therefore only estimates drawn from interviews and require verification. Of the 220 operating VPs, about 190 have applied for loan funds and about 70 have received such funds. Based on various estimates, the average grant is probably about \$1,500. The number of individual loans made was not ascertainable. Sample data available from reports from fourteen VPs show that most loans are made to working groups with between seven and nine members, the loan average being about \$475 to these groups, or roughly \$60 per group member.

Seventy-five percent of the loans disbursed, however, are said to be related to agricultural activities. This is no doubt due to CEBEMO's requirement that its funds be used for agricultural production. Of the remaining loans, the trade areas most commonly receiving credits (in order of incidence) are carpentry, tailoring, masonry, home economics, and leatherwork. By and large, leavers from urban VPs and those trained in non-agricultural areas elsewhere have limited access to these loan

funds. Since conventional public and private financial institutions do not serve their needs, these leavers are left with virtually no source of credit for either start-up or working capital.

The credit terms of the local revolving funds are determined by the respective management committees, according to some external guidelines. Interest rates cannot exceed two percent per annum, and most VPs lend at one percent. There is a further encouragement that no interest be charged on loans repaid within eighteen months. Repayment periods vary with local conditions and trade areas. For example, with agricultural loans the first fully crop season is usually considered a grace period, with repayment scheduled over two to three years. In non-agricultural areas, the grace period is usually six to eight months, with repayment schedules similar to those in agriculture.

No cash loans are made. It is the manager's responsibility to draw down on the loan account for the purchase of tools, equipment and/or raw materials, and then to schedule and monitor loan repayment. At least eighty percent of the non-agricultural loans are made for the acquisition of tools and equipment, with the remainder going toward raw materials purchase.

Security for loans usually takes the form of group guarantees and collective responsibility for repayment, with the tools and equipment purchased being offered as further collateral. In the case of individuals, the co-signature of a notable local person or relative is usually required. Although no comprehensive figures on repayment were readily available, default is reported to be fairly high. It is maintained by many, however, that the problem does not lie with the VP-leaver groups themselves.

On the other hand, virtually everyone interviewed mentioned that there in fact have been big problems with the administration of the loan scheme. The problems most often cited were: 1) committees simply sitting on the loan funds or utilizing them for other purposes, such as covering operating costs; 2) funds simply disappearing; 3) lack of adequate financial management and reporting; and 4) lack of adequate follow-up and loan collection. The reasons most commonly cited as causes of these problems are the lack of adequate central management controls over the revolving scheme itself and the lack of experience in financial and/or credit management among local management committees. These issues are the subject of much discussion in local and regional management conferences, and the government intends both to tighten its control over the funds and increase its on-site management assistance to local program.

5. Other Activities of Village Polytechnics. Aside from their role in local training and production, VPs also serve as centers for informal adult and community education (most notably in the fields of literacy, nutrition education, and community development) and as focal points for the introduction of appropriate village technologies. These additional functions have for the most part accrued naturally to VPs, since they constitute centers of community participation and operate in a flexible, informal atmosphere.

G. Impact. The impact of the Village Polytechnic program which is now in its fifteenth year of operation, must be considered in light of the original goals of the movement (see pp. 2-3). To begin with, the 270 VP centers established by communities around the country are proof that, at least in the area of informal training, the development process

has been significantly enhanced and decentralized in Kenya. Likewise, the establishment of a similar number of community-based management committees would appear to have further democratized development efforts at the local level. Although greater public-sector involvement has led to a tighter structuring of the training program itself, the program has remained a significant innovation within the Kenyan educational system and has been accepted on equal footing with the country's formal education program. It has positively influenced many communities to accept purely vocational or prevocational training as an integral part of the national development effort. In so doing, the individual VPs have in most cases established themselves as important parts of the communities in which they are situated.

Direct, community-level impact, however, is difficult to measure. While VPs and their leavers have successfully produced and marketed goods and services for local consumption, and local resources have been mobilized in support of the VPs, it is unclear to what extent local self-reliance and control have been enhanced. On the other hand, it is apparent that: 1) a majority of the leavers (about two-thirds of those who find employment) remain in the local area and make a productive contribution to the broader community; 2) at least some additional capital generated from these activities is retained locally for other community endeavors; and 3) VPs have made a positive contribution toward increasing the awareness of communities as to alternative forms of local economic development.

Most important, from the viewpoint of PISCES, is the impact of the VP program on the intended beneficiaries -- the trainees and the leavers. In 1979, the program turned out approximately 9000 young people (at the cost of approximately \$150 per trainee per year in national and foreign funds) trained

in a variety of important trades. This number is significant when it is taken into account that only twenty-five percent of the 220,000 youths who sat for secondary-school entry exams in 1978 were accepted for further education. Among those who have taken technical qualifying exams for public licensing in various fields after completing their VP course, a high percentage have done very well, attesting to the quality of the skills training. In Mombasa, for example, over 80 percent of the second-year trainees in electrical work and auto mechanics passed qualifying exams in 1978. This success in training has been accomplished at a relatively low cost and, for the most part, without screening out the country's poor from participation in the program.

The second objective of securing employment for these trainees upon leaving the centers seems also to have been successfully fulfilled. As mentioned earlier, the average employment rate of leavers in the early to mid-1970s, as determined by four separate studies, was found to be over 70 percent. This is clearly an impressive outcome. In addition, while three of the studies found female employment to be about twenty percent below that of male leavers, all of the studies concluded that women were almost as successful as men in establishing themselves in self-employment -- an important objective of the VP program. As cited earlier, about one out of every four VP leavers initiates independent enterprise activity on his or her own, or, more commonly, as part of a group. The self-employed, however, represent as much as one-third of the total number of employed VP leavers. Unfortunately, exact figures on individual versus group self-employment were not available. However, most trainers and managers who were consulted reported that most self-employment -- especially in urban and peri-urban areas -- resulted through group formation.

While exact figures on VP-leaver incomes on a national basis were not available, it was determined through interviews with managers and trainers at seven different urban VPs that, in general, VP-leaver incomes compare favorably to those of unskilled laborers, but vary significantly according to trade area. For example, while unskilled laborers in the construction industry earn a monthly income of approximately \$60 to \$65, VP-trained carpenters and masons employed with private enterprises can earn up to \$160 per month and are rarely hired at less than \$110/month. The earnings of VP leavers employed as auto mechanics and electricians were reported to be higher, averaging \$150 to \$170 monthly. At the same time, however, incomes in other areas, such as tailoring and secretarial work, were reported to be significantly lower. For example, VP leavers in sewing and dressmaking who find employment with clothes manufacturers in Mombasa and Nairobi earn, in most cases, less than \$45 per month. Similarly, VP-trained secretaries who find government employment will start at approximately \$40 to \$45 and will earn up to \$80 per month after three to four years.

Incomes among VP leavers who form work groups were reported to be, in most cases, lower than those of their salaried counterparts. It was felt, however, that the self-employed enjoyed the potential for higher longer-term incomes, since their enterprises would eventually be generating greater profits and the workers' equity in the firm would be increasing over time.

#### IV. Assessment and Analysis.

The Village Polytechnic program in Kenya is a unique and important attempt to link non-formal vocational youth training with

collective self-employment within the context of increasing local self-reliance. While the program is focused primarily on rural areas, it operates in secondary cities and towns, as well as peri-urban areas on the outskirts of cities and the densely populated areas between such town as Kisumu and Kakamega. VPs are also found in all primary cities, including Nairobi. Given the higher level of competition and technical standards facing enterprises in many trade areas in primary cities, however, much of what can be learned from the VP program might better be applied to enterprise-support activities in less-concentrated centers of activity:

These lessons, which cover program orientation, administration, and methodology, are presented as follows:

1. Community orientation. The VP program is designed to accomplish much more than the training of youth, the generation of employment, and the development of enterprises. In addition to its specific objective of providing school leavers with competitive skills, the program also has been concerned with the development of the entire community by giving localities greater control over their own social and economic development. Its creators and current sponsors have understood that without the generation and commitment of resources at the local level and the improvement of capabilities of communities to resolve their own problems, the country would lack the ability to bring about meaningful change on a national basis. Hence, local management committees, through which the participation of a cross-section of community leadership is achieved, are established to help assess community needs and determine appropriate trade areas for VP skill training.

The VPs then attempt to turn out trained leavers who are able to use local resources and secure contracts to produce for local needs and meet local demand. The success of this strategy is evident. By responding to local priority needs for youth education and new goods and services and by promoting the VP concept through churches and other local-level institutions, NCKK was able to spark off a national movement at the community level which spread without large-scale outside support.

2. Decentralized program administration. Closely related to the community orientation of the VP program is the decentralized nature of its administration. In the early years, the VPs were run as individual program units responsible for their own operations, with NCKK as a promoter and coordinator of activities, as well as an initiator of new VPs. As a private-sector, non-bureaucratic institution with an interest in stimulating rather than controlling the movement, NCKK was the ideal institution to work at this level. It has allowed both its own staff and those working in the VPs themselves a maximum of operational latitude, and, thus, has attracted dedicated program personnel, VP managers, and trainers who enjoy working with youth. As is its normal practice, NCKK turned over administration of the program to the government to ensure the availability of resources as the program rapidly expanded. Although the government does not intervene in the running of VPs during their first one or two years of operation, once it has been asked for assistance it has tended to centralize control and administration. In turn, the centralization of control poses the problem of an increased formality in training and a decrease in local

participation and support. This shift in emphasis points to the importance of the educational process which must accompany the transfer of program responsibility from smaller social organizations to larger, usually public entities once local endeavors grow to a significant level. Some attempt must be made to transfer the knowledge and sensitivity of the original promoters to public agency personnel when the latter take over control of the program.

3. Selection of program participants based on economic need.

The VP program attempts to reach and assist the very needy among Kenyan youth. Hence, the interview and selection process is established not only to determine functional literacy and physical dexterity, but also to ensure the admittance of candidates from truly low-income families. Dedication to learning is determined during an initial probationary period for trainees. At least in principal, fees are kept low and income is generated by and for the trainees during training in order to decrease individual financial strain. Despite problems in these two areas, the VPs seem to have been successful in retaining most of the poor, unskilled entrants and transforming them into artisans with competitive skills.

4. "Work-directed" training. The key to the VP training program itself is its "work-directed" methodology. The attempt is made to place trainees in as realistic a work environment as possible so as to render the training relevant to local needs and conditions and to prepare trainees for the transition to self- or wage-employment upon leaving the program. In essence, the trainees go through a structured apprenticeship, learning their trade on the job and turning out marketable products on contracts with local firms, individuals, and public entities. They are also introduced to the practice of self-reliance by making uniforms, preparing food,

typing letters, repairing auto engines, or constructing workshops for the VPs themselves. Finally, in recognition of the difficulty in making it on one's own after leaving the VP center, trainees are given experience in working and producing together in groups.

5. Link between training and self-employment. It is this recognition of the need of trainees for support when they leave the centers that has led the VPs to establish a variety of follow-up mechanisms. On balance, however, these support activities have not worked well, making the transition for leavers considerably more difficult. On the positive side, the formation of work groups are encouraged during the second year of training and trainers are able to assist a number of trainees in identifying enterprise possibilities in their home areas; at the same time they help locate colleagues from these same areas who are interested in going into business on a cooperative or partnership basis. Far less successful have been the attempts to set leavers up with capital -- i.e., savings and tools and equipment -- with which to start their own enterprises. That the VPs have almost universally failed to provide trainees with adequate returns from VP contracts does not, however, indicate the unworkability of this mechanism. Rather it points out the need to find new sources of financial support for the VPs themselves. Likewise, VPs have the best of intentions to assist leavers with intensive counselling and follow-up assistance during the formative stages of their self-employment. Trainers, however, have been severely restricted in their extra-VP activities by the increasingly large work load they must carry as VPs continue to accept greater numbers of trainees without having the financial resources to adequately manage them.

6. Self-employment through work groups. This emphasis on collective self-employment is rooted in both the original goals of the VP program and in practical business sense. The VPs were seen from the start as a means by which to increase community self-reliance. Rather than having them go off to the primary cities to find unskilled, wage employment, young people would be trained to meet the needs of their own rural, peri-urban, and urban-slum areas. To do this, however, leavers would have to initiate their own enterprise, and this was correctly seen as difficult to accomplish on an individual basis. Group formation was encouraged not only to help overcome a lack of individual self-confidence and business knowledge, but also for the technical reasons listed on page 23, that is: 1) to share and better coordinate enterprise management functions; 2) to lower the costs of purchasing raw materials; 3) to pool individual savings; 4) to form group credit guarantee mechanisms; 5) to give contractors greater security; and 6) to allow for easier follow-up technical assistance from VP trainees and other institutions. While these methods of job creation appear to work well when adequate follow-up support is extended, the fact that approximately two-thirds of employed VP-leavers initially or eventually opt for salaried employment is witness to the difficulties facing young people considering self-employment.

7. Assistance to work groups. There is strong reason to believe, in fact, that most young VP leavers are not ready to effectively manage their own enterprises without intensive supervision over a period of time. In part, this is due to the fact that the VPs provide trainees with, at best, only introductory bookkeeping and managerial assistance. Principally, however, VP-leaver enterprise problems appear to result from the lack of any types of prior managerial experience on the part of leavers. This

problem is compounded by the fact that the intensive follow-up delivery of technical and managerial assistance by VP trainers, which is called for as part of the VP program, has not been forthcoming; due to work overloads. On the other hand, there have been instances of non-VP personnel from government or voluntary agencies providing the intensive supervision and management which appears to be needed by these groups in their formative and early stages. While leaver work groups have apparently survived with very little assistance, they have not flourished. Thus, the close supervision of these groups by managers and outside technicians is increasingly appearing to be one effective way to span the transition from training to full self-management.

8. Revolving loan fund. In order to help leaver groups obtain the raw materials, tools, and equipment which they were not able to finance from their minimal returns from VP contracts, MCCK established the Revolving Leaver Loan Scheme as a new credit system. In terms of assistance methodology, this decentralized scheme is well adapted to the needs of the leavers, with an average loan size of \$60 per group member, low interest rates to assist in enterprise start-up, flexible credit terms, and only personal guarantee requirements (i.e., group guarantees or co-signatures). The scheme would appear to work well were it not for the poor administrative capabilities of the local management committees charged with managing the funds at the local level. What is clearly needed, and currently being considered by the government, is the exercise of greater administrative control over the program while intensive managerial assistance is extended to the various committees.

In conclusion, therefore, it is clear that in a program of this nature a balance must be struck between decentralized administration and local control, on the one hand, and the extension of intensive technical assistance from central sources, on the other. The rapid spreading and apparent success of the VP training program demonstrate the critical importance of promoting development programs within local communities in response to local need and of leaving responsibility in the hands of those most involved in, and affected by, project implementation. Without such an operational methodology, it is doubtful that NCCK could have gotten the movement off the ground in the first instance. Thus, while it is crucial that the levels of technical and managerial assistance be increased to strengthen the capacities of VP-leaver groups and management committees it is equally important that this be accomplished without over-centralizing control over the operation of the program at local levels.

#### V. Future Plans

Both the government's Ministry of Housing and Social Services, as program administrator, and NCCK, as program innovator, are interested in seeing the VP program progress in a variety of areas. The government looks forward to an expansion of the number of local centers to approximately 300 up from the current 270. In addition, it intends to exercise greater control over the individual management committees, particularly as regards the management of credit funds, and, if resources permit, deliver increased managerial assistance directly to the VP units themselves.

NCCK's focus, on the other hand, will be on finding ways to reverse the trend toward increasingly structured training programs and centralized program administration, as well as on improving VP follow-up with leaver groups

In this second area, NCCCK would like to increase the availability of tools, equipment, and other inputs to such groups, provide them with more intensive technical and managerial assistance, and perhaps hire technical personnel who could help supervise new collective enterprises on a regional basis. At present, however, NCCCK has only one person engaged in VP support activities, and its ability to accomplish these tasks will depend upon the organization's success in finding the required resources.

## I. Project Identification

Name: Institute for Cultural Affairs (ICA)  
Kawangware Community Upgrading Project,  
Nairobi, Kenya

Principals: Fred Lamphear, ICA Regional Director,  
East Africa

Mr. and Mrs. Gene Boivin  
Coordinators, Kawangware

Consultants: Fred O'Regan, The Development GAP  
Jeffrey Ashe, Accion/AITEC

## II. Setting

As urban migration in Kenya continues, the squatter settlements in and around central Nairobi have grown enormously. Taken together, the Mathare Valley and Kawangware -- two of the largest settlements -- have populations of over 150,000. Kawangware's problems are quite similar to those faced by Mathare,\* but it differs in two essential respects. First, its adult male population is proportionately higher, perhaps 40-45 percent of the total. Second, far from the city center, Kawangware is more economically, politically and socially isolated. Residents come from various Kenyan tribes and live in small villages. The number of people in the settlement who are less than fully employed is extremely high.

## III. Project Description

A. The goal of ICA's effort is to "enhance the total quality of life through community mobilization." Its stated economic objectives are to double the gross product of the community within five years and to create one thousand additional jobs per year.

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\*See Study in Urban Community Improvement Program, National Christian Council of Kenya.

B. Brief History and Description. The Kawangware project began in 1975 as an effort of the Institute for Cultural Affairs (ICA), an American PVO with a religious affiliation to the Ecumenical Institute. ICA has over 2000 people engaged in its developmental affairs, with well over 50 community projects being promoted in different parts of the world. Although the stated aims of ICA are outwardly developmental in nature, controversy has arisen regarding possible subtle proselytizing efforts while working within communities.

ICA has developed small enterprises in construction, metal fabrication, sewing, and basket making, and has promoted urban agriculture through training programs, demonstration farms, and marketing assistance. These are deemed cooperative endeavors as they seek to equitably spread the benefits among all participants.

The growth of small enterprises and the expansion of small farms are constrained by the lack of credit, due primarily to the strict collateral requirements of commercial loan funds. However, an ATI\* project, scheduled for implementation in late 1979, provides ICA with funds to establish a credit mechanism to assist the enterprises and farms.

C. Organizational Structure. There are presently fourteen ICA personnel working in Kawangware, and five of these reportedly are involved directly in community development at the site. The rest are engaged in constructing and organizing an ICA training center in Kawangware for all of Eastern and Southern Africa. All ICA personnel live together in the community itself and receive minimal living allowances. Two of the members hold regular professional jobs in Nairobi and support the other twelve on monthly allowances of approximately \$70.

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\*Appropriate Technology International, Washington, D.C.

The group is headed by Mr. Fred Lamphear, an agronomist who holds a teaching position at the University of Nairobi in addition to his role as director for ICA projects in East Africa. ICA's Kawangware program is headed by Mr. Gene Boivin who has worked in community development for eight years. There are also a number of Kenyans employed in various development assistance positions. These include four village promoters, three local fund-raisers in the community, ten agricultural assistants, ten construction supervisors, eleven pre-school teachers and three health workers.

a. Relationship with other projects. Aside from relations with international funders, the project did not appear to have a continuous working relationship with any local assistance agency or project. Those interviewed, however, did speak of having well-established ties with both public and private sector individuals in Kenya.

b. Role of beneficiaries. The stated ICA methodology relies almost entirely on community mobilization and participation. As will be described later (see Project Activities), local participation in Kawangware is structured through two integrated organizational networks: local "guilds" (cooperatives) and a federation called the Kawangware Cooperative Society. Both planning and implementation of development projects are reportedly carried out through these bodies. Leadership meetings are held once per week; additionally, there are open "marathon" community sessions occurring six to eight times per year and lasting up to 24 hours.

D. Funding. Exact figures on total program funding and a breakdown of total expenditures were not readily available. Recorded donations include: \$52,000 from the Barclay's Bank Development Fund for urban

agricultural irrigation; \$8,000 from the International Heifer Fund for live-stock purchases; and contributions from World Neighbors (figures not available). As stated previously, Appropriate Technology International has approved a low-interest loan to the Kawangware Co-op Society for \$72,340 to be used to establish a credit system for local co-ops and enterprises. Total operating overhead in Kawangware, including administration and promotional expenses, is estimated to be \$37,000 per year.

E. Beneficiary Characteristics. The direct beneficiaries of ICA efforts are primarily young adults who live in Kawangware and have numerous dependents. They are of different tribes and religions, and have come to the urban center in hopes of finding work. Unable to secure such employment, they have turned to the small-business and urban-agriculture opportunities offered by the ICA project. While income figures on Kawangware residents were not available, the general level of poverty is at least equal to that of the Mathare Valley (see case study on National Christian Council of Kenya).

#### F. Project Activities

1. Approach. Upon entering a poor community, ICA begins with an intensive program of gathering information from local residents called a "Consult." ICA personnel arrive in fairly large numbers (about 30 in the case of Kawangware), having paid their own travel expenses. According to a prescribed methodology, they canvas the community for five days, eliciting local needs. They try to reach as many people as possible -- up to 40 percent of the residents -- and recruit and rapidly train local volunteers to assist them in this effort. Basic to the approach is an attempt to have residents discover underlying social "contradictions" which inhibit human development.

After collating information collected through the "Consult," a comprehensive development plan is drafted. All areas of implementation are outlined on the basis of this plan, which is approved by the community at their regular meetings. While the community upgrading is viewed as an integral and comprehensive effort, there are a number of distinct programs which include low-cost housing, pre-school education, community health services, and employment and income-generation projects. The generation of employment and income are accomplished through small business and urban agriculture projects.

2. Small business. Four distinct industries are presently operating. They are: 1) a construction cooperative which employs 18 people to construct low-cost houses, market booths, etc., in the community; 2) a metal fabrication enterprise, which is a privately run, metal-box business employing 20 people; a handicrafts cooperative employing 30 women (mostly on consignment basis) in the production of banana leaf baskets and other artifacts, and 4) a sewing (garment) co-op which employs ten people.

With the exception of the metal enterprise, all of the above mentioned enterprises were instituted through ICA's promotional, training and ongoing management programs. A central finance and accounting office has been opened in order to manage ICA finances and to serve as an ICA funding channel. This office is nominally under the board of the general co-op society, but is managed mutually with ICA. Excluding the private metal industry, individual salaries for all enterprises, reportedly averaging \$32/month, are paid by the central accounting office. Any resulting profits are reinvested in materials and equipment. There also exists a central equipment pool established to lend tools to the various industries, along with a wholesaling unit which provides lower-priced consumer goods to local retailers.

Although a Small Business Association was initially organized, it is at the moment largely inactive. The most significant accomplishment has been to convince some local retailers (the majority of whom are in far better financial condition than most residents) to initially capitalize the wholesale unit with initial investments of \$300 each.

Loans can be channeled to the local co-ops through the central finance unit. It is not clear how much credit has so far been channelled. All loans are made in-kind and do not carry an interest rate. The metal industry has thus far utilized approximately \$1000 in credit, and has made timely repayments of all loans received.

3. Urban agriculture. Given the fact that Kawangware township itself contains 900 hectares of land (of which only 200 hectares are densely populated), and that most residents are recent migrants from rural areas, a highly labor-intensive agriculture project has been developed as an attempt to generate employment. The scheme is based on single-acre units being worked by five-person teams, each having a team leader. The major crop is French beans, which are harvested every ten weeks throughout the year. Each acre is divided into three rotating plots with 1/3 being harvested, 1/3 maturing and 1/3 being cultivated and seeded. Given the full-year growing season, teams are continually harvesting and boxing beans, weeding, fertilizing and sowing. The beans are boxed on site, sold for export in Nairobi and flown to Europe for retail sale.

The project is divided into "farms," each one consisting of five single-acre units (and therefore 25 people) and an additional sixth acre which is planned to be utilized communally for animal-husbandry projects. Each farm is overseen by a manager, who receives \$53 per month. Each team leader

earns \$33 per month and each team member has a monthly salary of \$27. There are currently two farms in operation as well as a demonstration farm, which also serves as a training site. The program trainees and farm managers select the five separate teams at each farm unit. It is felt that, ideally, each team should have two women and three men, each with adequate basic skills in one of the following areas: management, marketing, crops, livestock, equipment, or irrigation. An effort is made to form teams with mixed ethnicity so as to eliminate any problems regarding ethnic rivalry among teams. Each team meets once per month with the farm manager to review all progress made to date. Additionally, weekly meetings are attended by all farm employees, and every three months there is a "celebration" in which the entire agricultural project unites to assess and evaluate agricultural progress. Participation by all members is encouraged.

The project is managed centrally. All farms benefit from the use of an equipment pool, a central supply service and a shared irrigation scheme. Credits are extended on an in-kind basis for all inputs: seeds, lime, fertilizer, tools, and insecticides. Salaries are paid through a central finance unit, with corresponding deductions for the repayment of all borrowed inputs, including initial capital investments for the collective irrigation system and land rental.

Training is provided at the demonstration farm site. The training courses have a three-month duration and are designed to provide on-the-job practice along with theoretical instruction. Management, marketing, crops, livestock, equipment, irrigation, English and literacy are the subjects currently being taught. Training facilities are extremely simple and are designed to operate as an actual working farm. As most of the trainees are illiterate, the training is carried out informally and experientially;

trainees tend to crops and livestock under trainer supervision. There are reportedly no formal selection criteria for trainees other than that they be Kawangware residents of 18 years or older. Recruitment problems were reported and said to be due to residents' interest in securing urban factory work. ICA now maintains, however, that 30 trainees enroll each month and 25 are finally selected to join teams -- the other five either dropping out or being de-selected due to lack of interest.

According to ICA figures, the total costs of working one acre per year for French bean production equal \$2516. The total gross income per acre is estimated at \$3067 and the balance, or profits, should therefore equal \$417. As the costs per acre reflect both capital costs (lease of the land, irrigation expenses, etc.) and operating costs, including worker salaries, the balance of income over expenditures represents net profits to be distributed to workers and reinvested for expansion. Currently it is reported that the two existing farms are either operating in the red or "just breaking even."

The lack of profits is attributed partially to motivational problems with some team workers who are said to simply want their monthly salary. Problems have also been attributed to marketing. While the Nairobi export market is said to be sufficient to absorb all current and future bean production, the prices paid for the beans fluctuate from a high of \$2.15 per box to a low of \$ .70 per box.

To expand the marketing and profit potential of the urban agriculture scheme, ICA is currently experimenting with the raising of locally consumable crops, including tomatoes, broccoli, cabbage, and lettuce, as well as with animal husbandry. In the latter category, both chickens (layers) and pigs are being experimented with at the demonstration farm. Neither local cash-crop nor

animal production, however, has been introduced to the two existing farms. Of the options being considered, pig production is deemed the most feasible with potential profits at \$916 per five-member team per year, and will constitute the first addition to the current bean production.

#### G. Future Plans

Currently, ICA plans to expand the agriculture scheme by six acres (one farm) each month over the next two years. The consequent increase in employment through this scheme is estimated to be 26 people per month, or approximately 650 people over two years. It believes that incomes to the farm workers can increase to a total of \$67 per month through a combination of cash-crop and animal production. In addition, plans call for an expansion of the small-business scheme, the initiation of low-cost housing (with concomitant growth in construction employment) and the strengthening of the community's organization.

The principal stimulus for this growth will come from the credit systems that will be established by the ATI loan. The Kawangware cooperative society will lend at commercial rates to the cooperative farms, to the four group enterprises, and to the wholesaling unit. ATI's loan to the Society will be interest-free and will be repaid over 12 years. The interest and capital repaid on loans made to groups by the Society will form a revolving loan fund. About \$61,300 is being made available for Society Lending and a loan-guarantee fund will be established in the Cooperative Bank of Kenya.

#### H. Assessment and Analysis

1. After cutting through the rather complex terminology used by ICA to conceptualize its work, one discovers a traditional, but well-thought-out, community development methodology. Local needs are elicited in comprehensive fashion, priority needs are identified, and programs planned to meet

these needs through widespread community mobilization. At the same time, the basic approach calls for the establishment of local-level organizational mechanisms and capabilities through which social and economic gains can become self-sustaining within the community.

In recognition of the need to upgrade the community in comprehensive fashion, social services and local organizing are planned in coordination with programs of economic development in various sectors. Given the general level of poverty within the community itself, the stated economic goal of the program is to generate sustained growth within the whole community, and thus income and employment generation are not viewed as ends in themselves. This comprehensive methodology seems very well suited to the general upgrading needs of Kawangware.

2. The program is somewhat difficult to judge in regard to total impact, as the focus of the interviews and site visits was upon only its employment and income generation aspects. In terms of employment, to date the project has reportedly created 70 jobs in the small businesses, 50 in the urban agriculture scheme, and is training 25 people per month in basic agricultural concepts; incomes have been estimated at approximately \$30 per month. These results in employment certainly indicate that progress has been made, but considering the five years of ICA involvement in the community, they are not actually impressive. Furthermore, most of the enterprises created have resulted from such intensive and continuing ICA involvement in planning, marketing and management that it is difficult to tell how viable these enterprises actually are.

While a rather low impact in job creation is understandable within a comprehensive community development scheme in which a high percentage of inputs are relegated toward citizen mobilization and organizational develop-

ment, solid achievements in these latter areas are not highly evident in Kawangware. Neither the public works nor the housing schemes have been implemented to any recognizable extent, and the central cooperative society has yet to assume a significant role.

3. In part, implementational problems must be attributed to the sheer difficulty of attempting to implement a fairly comprehensive, community upgrading methodology among very poor, low-skilled clients. In such circumstances, it is difficult to expect any immediate results. At the same time however, ICA's implementation methods seem, to some extent, questionable. The most basic problem seems to be the degree to which central control over the development program itself in Kawangware is exercised by ICA. For example, while policy control over the economic development process is meant to be exercised through the Kawangware Cooperative Society, the society itself is administratively and politically weak and ICA appears to play the central decision-making role in all aspects of the program. At the same time, all group industries are administered centrally through an ICA finance unit, which handles all accounts and pays both staff and participant salaries.

While some degree of centralization and facilitator control is inherent to any development intervention, in this case central control seems to be inhibiting the independence and potential self-reliance of the client enterprises. With the exception of the metal-fabrication industry, which existed prior to the initiation of the project, all of the enterprises developed are actually ICA industries which employ local workers. ICA identifies the industries, recruits the workers, provides initial capital through its own finance unit and seems to play a heavy management role. While such intensive intermediary involvement in such enterprises may be justifiable at the outset, the future independence and self-reliance of these industries

cannot be promoted in this manner. This calls into question the impact of the program under ICA's stated goal of promoting self-initiated and self-generating development.

4. Despite its implementational problems, the program does demonstrate some interesting concepts and techniques in promoting income generation at this economic level. For example, given the fact that Kawangware is a rather isolated settlement, and thus possesses a self-contained internal economic system, the attempt to "export" locally produced goods to generate influxes of capital into the community is a necessary step in generating economic growth. At the same time, every effort seems to be made to involve the very poor in these endeavors and to equally distribute any resulting benefits.

The most interesting aspect of this program involves the urban agriculture scheme. Although marketing and recruiting problems have occurred -- the latter perhaps being due to ICA's promotional methods rather than to a lack of local interest -- the scheme seems to be highly practical and well thought out. As the majority of residents are essentially rural people, work in agriculture is complementary to existing skills, and the project makes sound use of an accessible and valuable local resource -- arable land. In addition, with five people employed per acre, the scheme is highly labor intensive.

Since land that can be used for cash crop production is accessible to many African squatter communities -- especially those in peri-urban areas -- urban agriculture would seem to present a potentially viable mechanism for employment and income generation. Through its promotion of a team approach in crop production, its collective approach to the acquisition

and use of tools, equipment and essential inputs, and its establishment of a central irrigation scheme, ICA has introduced what seems to be an efficient, low cost production and employment scheme that could be adopted elsewhere.

However, while it is difficult to actually judge the economic viability of the project from the information made available, the widely fluctuating prices on the French beans reflects the unstable market conditions for this crop. This being the case, the experimentation with locally consumable cash crops which fetch somewhat lower but more stable prices may prove more worthwhile than continuing to concentrate solely on the current export crops. While the projections in potential incomes from poultry and pig raising are reported to be high, the scheme has not yet been implemented and thus no assessment can be made.

## I. Project Identification

Name: Tanzania Small Business Industries Development Organization (SIDO)

Principals: Mr. B. Mramba, Secretary General

Mr. Mlagala, Director of Planning

Mr. D. Rulagora, Director of Training

Mr. J. Lunyungu, Hire Purchase Officer

Consultant: Fred O'Regan, The Development GAP

## II. Setting

Tanzania is one of the poorest developing nations, with a population of approximately 17 million and, according to World Bank figures, a per capita GNP of \$180 per year. The country suffers from an extreme scarcity of natural resources, with minimal exportable mineral wealth and a relatively low percentage of highly arable land as compared to its immediate neighbors, Kenya and Zambia. As a consequence of its modest extractive wealth, Tanzania inherited comparatively little in terms of infrastructural, financial, and organizational development at independence. Most of Britain's colonial energies and resources in East Africa were focused upon countries such as Kenya, Uganda, and Zambia.

The nation is perhaps best known for its innovative developmental and political philosophy of "Ujamaa," a theory of African socialism espoused by President Julius K. Nyerere. In this regard, Tanzania has been jokingly referred to by observers as being one huge integrated development project rather than a nation; in fact, the pervasiveness of Nyerere's influence is such that it is difficult to explain any government program without setting it within the Tanzanian socialist context.

Tanzania's major national goal is to achieve local, self-reliant development through the decentralized channeling of technical, managerial and financial inputs to locally controlled development endeavors. The strategy is based mainly upon rural development through the mechanism of "Ujamaa" villages roughly 2000 collectively run communities which contain over 80 percent of the rural population. Capital and services are delivered through an integrated, centralized network of technical and financial agencies, while promotional and organizing activities are undertaken through regional and village-level development commissions and political party units of Chama-Cha-Mapinduzi, the national political party. The national development agencies, therefore, are usually more technical than promotional in nature as compared to their counterparts in other countries, since they respond to technical and capital needs as these arise out of ongoing local-level development activity.

Planning for both general economic development and service delivery is participatory, with central agencies aggregating local inputs and determining policies and resource allocations that are then directed downwards. At the same time, rather strict control over both the economy and the delivery of development-related services is exercised centrally. The end result is thus a mixture of centralization and decentralization in all development activity. The most relevant point to be considered is that all planning and implementation of development activity involves a high level of coordination among different central agencies and local officials (both administrative and political) who are responsible to their respective communities. While development agencies are held technically responsible within their

respective domains, they are not usually charged with direct outreach and promotional activities to the same degree as their counterparts in other African countries. Most development endeavors, including small production units, are expected to arise out of the decentralized promotional apparatus in place at regional and community levels.

Tanzania has not experienced as high a level of urban growth as have many African nations. This is in part due to the expansion of economic opportunities in the rural sector, as well as to strict social and legal controls on migration, with urban squatters in some cases simply shipped back to their rural areas. Migration does, of course, continue despite controls, and the problem of urban settlements is probably underestimated by the government. Large communities with substandard housing and services exist in all major cities and, while the distribution of incomes is comparatively excellent in Tanzania, general poverty is widespread.

The official emphasis on employment in Tanzania is not one of employment creation per se, for within the socialist structure all citizens are understood to be employed in one capacity or another. Rather, stress is placed upon improvement in working conditions -- including increased incomes to workers -- and greater self reliance. In this regard, the term "informal sector" is not used in Tanzania. In the words of SIDO's General Secretary, "... in a sense, we consider the whole country to be one informal sector to be upgraded; we do not promote the dualism out of which the term 'informal sector' has arisen." Similarly, the term "industry" is used rather than the more capitalist term, "enterprise."

Perhaps most importantly, the upgrading of small-scale industries is viewed as a primary vehicle through which to achieve increased earnings,

greater domestic production, stronger support to other economic sectors (especially agriculture) and, ultimately, local cooperative self-reliance.

### III. Project Description.

A. Program Goals. The Small Industries Development Organization (SIDO) was created by an Act of Parliament in 1973 to promote the creation and growth of "small scale production ... in both urban and rural areas ... to help in achieving the broader goals of self-reliance, balance regional development and a high level of community and cooperative control over the means of production." Within this context, small-scale industries are defined as "any unit whose control -- in terms of capital and know-how -- is within the capability of our people." These industries range in size from very small groups of artisans and school leavers (termed "small-scale industries" or "small-production units") to more developed, more highly mechanized cooperatives and worker partnerships in industrial estates (termed "larger small industries"). Major emphasis is placed on the increased production of goods and services and not on commercial (i.e., retailing) activities.

B. Brief History and Description. SIDO is a parastatal organization which operates as a semi-autonomous arm of the Ministry of Labor. While it is immediately answerable to only its board of directors, the board is chaired by the Junior Minister of Labor and SIDO is expected to coordinate all activities with his ministry and other appropriate government entities. (See General Structure and Operations.)

The organization was created with the strong backing of President Nyerere, who retains an active interest in all SSI activity. It replaced the National Small Industries Corporation, which had been in charge of

SSI\*activities. SIDO's creation was viewed as both a gesture to emphasize the importance of SSI development nationally and a means to expand promotional and technical support to this sector.

SIDO's major responsibilities in terms of SSI assistance are to upgrade local skills (both technical and managerial), introduce and diffuse technologies (through both training and on-site technical assistance), provide industrial and physical planning services, and assist in the procurement and distribution of tools, equipment and scarce raw materials (through a central purchase and supply service). While the organization is engaged in general SSI promotion, its main role is to provide technical back-up to ongoing promotional efforts taking place at local levels. (See Project Activities.) Its only credit functions relate to equipment and raw materials; SIDO does not engage in cash credits. Lending for start-up and working-capital purposes are the responsibility of banks, all of which are nationalized and mandated to provide such credits.

In addition to its direct assistance role, SIDO is charged with all national small-scale industrial planning -- including the planning and development of industrial estates. It also plays a strong advisory role with the National Planning Commission in the latter's formation of long-term industrial strategies.

### C. General Structure and Operations

1. Organizational Structure and Staffing. As a parastatal organization, SIDO is headed by a ten-member board of directors, composed of public ministry officials, party members and artisan association leaders. (Diagram #1 illustrates the structure of the organization.) The staff is headed by a General Secretary and by the directors of

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\*Small-scale industry.

THE ORGANISATIONAL CHART OF THE SMALL INDUSTRIES  
DEVELOPMENT ORGANISATION (SIDO)

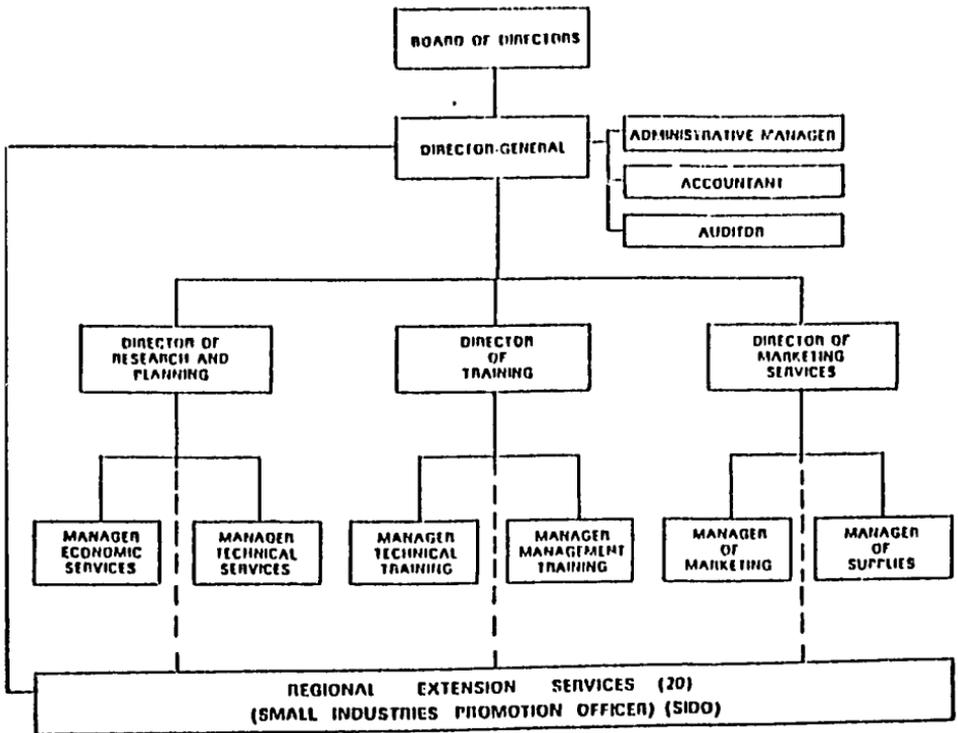


Diagram #1

four departments: Accounting and Financial Administration; Research and Planning; Training; and Marketing. The General Secretary, Mr. Basil Mramba, has headed SIDO since its creation. He holds a degree in political science and has had over ten years experience in employment programs. The department directors are highly qualified technically; most have masters degrees and over ten years of work experience. SIDO has about 55 professional engineers and over 40 economists, most of whom are either industrial economists or marketing experts. Staff salaries reflect those of the government in general in being rather low. The highest grade professionals may earn approximately \$500 per month (President Nyerere earns approximately \$550 per month), with the average professional salary being between \$200 and \$250 per month.

Outreach and most service delivery to industries are carried out through a decentralized system of Small Industries Promotional Officers (SIPOs). Each of Tanzania's twenty regions has one SIPO team which consists of an economist/coordinator, a marketing expert and an industrial engineer. These SIPO teams are backed up by SIDO's central administrative and technical staff in Dar-es-Salaam, which consists of about 40 professionals.

Training staff number approximately 180 and operate either in travelling teams (for village and on-site training) or out of the twelve Training-cum-Production Centers (TPCs) operated by SIDO. Other professionals are engaged in economic and physical planning, equipment and material procurement, industrial estate management, and goods and services procurement for government agencies. Total SIDO staff, including non-professionals, totals roughly 400, all of whom are civil servants.

2. Relationship with Other Programs and Institutions. SIDO coordinates its efforts with a wide range of Tanzanian and international development agencies, both public and voluntary. Its closest working relationships are with the Ministry of Labor, to which clients may be referred for technical and vocational training, and the Department of Cooperatives, through which most managerial training to small industries is delivered. In addition, it puts clients in touch with National Bank outlets for cash credits and deals with all ministries in coordinating tenders for the purchase of goods and services from small industries. As has been stated, SIDO works in close coordination with all regional and community-level development-promotion entities, including district and regional development commissions, local political party leaders, village and urban-community councils, local churches and artisan associations.

SIDO receives volunteers from a number of countries -- the U.K., West Germany, Japan, Holland, and all Scandinavian nations. Volunteers usually have technical backgrounds and are assigned direct training and technical-assistance roles, mostly at local levels with production units and/or training centers.

3. Role of Beneficiaries. While there is little direct beneficiary participation within SIDO itself, artisans and workers in general play strong roles in the determination of local and regional-level development policies through their participation in artisan associations, cooperative organizations and local political party chapters. As SIDO plays mainly a technical role, direct beneficiary participation in its activities are not deemed essential. It was not directly ascertained what role clients play in SIDO's planning at the national level. However, local consultation and needs assessment were cited by staff as primary functions in all of

SIDO's activities, and it could therefore be assumed that those processes do impact on policy formulation.

D. Funding and Expenditures. SIDO's funding is provided by both the Tanzanian government -- through central allocations authorized by the parliament -- and international agencies, with domestic funds composing sixty percent of the total and international assistance the remainder. The major international donors are DANIDA (Denmark), SIDA (Sweden) and various Dutch development agencies. Funding has also been received from the World Bank and UNDP. Published figures on the Tanzanian government budget for 1978-79 show international grants to SIDO totalling \$3,484,770 (mostly from Scandinavian countries) and loans totalling \$1,543,111 (from World Bank and SIDA). These figures are probably lower than actual current support, as they do not include in-kind equipment and organizational support assistance.

SIDO's total operating budget for fiscal year 1978-79 was approximately \$12.8 million. Of this, approximately \$2 million was for operating costs (including salaries) and \$10.8 million for direct development expenditures. The reported budget for fiscal year 1979-80 total roughly \$18 million, with \$2.2 million in recurrent operating expenses and \$16 million in project development expenditures. The majority of development support allocations are targeted for the development of "larger small industries" and industrial estates; twelve such estates are being developed. Close to \$4 million is allocated for construction costs, \$8.8 million for equipment and machinery, \$2.1 million for direct training and technical assistance, and roughly \$1.2 million for small-scale production-unit equipment and raw materials. The large capital expenditures allocated to physical development and equipment reflect the agency's movement toward "larger small industry" development over the last few years. The allocations toward training, technical assistance,

and small-scale production unit tools and equipment (totalling \$3.3 million) reflect continued SIDO support to small-scale production units. This continued support to smaller-scale production units was confirmed personally by SIDO's General Secretary.

E. Beneficiaries. There is currently no specific SIDO program aimed exclusively at the urban sector. Its policies emphasize a balance of urban and rural service delivery. At the present time, however, about forty percent of SIDO's clientele are urban based and a trend in this direction will be strengthened by the current planning of new industrial estates for either secondary towns or peri-urban areas.

SIDO clients include members of all Tanzanian ethnic and religious groups. While exact figures on client incomes upon entering the SIDO program were not available, they were cited as being less than \$40 per month on average and as low as \$5 per month in the case of school leavers. Although criteria for client selection differ by program, it was repeatedly emphasized by staff members that, consistent with all government policy, primary consideration in all cases is placed upon economic need (see Project Activities). It is assumed by the agency that assistance to small-scale producers (not retailers) inevitably reaches the poor. Given the general level of poverty in Tanzania outside the commercial sector, this is no doubt substantially true.

Most of the entities being serviced by SIDO are small groups of artisans, since the movement toward promotion of "larger small industries" has only occurred during the last few years. These small groups are a mixture of existing SSIs and newly initiated units which have arisen either

independently or as a result of direct SIDO promotion. SIDO skill acquisition programs are aimed mostly at youth, especially school leavers, whereas skill-upgrading training and general SSI assistance are aimed at all Tanzanians engaged in independent production. The male-to-female ratio of clients receiving training is 2.5 to 1, and this ratio was cited as being generally representative of all SIDO clientele.

#### F. Project Activities

1. General Approach. SIDO's activities in support of SSI creation and growth are broad and comprehensive. In all cases, its promotion and service delivery is responsive in nature and planned on the basis of an assessment of a) local SSI assistance needs and b) local demand for SSI goods and services. These assessments are continuous, and are done on both a general and case-by-case basis. For example, when SIDO first initiated activities it carried out surveys of urban-based SSIs to elicit artisan views on assistance needs. The majority of responses to this survey indicated that tools, equipment and raw materials were the most immediate needs of small producers, and SIDO has in large part focused on the delivery on these inputs. SIDO continues to elicit local artisan needs on a regional basis, both formally through surveys and informally through regular contact with clients.

At the same time, surveys and assessments of local demand for different SSI goods and services are carried out to identify local marketing potential of various goods and services. The resulting demand analyses determine which types of production units are to be promoted, and which skill areas are to be emphasized in the areas of training and technical assistance.

Lastly, feasibility studies are carried out on each SSI which is seeking assistance. These studies, or "profiles," for small artisan groups take into account local demand for the products in question, the skill

levels (both managerial and technical) of the artisans, and the appropriateness of the technology being utilized in production. Additional consideration is given to the availability of local resources to support the producers, including raw materials and maintenance and transportation services. These analyses are used to determine whether or not a particular small industry is viable and to form a base of information upon which appropriate assistance inputs are determined.

SIDO's specific assistance activities will be discussed under the headings of promotion and selection; technical and managerial assistance; financial and material assistance; and training.

2. Promotion and Selection. SIDO's promotional role involves both responding to requests for assistance from existing artisans and SSIs and directly creating small industries to fulfill local demand. In the latter case, data on local demand is reviewed and, if certain necessary products are not being locally produced, SIDO will directly promote the creation of appropriate industries -- often on its industrial estates. SIDO's promotional activities according to the demands of these different roles, and thus will be discussed separately.

a. Direct promotion of SSIs. In this work, SIDO will plan the appropriate production process for the industry in question, assist in acquiring the physical plant, procure the initial equipment and raw materials, and recruit both local workers and technical specialists to work with the industry typically for a period of two years. Such industries may be "larger small industries" in regional industrial estates or small village or local urban-community production centers. SIDO will often recruit workers for these new industries through advertisements and published notices which are sent to local development commissions, training institutions, representative

community councils and schools. The selection of workers is made by the local promotional team in conjunction with the technical personnel directly responsible for the industry. In all cases, economic need, together with some experience or training in a related skill area, forms the basis for selecting individuals for immediate employment. The determination of need is based on one's level of income, number of dependents, age, and family educational and financial background.

In many cases, skills training must precede the establishment of such industries. In such instances, trainees are recruited from local communities to attend either regional vocational training institutes or SIDO's Training-cum-Production Centers with the understanding that they will return to their respective communities to work in the new industries (see Training). This training currently serves roughly 2,000 technical trainees per year; this is in keeping with plans that call for the eventual establishment of over 8,000 new community-level industries nationwide. These smaller, local-level industries employ from five to seven workers in rural areas and ten to fifteen in urban communities; larger small industries employ up to 45.

b. Industrial estates. Many of the larger small industries initiated by SIDO are planned as part of the development of regional industrial estates. There are currently three operating estates in Dar-es-Salaam, Arusha and Dodoma, with twelve additional estates under development. As stated earlier, SIDO has allocated large amounts of capital for industrial-estate industries (see Funding). While labor-intensive, these larger small industries are more heavily capitalized, in terms of equipment and physical plant, than their smaller, community-level counterparts. They are created to generate employment while providing goods which are currently imported and must be produced with more sophisticated technology than those

turned out at the artisan level. The Dar-es-Salaam industrial estate, for example, contains a foundry, a metal-work shop, an eyeglass-frame shop, a furniture-production shop, a central machine shop, and a chain-link fence production shop.

The Dar-es-Salaam estate consists of twenty distinct physical plants available for small industries, with a ten-person central administrative and technical staff and an on-site equipment maintenance and repair shop. There are currently thirteen industries operating within the estate, employing between five and forty-five people, or an average of twelve per industry. Taken together, the three operating industrial estates incorporate approximately 45 industries of varying size which employ a total of 650 to 700 people.

While SIDO maintains no equity in any supported ventures, it grants industrial-estate industries subsidies in the provision of plant and equipment and intensive technical assistance. Rent of physical facilities may be subsidized for up to two years, and a technical expert is often retained on a full-time basis to oversee production and management and provide ongoing training to workers. If Tanzanian experts are not available for the particular industry in question, expatriates are used (often as part of a foreign assistance program) while a Tanzanian is trained. Management and accounting assistance is provided to these industries by industrial-estate staff. Assistance in the form of equipment and raw materials is provided through SIDO's equipment hire-purchase program and raw-materials supply division (see section on Material and Equipment Provision below). Like all SIDO-promoted entities, larger small industries both within and outside industrial estates are usually organized as either cooperative or worker-managed partnerships.

c. Responsive assistance. As one of its major activities, SIDO provides assistance in response to requests from existing artisans. These services are open to any Tanzanian engaged in self-employed production activity, and are promoted through radio and newspaper advertisements and frequent contact with all local development, administrative, and political entities. The promotional information distributed by SIDO explains the assistance services available and urges potential beneficiaries to contact regional SIDO promotional teams either directly or through local development commissions.

SIDO will only assist producers who work collectively in groups of at least five people. This requirement is the same for all small client industries regardless of size. According to senior SIDO staff, this policy is followed to 1) ensure maximum labor utilization among all assisted entities; 2) facilitate service delivery and thus assist more clients per man-hour of assistance; 3) streamline management and production processes; 4) lower costs incurred in raw-material procurement and marketing; and 5) allow for the formation of group mechanisms for the guarantee of credits. SIDO policy, however, is to assist all needy Tanzanians engaged in self-employment. Therefore, when individual artisans approach field staff, they may be referred to existing group production units engaged in a similar trade within their locality. At the same time, field staff from both SIDO and local development agencies are continually organizing groups of artisans in the same trade areas to form collective production units.

### 3. Organizational, Managerial and Technical Assistance.

a. Organizational and management assistance. Once contact is established with the beneficiary group -- whether it be a SIDO-initiated industry or an self-established group -- regional SIDO staff assist the beneficiaries in gaining legal status, either as a cooperative or as a

private, worker-managed partnership. This is done to qualify them for receiving bank credits for working capital or equipment, as well as additional services from other public agencies.

Initially, SIDO advised most assisted production groups to adopt cooperative status, as co-ops are eligible to receive on-site managerial and accounting assistance from Department of Cooperative field agents and low-interest credits from national cooperative banks. Over the last four years, however, SIDO has begun to promote worker-partnership structures along with cooperatives. According to staff, SIDO has made this change because of the complex regulations and bureaucratic "red tape" surrounding cooperative operations. For example, co-ops must have the co-signatures of Department of Cooperative field agents on checks and bank withdrawals, and must conform to rather stringent management structures and administrative systems. SIDO has concluded that cooperative structures can work well for larger, more established groups of producers which can benefit from centralized administration and inputs. Given current Tanzanian regulations and controls, however, it does not feel that the co-op system lends sufficient flexibility and autonomy to small production units in their formative stages. Such units must often alter their production and management style until an optimum system evolves.

In many cases, therefore, a worker-partnership arrangement has proven to be more appropriate, especially for new groups of artisans who are not used to working together. While these partnerships have many of the democratic elements often found in cooperatives -- such as elected, chosen or rotating managers and equal incomes -- they also have greater flexibility than co-ops in achieving legal status (the registration process, for example, is faster and less complex) and in-

stituting and altering accounting systems (there are less controls on the accounting and expenditure of income). Despite being able to receive credits and services from cooperative sources, they have also demonstrated, according to SIDO, a greater ability to "get off the ground" by efficiently utilizing available inputs (they do qualify for SIDO and bank credit) and "feeling their way through" to the adoption of the most appropriate production and management systems. It should also be noted that, over time, worker-partnerships can change to cooperative status.

While the client group is gaining legal status, SIDO field staff continue to assist it in designing and implementing a managerial and production system. The group is usually advised to select members to be charged with accounting and management responsibilities, with the number of individuals selected for these functions varying with group size; for groups of less than ten, however, members do not serve in an administrative capacity on a full-time basis. Follow-up training and on-site management assistance are then focused on these members, creating an efficient delivery system for the upgrading of a groups' capabilities in these areas. This has been cited by SIDO as a major advantage of grouping.

SIDO policy is to make local SSIs as independent as possible in the shortest period of time, delivering increasing levels of assistance to these units as they continue to demonstrate their feasibility at each stage of their growth. Initial on-site accounting and management assistance, provided by either SIDO or Department of Cooperatives field staff, focuses on a simple "in-out" cash accounting system. After management assistance is initiated, clients can be referred to the regional training institutes of either the Department of Cooperatives or the Ministry of Labor for further, more intensive skills upgrading. The decision to refer clients for intensive training is made on the basis of progress made by the production

group as a whole. Continued training is provided through local, small-group courses conducted by Department of Cooperatives agents. As the group progresses further and more sophisticated assistance is required, one to three members charged with management duties may be referred for more intensive training. Such training is free of charge to clients and usually of three months' duration.

SIDO's management and accounting assistance program has recently intensified. Initially, it relied upon Department of Cooperatives staff for most of the extension work, but, because of increased management needs and the proliferation of non-cooperative groups, SIDO is currently initiating a small management training institute. The first function of this institute, which is receiving assistance from Holland, will be to produce a Swahili-language accounting and management manual for use by both field staff and local production units. Currently, all such materials are available only in English.

b. Technical assistance. SIDO's technical assistance is provided, in conjunction with management and accounting assistance, by regional field staff and, when necessary, by central technical staff and/or consultants. It is planned on the basis of the initial feasibility profile of the client unit, which details its particular technical assistance needs. Its focus is generally on the design and organization of production processes; technology transfer; and the upgrading and maintenance of tools, equipment, and physical plant. In the first stages of the program, clients are advised on efficient group production techniques, including division into sub-units of individuals and small specialized groups. On site assistance then focuses on these sub-units. As the production unit progresses and enlarges, selected members may be referred to SIDO and Ministry of Labor regional vocational training centers for intensive technical skills upgrading.

At the same time, assessments are made of the work group's tools, equipment and physical plant. Recommendations are made regarding new tools and equipment needs, leading in some cases to applications by clients to SIDO's equipment hire-purchase program; raw material needs are handled in a similar fashion. Physical plant upgrading is viewed as a primary concern by SIDO only after equipment and raw material needs are satisfied. Once groups reach a certain size and level of sophistication, they may be either recommended for a plant within an industrial estate or referred to a bank for credit to upgrade facilities. This process is utilized for all client groups except for SIDO-initiated larger small industries for which initial equipment, materials and physical space are procured from the outset.

Within the SIDO promotional team, it is the industrial engineer who is charged with carrying out preliminary technical feasibility assessments and providing on-site technical assistance. His particular responsibilities are in the areas of production organization and the procurement, installation and maintenance of equipment. Central technical staff are also available for both consultation and the delivery of direct technical assistance when necessary. Many of these technicians have either equipment or trade-area specializations and can provide either case-by-base or region-wide assistance in a particular product or service area. For example, a mechanical engineer may be called in to advise on the specific type of equipment needed to upgrade a local construction unit, while a specialist in agro-processing may be assigned to a particular region for one year to provide assistance to a number of local food-canning industries.

At the same time, one of SIDO's major goals is to act as a conduit for the transfer of technology -- both internationally and

intranationally. This role is played in a number ways. The research and planning division is continually monitoring technical developments in labor-intensive production processes and equipment that are relevant to Tanzania's consumer and industrial needs. Technological information is assessed and disseminated to SIDO regional staff through in-house publications and training seminars; in turn, field staff advise client groups on new production techniques and the availability of affordable and efficient tools and equipment.

SIDO also has an appropriate technology research, development and dissemination unit in Arusha. This unit develops A.T. equipment (much of it energy-related), introduces these innovations to local villages and SSIs, and evaluates their efficiency and adaptability in local, usually rural, environments.

As a further effort to introduce production technologies, SIDO sponsors and coordinates "sister industries" projects with Scandinavian countries. In this program, small industries are initiated with the assistance of established firms from the donor nations. The types of industries promoted in this program include a foundry, a cutlery production unit, and an eyeglass manufacturing unit. Equipment, technical assistance, and employee training are provided by the parent industry, with SIDO providing physical plant and materials on a credit basis to the new industries. This program is essentially part of SIDO's "larger small industry" development program, but is cited as a major technology transfer and training effort. The largest concentration of these industries -- twelve to fifteen -- is in the Arusha region.

4. Provision of Materials and Equipment. All transfers made under SIDO's loan program are made in-kind in the form of either tools and equip

ment. Scarce raw materials are made available to clients through a central supply system, but on a cash-payment basis. As stated previously, cash credits for working capital are made by SIDO,

The reasons for this approach are two-fold. First, SIDO's initial research on SSI needs (undertaken in urban settings) identified tools, equipment and raw materials as the primary needs of artisans. Second, it is SIDO's intent to encourage client groups to rapidly become independent. In the general secretary's words, SIDO attempts to "wean clients from our assistance as soon as possible." It is for this reason that no cash loans, including working-capital credits, are made by the agency available. Rather, clients are encouraged to approach national and cooperative banks for all cash and working-capital credits. In line with this policy, Tanzanian national banks are mandated to lend to small industries, and do so at interest rates averaging about 7 1/2 percent. SIDO staff, however, are not fully satisfied with the response of national banks to the needs of small artisan industries, claiming that collateral requirements are in some cases too conservative. Regional field staff assist clients in approaching banks, preparing loan applications, and making use of the group guarantee mechanism as the primary means of securing credits.

a. The hire-purchase program makes tools and equipment available to clients on a credit basis. Production groups are advised on equipment needs by SIDO field staff, who also assist them in the application process. The information required for application includes the type and size of the industry, its total assets, its level of production capability, and its financial history. The application must first be approved by the local District Development Commission; it is then passed on to SIDO headquarters where it is reviewed by senior technical staff. The approval decision is made on the basis of client need and the overall capability of the applying

production unit. Feasibility studies accompany each application and contain the basic information used to evaluate the applicant.

Other than physical assets, group guarantees are used to secure the loans. Once an application is approved, the client signs a repayment guarantee in the presence of a magistrate. In case of default, the equipment is repossessed by SIDO and made available to other groups. Simple tools, such as manual equipment for carpentry, tailoring and shoe-making, are provided in kits. Such kits, as well as simple tools and domestically produced machinery, are delivered to clients within three months. The delivery of larger, imported machinery, such as lathes and drill presses, takes six months to one year.

A ten-percent down payment is required on all hire-purchase loans. This cash down payment may be borrowed from banks. The balance of the loan is repaid over a five-to-seven-year period, depending on the size of the loan and the cash-flow projections of the work group; there is usually a one-year grace period. Repayments are made either quarterly or bi-annually.

To cover SIDO administrative costs, an interest charge totalling five-percent of the face value of the loan is demanded of all clients. Repayment is monitored by regional teams and managed centrally in Dar-es-Salaam. Failure to meet payments first results in an inquiry by field staff; failure to meet two consecutive payments results in an official warning letter. Continued failure to make payments finally results in the repossession of equipment.

Approximately fifty equipment loans are made to production units each year and, as of May 1979, 273 such credits were reported to have been extended. The loans range in size from \$1,000 to \$50,000, with the average loan size at approximately \$5,500. As the average client group is reported to have twelve members<sup>1</sup>, the average loan breaks down roughly to \$460 per individual. Adjusted for interest, repayments per year average \$1,150 for a group of twelve over a five-year period, or \$95 per member. Only about forty of SIDO's loans have been in arrears at one time or another, and there have been only three defaults resulting in repossession.

While information on the breakdown of loans by trade areas and the types of equipment purchased was not available, it was reported that the smaller loans which were made were extended primarily to such trade areas as shoe-making and repair, welding, carpentry, tinsmithing, weaving, tailoring, maize grinding and vegetable canning for the purchase of simple tools and equipment. The types of groups receiving loans are the following:

Village-level industries	121 loans*
Worker partnerships	73 loans
Cooperatives	56 loans
District Development Corporations	9 loans
Other	14 loans

Approximately 120 of the loans have been made in urban or peri-urban areas, while 31 have been made in Dar-es-Salaam. These figures do not include \$360,000 in credits have been made available in 1978-79 to seventeen industries on the Arusha estate from a special Swedish loan fund.

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\*Village-level industries are usually worker-partnerships, but may also be cooperatives.

SIDO also acts as an intermediary in the purchase of equipment for medium-scale industries. In this program, equipment worth up to \$100,000 can be acquired by an established industry. No credit is extended by SIDO in this program. Twenty percent of the cost of purchase must be paid in advance by client industries and five percent must be deposited in a bank as insurance of payment upon delivery. Roughly \$9 million in equipment is purchased through this program each year.

b. Raw materials procurement program. This service was initiated to make scarce, imported raw materials available to SSIs at wholesale prices. Such materials include steel wire (for chain-link fencing) sheet metal, angle iron, plastics, certain types of yarns, and various chemicals, such as dyes. The program operates as a revolving fund, but not on a credit basis. Clients place orders through District Development Commissions and SIDO promotional teams. These requests are passed on to the central supply officer in Dar-es-Salaam, where they are compiled and the necessary materials are ordered in bulk. Clients pay 25 percent of the total estimated purchase price upon ordering and pay the balance plus a five-percent handling charge upon delivery. Delivery usually takes two to three months.

The total amount of capital allocated for SIDO's upfront purchasing of materials supplies is \$115,000. According to staff, the program is currently meeting only one-quarter of client demand for raw materials and the amount of capital allocated for purchasing should therefore be increased substantially.

5. Training. SIDO offers both technical and managerial training. The types of training offered and the selection criteria for the acceptance

of trainees differ with the age of clients, the technical complexity of the trade area in question, and the needs of the local community. In all cases, however, training is geared toward self-employment in trade areas which address local economic needs. As part of their ongoing activities, regional promotional teams assess both artisan training needs and demand for different goods and services at local levels. On the basis of these ongoing assessments, decisions are made at the regional level regarding the trade areas upon which training should focus and the type and intensity of training needed in these different skill areas. This approach to the planning of training programs is based on the twofold objective of upgrading artisan skills while insuring that necessary goods and services are supplied within local communities. To ensure the coordination of training with other SSI-development activities, SIDO training staff are diffused throughout all departments. In addition, each region has a training officer who plans all training programs in consultation with the regional promotional team.

a. Management training. As stated previously, management assistance is delivered on-site to clients by regional promotional teams. More intensive training is delivered to work group members by Department of Cooperatives personnel. Management training is also carried out at regional vocational centers operated by the Ministry of Labor. In these centers, training in elementary accounting and management is given along with technical skills training. In recognition of the increasing need for management training among SSIs, plans are currently being made by SIDO to form its own management training institute. The institute would provide training to production-unit managers and develop training materials for use in local-level training and on-site assistance.

b. Technical skills training. SIDO technical training is carried out for the purpose of both skill upgrading and the acquisition of new technical skills. In the case of employed artisans, training to upgrade skills is provided either through short courses of one-to-six months' duration which are offered at regional vocational centers or through on-site group training provided by SIDO technical trainers.

Basic skills training is focused on youth, especially school leavers. Most of this training is provided through Training-cum-Production Centers (TPCs). There are currently twelve such centers located in regional capitals. The courses in each TPC are determined by SIDO regional teams, which recommend the adoption of certain courses on the basis of local demand surveys. Trainees who attend regional TPCs are recruited from local communities in groups of three to five per trade area. They must have legitimate economic need, be literate, and possess a certain minimum level of physical dexterity. Local officials must guarantee physical space and, if need be, working capital for these recruits before they are accepted for TPC training. Group recruitment and local sponsorship are required as a means of ensuring that the investment made in training will result in the availability of necessary skills and products in local communities, and that there is local commitment to the development of SSIs.

TPCs differ from Regional Vocational Training Centers in that they are oriented toward self-employment and carry out training in conjunction with production. Trainees work in groups under the tutelage of a skilled artisan and begin to produce marketable goods and services after the first three months of training. Income from the marketing of TPC products covers approximately 30 percent of SIDO's youth-training costs.

This defraying of costs is considered to be crucial, since all training in Tanzania is free to participants and all costs are absorbed by the government.

Beginning trainees receive at least six months of training, and training can last up to two years. No certificates are awarded to trainees upon course completion, as the program is meant to be informal. After training, the trainees are expected to return to their communities and either initiate or join a production unit in their specific trade area. It is the responsibility of the regional SIDO team to follow up with TPC graduates upon their return to their communities and to offer assistance, especially in the acquisition of tools through the hire-purchase program.

On average, each TPC covers three trade areas, with 60 trainees and three senior instructors in each area. The total number of trainees currently attending the twelve TPCs is approximately 2100. A specific breakdown of trainees by trade area was not available. The major training areas cited, however, were handicrafts production, carpentry, metalwork, weaving, vegetable-oil production, and soap manufacturing. Other trades covered include leatherwork, carpet production, bamboo craft, and lime manufacturing.

Training in heavier industries, such as foundry and cutlery work, is carried out through apprenticeships within industrial estates. Currently, SIDO employs six highly skilled foremen in industrial-estate production units who train groups of apprentices. These apprentices are recruited and selected in the same manner as their TPC counterparts.

6. Marketing. For the most part, SIDO clients are expected to market their products either within local communities -- in response to pre-determined demand -- or through Regional Trading Centers operated by the

government. Direct marketing assistance by SIDO staff has not been viewed as a priority, and such assistance usually takes the form of advising clients on the determination of appropriate levels of output to satisfy local demand. The actual marketing of products is left up to the production units themselves.

SIDO does, however, offer marketing assistance by securing subcontracting arrangements for small industries and by offering tenders for government procurement of SSI products. Subcontracting is arranged mainly in the leather and textile industries, with SIDO working out subcontracts for small production units with larger domestic and international corporations. At the same time, SIDO accepts orders from various government ministries for the procurement of SSI products and, in turn, offers contracts to be bid upon by small industries. These contracts for the procurement of products, such as school equipment, office furniture, fencing, and wiring are distributed to field staff and advertised in newspapers. Preference is given to small local firms which cannot normally compete with larger industries. These production units are assisted in planning their production to fulfill procurement orders, and can make use of SIDO assistance in acquiring raw materials.

7. Handicrafts. SIDO has a special program through which it assists artisans in the production and marketing of handicrafts. A handicraft division within SIDO provides handicraft production units with physical space, tools, equipment and product-design assistance. This division operates a handicraft estate in Dar-es-Salaam which houses over 200 artisans who work in units of three-to-five persons. The estate's staff provides management assistance to production units and makes tools and raw materials available on a credit basis.

To assist in the marketing of handicrafts, SIDO has created a subsidiary organization -- HANDICO (Tanzanian Hand-craft Marketing Corporation). HANDICO is an independent corporation with a board of directors composed of participating artisans, tourist officials and SIDO marketing personnel; the Board is chaired by SIDO's director of marketing. This firm searches out domestic and international markets, accepts orders from wholesale and retail dealers, and fills these orders through bulk purchases from artisan production units throughout Tanzania.

HANDICO attempts to increase artisan productivity and incomes through identifying profitable lines of handicrafts and then ordering these products in bulk from the production groups. The groups are then able to systematize their production around a few items for which a market is guaranteed and make bulk purchases of raw materials to fill orders. Major items marketed by HANDICO include wood carvings, batiks, tie-dye fabrics and clothing, traditional baskets and jewelry.

HANDICO currently employs approximately 40 people, and has average monthly sales of \$54,000. Handicrafts are purchased from over 400 artisans, and there are 245 people currently being trained in handicraft production -- both within TPCs and in apprenticeships with experienced craftsmen.

#### G. Future Plans

SIDO is currently finalizing its next five-year plan, which covers SSI development in three different areas: industrial-estate factories; private, "larger small" industries; and smaller, artisan-level industries. Within the last two categories, five-year investments totalling \$45.5 million are being planned to create approximately 25,000 jobs. Approximately

700 "larger small" industries which are to be developed or assisted outside industrial estates will absorb \$32 million in investments and provide 16,000 jobs. Over 3000 small, community-level production units will also be developed through a total investment of \$13 million, with the expectation that at least another 9000 jobs will be generated in the process. Sixty percent of SIDO's support activities are slated to be focused on rural areas and forty percent on urban and peri-urban areas. Based on past experience, it is expected that half of SIDO's finances will go toward the purchase of tools, equipment and raw materials, with the remaining fifty percent being invested in training and technical assistance.

There are no current plans to institute any special program aimed at the urban poor, as SIDO maintains that this sector of the population is already serviced by the organization as part of its ongoing activities. According to the general secretary, however, SIDO can receive and utilize funds earmarked for specific projects or sectors as long as they conform to established goals and policies. Thus, funding specified for use in urban or peri-urban areas could be utilized by SIDO in carrying out its future plans.

## II. Impact

According to SIDO estimates, up to 5000 small industries have been assisted either directly or indirectly at one time or another. It is further estimated that these industries provide employment to approximately 25,000 Tanzanians. In addition, roughly 2000 people per year receive technical skills training. Calculating that all program beneficiaries continue to receive some degree of assistance, it is estimated that recurrent operating costs and technical assistance and training expenditures

together averaged less than \$200 per individual in 1979. As SIDO does not regulate SSIs nor dispenses cash credits, it does not keep close check on its clients' financial performance or collect figures on client incomes. (Data on client performance, however, is currently being collected as part of an evaluation scheme.) Various estimates by SIDO staff place small-production-unit worker incomes at between \$60 and \$75 per month. In addition, SIDO estimates that ten percent of Tanzania's GNP is produced through such industries.

Short site visits were made to the Dar-es-Salaam industrial estate and an artisan-production cooperative comprised of over fifty work groups in central Dar-es-Salaam. In both sites, and particularly in the case of the artisan cooperative, clients certainly appeared to be representative of the urban poor, and relations between SIDO staff and clients were excellent. Additional interviews with SIDO field and administrative personnel left the firm impression that they were highly motivated and serious about their work.

#### IV. Analysis

An analysis of SIDO's support of small industries is presented in the following points:

1. SIDO represents a relatively large-scale effort to promote the development of small-scale industries on a nationwide base. As such, its goals encompass the increasing of domestic production and the provision of essential goods and services at local levels, in addition to the generation of employment and income. It therefore promotes both "larger" and "smaller" small-scale industries. The program is somewhat unique in comparison to its public counterparts in other nations, however, in that, consistent with Tanzanian policies, it places greater emphasis on meeting these goals through the collective mobilization of the poor at local levels.

Given the Tanzanian context, it is impossible to analyze SIDO in

isolation, as the agency essentially plays the role of a technical conduit in a national attempt to generate self-reliant, worker-controlled industries in all sectors of the economy. It is an integral but small part of a broad, decentralized model of development and is thus highly dependent on the local promotional, financial and administrative functions of other agencies and organizations in the Tanzanian system. Its success, therefore, is largely dependent on the success of the whole Tanzanian development model.

An enormous amount of research has been done on this model, and a prolonged discussion of the strengths and weaknesses of Tanzania's development process is beyond the scope of this analysis.\* There are, however, two salient points which should be noted. First, there are few countries in which public policy supports development of and by the poor to the same extent as in Tanzania. The pursuit of development from the bottom up is, in fact, the dominant national priority. Second, this policy support has been translated into a high level of promotional and organizing activities at local levels, both rural and urban. This local promotional activity in turn provides a sound basis for reaching the poor with the delivery of various types of assistance. Taken together, the policy and local organizational support afforded by the Tanzanian model make possible a much broader approach to directly assisting the very poor than is possible in most countries.

This does not mean, however, that SIDO is totally free from promotional responsibilities or that the Tanzanian system always works to the benefit of the very poor. According to SIDO's general secretary, one of the organization's major challenges is to establish trusting relationships

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\*A sound analysis of Tanzania may be found in "A Critical Assessment of the Tanzanian Model of Development," by R. Blue and J. Weaver (Reprint no. 30, Agricultural Development Council, New York, N.Y., July, 1977).

among poor artisans, who often distrust formal, public-sector development efforts. At the same time, the hesitancy of national banks to take risks in extending working-capital credits to small work groups can undermine SIDO's promotional efforts. Still, in pursuing its SSI assistance efforts, SIDO enjoys a level of political and organizational support far above that found in most African countries.

2. The great deal of attention paid by SIDO to analyzing local demand in the process of promoting SSIs is due to its policy of ensuring a) that local consumer needs will be met, and b) that assistance will be extended to local industries which are feasible. This assessment of demand seems crucial to the selection of appropriate trade areas to promote through on-site assistance, training, and credit extension, and is undertaken prior to the delivery of assistance in all cases. This up-front work could well be related to the very low default rate of the credit program and certainly contributes to an efficient use of assistance resources.

3. SIDO's policy of only assisting groups of five or more people allows it to extend direct assistance to a far greater number of beneficiaries than would be possible on an individual basis. In addition, the grouping of clients allows for the informal sharing of skills, the differentiation of production and management functions, and the formation of bulk-purchasing and local-guarantee mechanisms within production units. The differentiation of functions in turn allows the amount of management assistance and training that is required to get a small production unit going to be cut down.

4. Although it is a large organization, SIDO is able to get assistance down to local levels because for a public agency, it is relatively decentralized and has been allowed to operate with a significant degree of

autonomy. While the agency must coordinate its activities with other entities, it is directly responsible only to its own board of directors and is free to select appropriate assistance methods as it sees fit. This autonomy has allowed SIDO to develop its assistance methodology in response to local SSI needs, which are continually being discovered. At the same time, SIDO's regional field staff are extended significant latitude in determining the type and amount of assistance to be delivered on a case-by-case basis.

5. SIDO attempts to promote as much independence as possible among clients. In order to "wean" clients from its assistance, it does not hold equity in any supported ventures, does not extend cash credits (thus forcing clients to deal with the national banking system), and delivers only indirect marketing assistance. SIDO also limits its involvement in these areas because of the policy- and institutional-support mechanisms -- such as "people-directed" bank lending policies and regional marketing facilities -- which are in place in Tanzania. However, as stated previously, problems have arisen in regard to these support mechanisms, and SIDO is, to some extent, being forced to adopt an advocacy role in attempting to leverage increased cooperation and outside support for SSI development. It is also important to note SIDO's problems with promoting the creation of new production units in cooperative form which will rapidly become self-sustaining. Rigid administrative and legal requirements facing cooperatives in Tanzania seem largely responsible for these difficulties. To the extent that such requirements exist in other countries, it may be preferable not to convert work groups of very poor people into cooperatives during their formative stages of development.

6. The in-kind credit scheme for tools and equipment operated by SIDO seems to work well, as evidenced by its extremely low default rate. In large part, the success of this scheme may be due to the feasibility studies which are carried out on each group applying for credit. As these studies are carried out to determine the total needs of each assisted client, other types of services are usually delivered prior to the extension of equipment credit. This is also helpful in ensuring that the enterprise is ready to manage and repay the loan. In addition, SIDO's credit terms seem very appropriate to the needs of its clientele. Low interest rates, together with long amortization periods and group lending policies, have allowed SIDO to make relatively large equipment loans without placing undue monthly repayment burdens on clients. This provision of equipment is a critical element in SIDO's attempt to generate employment among the poor through the support of both small artisan units and larger, more technically sophisticated collective industries.

7. SIDO's work-directed training program, carried out through the TPCs, is designated to facilitate eventual self-employment among its trainees and the independence of the enterprises which are formed. While this approach to the training of youth is similar to that of the Village Polytechnic movement in Kenya, the SIDO program has a quite different structure. Instead of establishing training centers in local communities, Tanzania has opted to recruit locally, provide training in regional centers, and then have trainees return to their communities to initiate production units. As local demand is first assessed within communities and trainees are recruited locally in groups to be trained in needed skill areas, potential employment problems of TPC leavers would seem to be minimized. The additional requirement that local authorities ensure support for trainees upon their return also helps in this regard.

In short, there is one central technical element which appears to be related to SIDO's apparent success in assisting employment and income generation among the very poor. Consistent with Tanzania's commitment to local-level, self-reliant development, the agency bases its selection of trade areas and local industries upon an assessment of local consumer demand, thereby matching local production capacities of artisans with the economic needs of communities. In this fashion, it is attempting to spur widespread economic development of, by, and for the poor with the limited resources available.

## I. Project Identification

Name: Artisan Training and Credit Program of the Centre  
National de Perfectionnement des Artisans  
Ruraux (CNPAR), Upper Volta

Principal: Mr. Da, Director

Consultants: Fred O'Regan and Rick Boudreau,  
The Development GAP

## II. Setting

Upper Volta is a rural society whose limited urban areas are characterized by recent migration and a marked dependence on agriculturally related activities for survival. In good years, the ninety percent of the population engaged in agriculture produce just enough for themselves and the remaining, non-farm population. Farming technologies are virtually the same as those which have been utilized for hundreds of years. In its efforts to increase agricultural production, the government has therefore chosen to orient its agricultural policies toward small farmers and to encourage the development of improved tools and other implements which can be manufactured, maintained, and repaired in rural areas and small towns.

Key to the government's policy are the rural and town-related blacksmiths and carpenters who make, maintain and repair such things as animal-traction plow equipment. Similarly, other industries, such as construction, draw upon local masons, carpenters, and well diggers. Although traditional craftsmen exist, their skill levels are inadequate to support the necessary increase in rural economic activity. At the same time, most Voltaic artisans practice their craft on a part-time, seasonal basis with very limited tools and often without a fixed, secure workshop. Without

access to the necessary training -- as well as to credit, raw materials and support services -- local craftsmen cannot effectively play the role laid out for them in the current national economic strategy.

### III. Project Description

A. Goal. The principal goal of the Artisan Training Program is to raise both the level of productivity and the incomes of existing Voltaic artisans. The attainment of that ideal is based on the pursuance of the following objectives:

- upgrade the skills of existing craftsmen;
- provide trainees with basic, improved equipment and techniques to establish or improve their workshops;
- provide in-kind credit for additional tools, raw materials and workshop-construction materials; and
- provide follow-up technical assistance and marketing services.

B. Brief Description and History. The Artisan Program, which began in 1970, is carried out by three organizations: the primary institution responsible for training, CNIPAR; a recruitment and extension agency, Le Service d'Assistance, Conseil et Soutien (SACS); and a marketing-assistance agency, Atelier Regional pour la Construction de Material Agricole (ARCOM). With assistance from the UNDP and the ILO, CNIPAR was established in 1971 to provide training to local artisans. Training centers were established in the urban centers of Ouagadougou and Bobo-Dioulasso, and currently over 120 craftsman receive training each year. A combined follow-up technical-assistance program and a credit fund were later created to help graduates start up and manage their own workshops.

CNPAR is in the process of establishing regional centers in Dedougou, Diebougou, Ouahigouya and Fada N'Gourma to facilitate the provision of follow-up assistance and to allow the training program to respond more immediately to local needs. CNPAR has also submitted a proposal to USAID to improve the program's capacity to provide rural artisans with local training and follow-up management assistance. Specifically, the project would help CNPAR to build, equip, and initiate operations in three regional centers and to develop a follow-up business management effort based on the innovative work done by Partnership for Productivity (PFP) in the eastern regional development district of the country.

C. Organizational Structure. The Artisan Training program, with a total of eighty employees, is under the direction of the National Office for Employment Promotion within the Ministry of Labor. The primary institution in this effort is the training institution, CNPAR, which has eighteen instructors on its permanent staff. SACS supports the centers with three, two-member teams which provide recruiting and extension services, as well as carrying out credit promotion and supervision on loans for tools, equipment and the establishment or upgrading of workshop facilities. ARCOH subcontracts with the graduates of the training centers for the provision of goods and services to the Voltaic government. Upper Volta's Regional Organizations for Development (ORDs), which are integrated, administrative units for regional development, nominate local artisans for participation in the program. Another organization, SAED, is developing appropriate technology prototypes to be disseminated and tested through CNPAR and SACS. According to current expansion plans, PFP will provide on-site managerial assistance in the eastern development region to artisans who have completed

training. Figure 1 depicts the institutional relationships of the program.

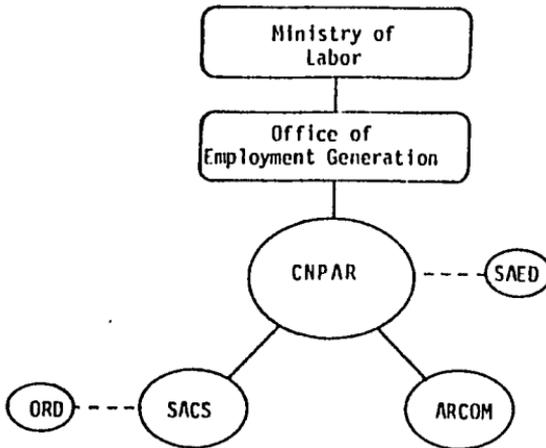


Figure 1

D. Funding. Although the UNDP and the Government of Upper Volta initiated the project, a number of other donors have also contributed funds. These include the European Common Market Fund, USAID, the European Ecumenical Council, AID Suisse, and the World Bank. Figures on the program's annual operating budget were not available; third-party sources estimated yearly expenditures of the program to be approximately \$300,000 per year, a figure which could not be verified. The relatively small size of the credit fund -- about \$36,000 lent out annually -- prevents it from generating a margin with which to cover training and extension costs. Hence, the program remains dependent upon outside contributions.

E. Beneficiary Characteristics. The people recruited for this program are male farmers, age 20-35 with families who live at a subsistence level and earn approximately \$50 annually from their work. They are illiterate, but are usually established, part-time traditional craftsmen, working as masons, carpenters, well diggers, blacksmiths or motor-bike repairmen. These are basically one-man enterprises with limited or no access to credit, technical assistance, appropriate equipment or management assistance.

F. Project Activities.

1. Recruitment. Every year the government's regional development organizations (ORDs) nominate artisans for the training program according to the specific needs they see within the region for skilled craftsmen. After the nominations have been made, SACS field staff interview and evaluate the nominees. Their criteria for selection are as follows:

- the individual must already be a traditional craftsman;
- he must be between the ages of 20 and 35;
- he must be married, with a family (although this criterion can be waived); and
- the village leader must agree to him going, since the village cares for the family during the training period.

Formerly, when the selection process was completely in the hands of the ORDs and the above criteria had not been set, only twenty percent of the trainees went back to their villages and towns, with most remaining in the primary cities. Now, with the addition of the above criteria, and the authority of SACS to reject ORD nominees and recruit trainees on their own, the number of graduating trainees who do not return to their villages is well below twenty percent.

2. The Training Program. The program offers training in carpentry, well digging, masonry, smithery, and engine and motor-bike repair, and each year accepts a total of approximately 120 new trainees. The training program lasts seven months, beginning in October and ending in April. To date, 804 craftsmen have gone through the program. Of these, 532 are currently operating craftsmen in their towns and villages, eight have become instructors in the program, and the remaining 264 have completed the program but have not returned to their respective communities. The vast majority of the 264 who remained in Ouagadougou and Bobo Dioulasso graduated from the program prior to the adoption of stricter selection criteria.

During the training period the trainees receive scholarships of approximately \$40 each per month from the government. Of this, they must pay \$15 to the center, leaving the individual with a \$25 monthly stipend on which to live. As this sum is not sufficient to cover all living expenses in an urban area, the applicant is forced to live with some member of his extended family near the training center. This has presented a major problem for members of ethnic groups not highly represented in the primary cities. The opening of additional training centers in various regions is expected to alleviate this problem.

The training focuses upon the introduction of more efficient and productive technologies such as metal working under higher temperatures and more advanced techniques of brickmaking. The training makes use of simple tools and equipment, and trainees are taught to produce under conditions similar to those they face in their own localities. To further the self-reliant aspects of the training, the trainees are also taught how to construct and/or repair much of their own equipment. In seeking to

ensure that the program remains relevant to local needs and conditions, a strong effort has been made to recruit Voltaic artisans out of the training program to become trainers. Currently eight out of the eighteen instructors at the two centers are graduates of the program.

3. Technical Assistance. Once they return to their local communities, the graduates are visited once every three months by an extension agent from the SACS regional team. In addition to coordinating credit activities (which are listed in the following section), the extension agent reviews the graduate's workmanship. If poor workmanship or technical problems are discovered, the agent will review some aspects of the training and give the graduate further on-site assistance. This on-site technical assistance is meant to both continue the skill-upgrading process of graduates and strengthen the reputation of the artisan program at the grass-roots level.

4. Marketing Assistance. In coordination with the follow-up assistance from SACS, ARCOH (the marketing agency) contracts with graduates to fill government needs. It receives order from all ministries and determines which orders can be filled by local artisans. It then offers contracts, in the form of purchase orders, to the artisans, often dividing up a larger order among a number of individuals in the same trade area.

This assistance is undertaken for three purposes: (i) to increase the volume of production of the artisans, most of whom have not pursued their craft on a full-time basis; (ii) to stimulate local demand for artisan goods and services through allowing the artisans to demonstrate their ability to produce useful products and to function as an established enterprise; and (iii) to provide clients an opportunity to use government purchase orders as a means of securing working-capital credits.

5. Credit. Trainees graduating from the CNPAR centers become eligible to apply for loans upon their return to local communities. As part of their follow-up efforts, SACS agents assess the credit needs of the clients on a case-by-case basis and assist them in applying for loans. Other than completion of the training, there are no strict criteria for the approval of loans, and thus the decision to extend credit is made mainly on the basis of field-staff recommendations, which are positive in the vast majority of cases. These field staff are also responsible for loan supervision and collection.

Loans are given only for the upgrading of tools, equipment and workshops, and, as much as possible, are extended on an in-kind basis. Materials, for example, are made available for the construction or renovation of workshops. No cash credits for working capital are made, but once purchase orders are received from ARCOM, artisans can use these orders to secure in-kind raw material loans from the CNPAR centers. The centers purchase these raw materials tax free and in bulk, and make them available to artisans at wholesale prices. This credit program operates separately from the SACS tool and equipment loan program.

An interest rate of 8 1/2 percent per annum is charged on the declining balance of all loans. Loans for workshop construction are repaid over ten years with a three-year grace period; tool and equipment loans carry an eighteen-month grace period and are repaid over four years. These relatively long amortization periods have been adopted to lower the monthly repayments of clients. The average loan size, by trade area, for both equipment and workshop construction is as follows: blacksmiths, \$370-\$415; carpenters, \$115; masons, \$70; well diggers, \$70. Figures on motorbike repairmen were not available. The disproportionately large size of the

loans made to blacksmiths is due to the program's intention to introduce more permanent workshop facilities and a relatively higher grade of tools and equipment in this trade area.

As clients have little physical or cash collateral to offer in securing loans -- other than the limited tools and equipment they possess before entering training -- and group guarantee mechanisms have not proven viable among the widely dispersed clients, the program relies mainly upon the force of traditional values to ensure repayment. Defaults, which result in the repossession of equipment by SACS, are reported to be infrequent, and this was attributed in large part to the threat of social disgrace to the client within his community upon the repossession of equipment by the government. It was reported that, in cases where repossession has occurred, the disgrace to the artisans has been such that they left the community. The only major problem with the credit program occurred in 1976 when loan repayment rates plummeted due to collection problems involving the field staff. A foreign expert who originally managed the credit fund was rehired to improve administration and it was reported that repayment rates have since returned to normal.

6. Future Plans: Technological Assistance. One of the highest priorities in the future development of the CNPAR program is to further the introduction of new technologies at local levels through utilizing the network of artisans who are trained and return to their communities. For this purpose, an appropriate technology (A.T.) workshop is now being organized to develop prototype A.T. implements such as animal-traction plows and more efficient well pumps. This center will fully coordinate its efforts with the CNPAR training centers, which will introduce these prototypes to trainees

and teach them to either produce and/or repair them. It is hoped that in this way the graduates of the program will become change agents in their own local communities. They could introduce and maintain improved implementations, especially in the areas of agricultural production and well-digging, both of which are crucial to the survival of the majority of the population.

#### G. Assessment and Analysis

While hard figures on the results of the CNPAR program were not available, discussions on program performance were held with both CNPAR professionals and local professionals familiar with the program. All of the people queried felt that the program has experienced administrative problems, but that, in general, it is functioning quite well. Specifically, the CNPAR training centers are highly regarded, and both expatriate and indigenous trainers were thought to be competent and committed. Also, despite previous management problems with the credit program, SACS' administrative and field staff now seem to be working smoothly. The program has proved to be popular at local levels, as there do not seem to be any recruitment problems despite the fact that local communities must support the families of trainees during their absence.

Although the program is not specifically targeted for urban areas, certain aspects of its methodology appear to be relevant to any employment generation effort among the very poor in Africa. First, its comprehensive approach to service delivery seems well thought-out and quite appropriate to the program's major goal of creating viable, full-time, artisan enterprises in towns and villages. The focus on training to upgrade skills which the trainees already possess, followed by the extension of credit, technical assistance and marketing assistance, appears to be both necessary to the creation of viable enterprises and highly suitable to the clientele.

In addition, the future link-up with Partnership for Productivity should significantly enhance the management-assistance capability of the program.

Secondly, although it is a government effort, the program seems to operate flexibly and with a minimum amount of bureaucratic detail. In comparison with most public-sector, SSE-assistance programs, the implementing agencies in the CNPAR structure operate with a significant degree of autonomy. This has allowed them the flexibility to decentralize their assistance efforts and to adapt or modify their approach over time. Although the assistance delivery system is flexible, it also seems to be well coordinated. The specific inputs are well-timed and well-ordered, and despite the fact that three distinct entities are involved, the program appears to have achieved a high degree of integration in service delivery.

Third, the credit program seems to be well suited to client needs. The adoption of extended amortization and grace periods allows for affordable monthly payments by clients, despite the fact that the size of loans, in comparison to the current cash incomes of clients, is quite large. (For example, loans to blacksmiths average 800% of the annual incomes of clients.) At the same time, the extension of in-kind credits in the form of tools, equipment and construction materials, ensures that, without immediate supervision, clients -- most of whom are absorbing credit for the first time -- will make appropriate use of the loans.

However, there do seem to be drawbacks to the methodology of the program in terms of its potential replicability in more densely populated urban areas. As the major goal of CNPAR is to create a network of technically viable production and service enterprises in secondary towns and rural villages, rather than generate employment and income per se, it is delivering intensive training and follow-up services on a broad, individual basis. Among more

densely settled urban populations who are already engaged in income-generating activity of one form or another and are totally dependent on their cash incomes for survival, it would seem preferable to concentrate more upon on-site managerial and technical assistance than upon extended technical training. At the same time, most of the urban-based programs examined in the course of this study take advantage of the option of delivering services to groups of clients rather than to individuals in order to use staff time more efficiently.

An additional area of concern in the CNPAR program is in the area of marketing. While trainees are recruited on the basis of local production and service needs as determined by regional authorities, in the final analysis the success of the program depends upon the effective demand for such goods and services among the rural population. Ultimately, therefore, these artisan enterprises are dependent upon increases in the cash income of rural farmers, and upon their self-perceived need for the products of CNPAR-trained artisans. While the program's current attempt to generate artisan production through government purchase orders to graduating trainees is reported to be working well, it is not known to what extent local demand has been generated for the goods and services produced. Hopefully, the reportedly high loan repayment rate of the program is a reflection of increased artisan incomes generated through local sales rather than through a continued dependence on government purchase orders.

In any case, however, the fact that the program's success ultimately depends on local populations calls into question the program's shortcomings in terms of eliciting the participation of local communities in planning and implementation. While the program has been promoted successfully among artisans, it is essentially a top-down effort. Local needs are determined

by regional authorities, and there is little evidence to indicate that local populations are consulted in this process. At the same time, CIIPAR depends almost totally upon the artisans to act as technological change agents at local levels and little seems to be done to directly promote a broader local understanding of the purposes and workings of the program. While the CIIPAR effort has proved to be generally effective to this point, it would seem that a future expansion of its scope and aims to increasingly involve local communities will be necessary to assure that local technological and product needs are validly assessed, and that local residents clearly understand that the program is designed to benefit them as well as the artisans.

## I. Project Identification

Name: Women in Development Project (WID-Swaziland)  
Ntonjeni, Swaziland

Principals: Ms. Schmelzer  
United Nations Development Program  
Mbabane, Swaziland

Ms. L. Vilakhazi  
Project Director  
Ntonjeni, Swaziland

Consultant: Fred O'Regan, The Development GAP

## II. Setting

Swaziland is a small, southern-African kingdom with a population of approximately 600,000. The country is landlocked, being surrounded by the Republic of South Africa and Mozambique. Its economy is directly tied to that of South Africa due to longstanding customs and currency agreements which were retained by the Swazi government after the country became independent from Britain in 1968. The kingdom's relations with socialist Mozambique are not friendly, and little trade takes place between the two countries.

Swaziland is a very traditional nation in that it is governed by King Sobhuza II, his traditional advisors, and local Swazi chiefs who retain greater authority than do local administrative officials and are therefore crucial in the planning of development projects. Roughly 85% of the Swazi people are located in rural areas and most of this population lives on the fifty-five percent of the land that is nationally owned. The majority of the urban population is found in Manzini and Mbabane, the nation's two largest towns. The economy, like South Africa's, is highly dualistic, with an expatriate-dominated modern sector on the one hand, and a traditional farming and herding economy on the other. While the annual per capita

income in Swaziland is \$500 nationally, it is only \$100 for the seventy percent of the population which occupies national land and survives through subsistence farming and migrant employment -- largely in South African mines.

Given both the extreme economic dualism of Swaziland and its dependency on the South African economy, it is widely recognized that the need exists within the country to pursue self-reliant forms of development which increasingly involve the poor majority. As it is mainly the male population which constitutes the migrant labor force, increased attention is also being paid to the need to provide income-generating opportunities to local women who account for most of the local economic activity which currently takes place.

### III. Project Description

A. Goals. The major purpose of the Women in Development Project is to increase the cash incomes of very poor Swazi women and to increasingly involve them in the development process of the nation. The program has the additional purpose of improving general living conditions at local levels through the introduction of new technologies and through the establishment of day-care centers for preschool-age children.

B. Organizational Structure and Staffing. The project was initiated by the United Nations Office of Technical Cooperation (U.N.O.T.C.), which continues to provide the major part of the financial and technical assistance needed to sustain current activities. However, as the program is meant to serve as a prototype in Swaziland, a strong effort has been made to recruit indigenous staff and to integrate the program with ongoing national development efforts. The women-in-development program currently operates independently but coordinates its efforts with the Ministries of Agriculture, Health and Education, with local district development officers and with local traditional chiefs in the area. It also receives technical advice on enterprise management and marketing from SEDCO (The Swaziland Small Enterprise Development

Corporation), which usually assists larger and more established enterprises than those being developed in this program.

There are currently eleven full-time professionals working on the project. These include a project director, a project administrator, an income-generation expert, a marketing expert, an agricultural expert (volunteer), a carpenter and five community development officers. Consultants are also used in the areas of marketing and clothes design. The project administrator, and the income-generation, marketing and agricultural experts are expatriates provided by U.N.O.T.C.; the rest of the staff are Swazis. The project director is Ms. Linda Vilakhazi, a Swazi who has had more than ten years of experience in community development.

In addition to the women's employment project itself, there has also been developed a Village Technology Unit (VTU) at the project site. This unit designs and produces simple tools and equipment for use by women in the production groups that have been promoted by the project. It also produces improved implements for local use that are introduced through the women's project; these include grain-grinding wheels, brickmaking machines, raised cooking platforms, solar cookers and water filters.

C. Funding. The current operating budget for the program is approximately \$200,000 per year. Most of this is currently provided by U.N.O.T.C. However, plans call for the government of Swaziland to contribute approximately \$165,000 during the next two years of the program as the project moves toward complete nationalization.

D. History and General Approach. U.N.O.T.C., together with the U.N. Development Program (U.N.D.P.), initiated this project in Swaziland in 1976. At that time, discussions were held with the Swazi government on the possibility of

implementing a prototype women-in-development project which could be replicated elsewhere in the country. Mutual agreement was reached, and it was decided to initiate the project at Htonjeni, a community of 12,800 people located near Pigg's Peak, a district capital in the northern section of the country.

U.N.O.T.C. provided an expert to initiate the project and to train a Swazi counterpart to serve as the permanent director of the program. The project began with an outreach effort that was undertaken to establish contact with local communities and to assess the development needs of the area. This activity produced three major results. First, incomes in the area were found to be very low, averaging roughly \$23 per month per family of five. Second, male absenteeism was very high, due to migrant employment in South African mines. Third, the involvement of local women in income-generating activity was very minimal, consisting mainly of the intermittent selling of local herbal medicines and farm products. It was therefore concluded that an income-generating project should be initiated among local women to complement the low incomes derived from male migrant work and to increase the production capacities of the local communities.

The next step in the development of the project was to again initiate outreach, through the use of community development personnel, to elicit the participation of local women in the planning of training programs and to begin to organize them into groups, by skill area, in order to facilitate the training. At the same time, day-care centers for children were organized in the area to allow local women to free up time from daily activities in order to become involved in production activities. Although this phase of the program was scheduled to take over one year, motivation among local women to participate in income-generating activities was found to be very high and the training and initial production phases of the project were initiated sooner

than planned; training was initiated in February 1978.

As the participating women did not consider training helpful unless incomes were generated almost immediately, emphasis was placed on the initiation of local industries that could quickly produce cash incomes for participants. While cash-crop agricultural development was examined as one option - since it would complement existing skills and activities -- the decision was made to initially pursue craft-type activities, such as patchwork and weaving which would render more immediate returns.

#### E. Project Activities.

1. Training and Production. Prior to the initiation of training activities, a study was undertaken by the project's employment-generation expert to identify specific products which (i) did not require extensive technical training for their manufacture, (ii) could be produced within homes using simple tools and/or machinery and (iii) could be marketed readily. The initial product lines identified included crochet work, mohair spinning, sewing, patchwork, batik work, rag-toy production, and sisal weaving.

After these product lines were identified, local women were recruited on a self-selection basis to begin training and production. The different product ideas were discussed with local women, and the community development workers explained to them the varying degrees of technical proficiency and time commitment that the different product lines would require. The decision as to which production group to join was left up to the individual. At the same time, a small number of women were trained in pre-school education, and five day-care centers were opened to allow women the time to participate.

Once the groups were organized, training in manual production techniques and enterprise management was initiated. All training was undertaken in groups and emphasis was placed on producing marketable products as soon as possible. The women were introduced to the manual techniques in, for example, crochet work or mohair spinning and began producing products for sale within three months. With some product lines, such as sisal mats, production for sale began immediately. The training was initiated at the project center at Ntonjeni, and the groups were encouraged to work together on their own in order to assure continuity in production and group membership.

Each work group was organized as a pre-cooperative to be managed by the participating women. Eventually, all of the work groups are to form one cooperative society which will facilitate the bulk purchasing of raw materials for all member groups and the collective marketing of products. This cooperative society is designed to develop over time as the production groups become stabilized and the participants become more skilled in management. At the present time the management and marketing functions of the project are coordinated by the staff.

After the first year of training and production activities (as of January, 1979), the program had formed the following work groups: crochet work (employing fifteen and producing high-quality hand-crocheted products mostly for tourists and the South African market); sewing (employing six and producing school uniforms for local schools in the northern district); patchwork (employing six and producing aprons, quilts and placemats for local sale); knitting (employing four and producing jerseys and socks for Swazi police); tie and dye (employing two and producing fashion wear); rag toys (employing two and producing stuffed toys for Swazi children);

sisal work (employing fifty-seven and producing a variety of sisal place-mats); batik work (employing three) and mohair spinning (employing eighty-five women in three spinning groups and producing finished mohair for use in rug making). When these groups were initially formed, salaries were paid by the project out of its training budget. After the first few months of production, however, salaries were covered completely by sales, and the borrowed funds used for initial salaries were repaid.

2. Credit. During the initial training, simple tools and machines, such as wooden spinning wheels produced by the VIU, and, when necessary, raw materials, such as mohair wool for spinning and finished cotton for crochet work, were made available to trainees on a credit basis. To initiate this in-kind credit scheme, \$20,000 was set aside from the training budget as a revolving equipment and raw-material loan fund. The tools and equipment have been retained by the work groups who entered into group repayment agreements for the loans. Interest charged on the loans is seven percent per annum and amortization periods are quite lengthy. Figures on the size of credits for equipment and materials were not available, but loans were reported to be very small, as in all cases the equipment consists of simple tools and small, manually operated machinery. Repayments for raw materials are deducted regularly from the groups' income from sales.

3. Marketing. Various channels have been established by the project staff to market the products from the women's work groups. These include, a retail sales shop located in the Village Technology Unit's showroom in central Pigg's Peak; a sales booth in the main market in the capital of Mbabane; exhibitions at the annual Swaziland trade fair; and direct sales to two retail stores in Johannesburg, South Africa. In addition, contracts have been established with local primary schools for the purchase of

school uniforms and with the Swazi police for knitted sweaters and socks. While sales volume has been generally good, it was reported that overall marketing growth has not kept pace with the expansion demands being placed on the program by the increasing number of local women who wish to participate in this program.

Marketing problems have also caused a number of adjustments in the program. For example, the most popular production line at the outset was crochet work. This group grew immediately to over forty members organized into three groups, but sales volume could not support this number. The group had to be cut down to fifteen, with the remainder joining the sisal-work and spinning groups. To counter future problems in sales, a marketing expert has been added to the project staff to determine the potential market for different products, to identify future product lines and to assist in establishing viable marketing channels.

#### IV. Impact

As of January, 1979, the project had directly created employment for 178 women, with 195 other women awaiting either training equipment or the development of new product lines. At the same time, five day-care centers had been developed to provide services for over 300 children.

Incomes to participants vary widely according to product lines. The highest incomes were reported in the areas of knitting (\$52/month), sewing (\$31/month), patchwork (\$31/month), and tie and dye (\$36/month). The lower incomes were reported in the areas of batiks (\$19/month), crochet work (\$9.75/month), toy making (\$10/month) and sisal weaving (\$5.75/month). No figures were available on the mohair spinning group. The average monthly income per participant is approximately \$12.50. This income complements the current incomes of the participating women's families,

representing a new increase to families of approximately forty percent.

#### V. Future Plans

Further production-group development in the program will focus upon more locally marketable products, such as bakery goods, soap, candles and paper. Emphasis is also being placed on agricultural production, and for this purpose an agricultural expert has been added to the staff to identify potentially viable agricultural industries and to begin training and technical assistance. It was reported that beekeeping, pig-raising and silk-worm propagation are being examined as future possibilities, along with the cultivation of groundnuts and other cash crops. Food-processing and -preservation industries are also being considered. At the same time, the project's marketing expert will be attempting to expand marketing channels to all regions of the country.

As the project has spurred the interest of the Swaziland government, current plans call for the gradual expansion of the program to other secondary towns in Swaziland and the appointment of a national commission on women. It was reported, however, that the project's staff wish to further solidify the project at Mtonjeni before embarking upon an expansion to other localities. Expansion, therefore, will be very gradual.

#### VI. Assessment and Analysis

Although Mtonjeni is essentially a rural area, it borders a secondary town and its residents, in many ways, are representative of the burgeoning peri-urban populations located near secondary cities and towns in Africa. Although these populations are rural and traditional in nature, they are in a state of transition from subsistence economic life to a greater

dependency on, and involvement in, the formal cash-economy. In this sense, the beneficiary population of this program has much in common with, for example, the population being served by NCCCK's urban program in the secondary cities in Kenya. Also, the program's major goal of assisting clients in the transition to more formal and organized production and trade activities is common to many of the programs identified in this study. The means of assistance utilized in the program would therefore seem relevant to an analysis of income-generation assistance among peri-urban and secondary-city populations in many parts of Africa.

For the most part, the program has succeeded in achieving its major goals. It has directly reached and assisted a client group which is isolated from the mainstream of economic activity and which lacks access to needed services; has introduced limited but necessary skills training; and has significantly increased client incomes. Furthermore, despite marketing problems, the enterprises created through the program's promotional efforts seem quite viable, and thus the benefits of the project should be sustained for some time to come. This is evidenced by the fact that participant incomes began to be generated directly from sales after three months of production and have continued to be generated on that basis.

There are a few major factors which seem to be related to the program's success. First, the entire WID program has been extremely well promoted. Direct contact with the target community was initiated early on, local development needs were carefully assessed, and local women were invited to participate in both the design and the implementation of the program. While the project staff, rather than the participants, has initiated most activities, nothing seems to have been "laid over" the

beneficiaries; instead, the program has grown out of response to what local women have perceived to be their own needs. The pursuance of this responsive approach, together with the use of indigenous personnel in both administrative and promotional positions, has no doubt contributed to the local popularity of the program.

At the same time, the project has grown slowly and, for the most part, its inputs have been carefully planned. The establishment of day-care centers, for example, has certainly proven to be a necessary step in eliciting the participation of local women. Also, the product lines within which training and production were initiated were appropriately selected. They have proven to be either complementary to existing skills (for example, sewing and patchwork) or easy to adopt by the participants (for example, mohair spinning and crochet work).

It should also be noted that the careful pace of development of the project has allowed it both to "feel its way" into implementation -- correcting mistakes and misdirections as it moved forward -- and to establish contacts and relationships with appropriate governmental entities. In turn, this approach has allowed the program to enhance its popularity nationally and to elicit increased government support for, and participation in, its future efforts.

The only major problem with the project has occurred with marketing -- an area of concern in many other programs. In part, this marketing problem seems to have stemmed from the participatory aspects of the project itself and its popularity within the community. That is, the effort to satisfy the immediate income needs of the relatively large number of women who were motivated to participate in the program led to an overcrowding in some production areas and, consequently, to a marketing bottleneck in certain product lines. However, the

program has managed to mitigate the problems inherent to this dilemma. This is evidenced by the fact that, despite the shifting of some clients from one production area to another, forty-percent increases in participant-family incomes have been maintained. Also, the strengthening of staff marketing capabilities through the addition of an expert in this area, together with the project's movement toward the production of more locally marketable goods and its extension of domestic sales channels, is a positive sign. This is particularly true in regard to the latter adjustment, as the incomes of production groups -- such as sewing, knitting and patchwork groups -- which produce to meet local demand have been significantly higher than those which focus on tourist or export sales.

Hopefully, these adjustments will produce sales volumes sufficient to generate incomes for the increasing number of women who wish to participate in the production groups. The fact that marketing problems have occurred in a well planned project in which at least some analysis of demand was undertaken prior to the selection of product lines, and in which various marketing channels were directly established, points to the difficulty faced in attempting to establish viable markets for relatively isolated peri-urban populations.

A rough estimate of the cost of delivering services in this project would currently average approximately \$1000 per year per client. However, this figure is based on both start-up costs and current operating costs, and the number of direct beneficiaries will probably double over the next year or two. Thus, the average cost per client should decrease significantly in the future.

## I. Project Identification

Name: Indigenous Business Advisory Service (IBAS)  
Banjul, The Gambia

Principals: Momadou Gaye, Director (in training)  
Frank H. Ford, Chief Technical Advisor (ILO)  
Han van der Ven, Assistant Advisor (IL)  
Paul Sevier, Project Manager, Farafenni\* (Peace Corps)

Consultant: Fred O'Regan, The Development GAP

## II. Setting

The Gambia is a small West African nation with a population of 500,000. The country virtually consists of two extensive banks of The Gambia River, with Banjul, the capital, sitting at the mouth of the river. Farafenni and Basse, the next largest towns, are located upriver. Traditionally, the region which is now The Gambia has had an agricultural economy based on one cash crop (groundnuts), and little attention has been given to the development of an indigenous, non-agricultural enterprise sector. The nation is part of the Sahel and is extremely poor, with an annual per capita income of approximately \$180. The country's traditional reliance on one cash crop renders it extremely vulnerable to pronounced climatic changes and fluctuating prices. Thus, the need exists to diversify both the economic base of the country and the employment opportunities available to Gambians in both the urban and rural sectors.

## III. Project Description

A. Goals. IBAS was created to alleviate overdependence on a precarious agricultural economy, to develop and upgrade a weak informal business sector, and to meet the nation's overall development needs as

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\*Mr. Sevier has since returned to the United States and has assisted in the preparation of this report.

specified in the Five Year Development Plan, 1976-1980. Its specific goals are: (i) to establish itself as a permanent institution providing advisory services to local enterprises, especially those which produce goods or deliver productive services; and (ii) to create possibilities for further expansion of the private sector and increase employment opportunities in both rural and urban areas.

B. Brief History and Description. IBAS was initiated in 1976 with the assistance of the U.N. Development Program and the International Labor Office (ILO), which continue to provide a significant portion of the assistance needed to sustain operations. The program principally consists of a business advisory and extension service which offers on-site managerial assistance, short training courses, and the promotion of a credit scheme which is implemented largely through the Gambian banking system.

C. Organizational Structure and Staffing. IBAS is a program of the Gambian Ministry of Economic Planning and Industrial Development, although it operates autonomously as a parastatal organization. Its major relationships are with (i) the ILO and UNDP, from which it receives technical assistance and vehicles; (ii) the Gambian Commercial and Development Bank, which provides credits to IBAS clients from a \$400,000 line of credit from the World Bank; (iii) the U.N. Capital Development Fund, which has provided a loan guarantee scheme to cover IBAS-approved loans; and (iv) the Peace Corps, which currently provides three volunteers to the program.

The program is still in its developmental stages and receives heavy technical support from two resident ILO technical advisors who presently manage the project while training Gambian counterparts. The Peace Corps volunteers are in charge of delivering managerial assistance to

clients, until they complete the training of Gambian staff who will eventually take over this responsibility. Two of these volunteers are in charge of the program's operations in Basse and Farafenni, the two towns other than Banjul in which the program operates. Five out of the nine staff members are therefore expatriates.

The program's annual operating budget is approximately \$50,000, excluding expatriate salaries, volunteer stipends and vehicles, which are contributed by the participating agencies. In addition to providing the operating funds for the program, the Gambian government has also capitalized a revolving loan fund for IBAS of \$29,000.

D. Beneficiary Characteristics. The beneficiaries of the program are relatively small-scale entrepreneurs in areas such as blacksmithing, welding, tailoring, auto mechanics, baking and fishing. In terms of annual sales, the size of the assisted businesses ranges from \$1000 to \$75,000. The larger enterprises assisted are located mostly in Banjul, while the smallest client enterprises are mainly located in Farafenni and Basse. The majority of the clients outside of Banjul are illiterate, as is ninety percent of the population in The Gambia, and have had little or no formal education.

E. Project Activities.

1. Promotion and Selection. Clients are either contacted by the local IBAS advisor or come to the local IBAS office on the recommendation of a third party, often an existing IBAS client. Criteria for tentative selection are several, the most important being Gambian citizenship, an existing market for the enterprise's goods or services, and client cooperation with IBAS in setting project objectives. Clients are dealt with mostly on an individual basis, although attempts to organ-

ize businesses of similar types into loose associations for the receipt of credit have proven successful, particularly with fishermen and petty retailers.

2. Management Assistance. After an analysis of sales volume and marketing potential is undertaken, the IBAS field agent begins to extend elementary business advice to clients. This assistance is tailored to the needs of each client, but usually consists of help in bookkeeping, budgeting (including the separation of social and business funds), banking, costing and pricing, and advertising. It is delivered through thrice-weekly site visits, and is meant to prepare clients for the receipt of credit.

3. Semi-Formal Business Training for Clients. Initially, classroom-type business classes for IBAS clients were not thought possible. Attempts to start such a program proved unsuccessful in Banjul, primarily due to the logistical problem of grouping clients together at a selected time on a certain day. Such efforts, however, proved successful in Farafenni and Basse, growth centers considerably smaller in size and denser than Banjul. Over a seven-month period in 1970, twenty-two weekly business lectures were given to IBAS clients in Farafenni. The material for these lectures was abstracted from different sources and tailored to meet the educational levels and specific needs of the clients. The series covered such topics as bookkeeping, elementary concepts of banking, promotion, the role of credit, product costing/pricing, quality control, salesmanship, savings, and salary administration. Attendance during the series averaged 70 percent of total Farafenni clients. Although this lecture series was considered successful, the

degree of assimilation by, and ultimate value to, the clients was difficult to measure. This series was due to be repeated in the fall of 1979.

4. Technical Assistance. The provision of technical assistance to clients by IBAS has been of a basic nature. This assistance has been limited to helping enterprises in the selection of tools and equipment, advising them on quality control in production, and arranging for occasional demonstrations on the proper usage of hand and power tools.

5. Credit. One of the IBAS' major roles has been in promoting and supervising credits. After the IBAS agent finds that the client has made sufficient progress in improving enterprise management, he will assist the beneficiary in assessing his or her credit needs and in applying for a loan from either IBAS' revolving fund or from the Gambian Commercial and Development Bank. There are three basic criteria that the client must meet to qualify for credit:

- (i) the business in question must be profitable and generally "healthy";
- (ii) there must be clear evidence of a market for the client's products or services; and
- (iii) the enterprise's pro-forma financial statements and its cash-flow analysis must be reasonably sound.

Once a determination of loan size is made, an application form is filled out. The client is also required to open a bank account, if he or she has not already done so, and to set aside a cash sum equal to ten percent of the total loan as his or her contribution toward enterprise improvement.

The loan application is first approved by the field person, who forwards it to Banjul. It is then reviewed, first by senior IBAS

staff, and then, if the loan is to be made by a Gambian bank, by an eight-member board composed mostly of Gambian government and banking officials. This board represents the U.N.D.P. and the U.N. Capital Development Fund (U.N.C.D.F.). Upon approval by the board, U.N.C.D.F. will guarantee 75 percent of the loan total, leaving bank exposure at 25 percent. After approval, the application is submitted to a bank with an agreement of guarantee.

As an alternative, IBAS can draw down on its own revolving loan fund with in-house approval. This loan fund was established because of problems encountered with the banking system, even when utilizing the U.N.C.D.F. loan guarantee mechanism. The Gambian Commercial and Development Bank, which draws down on a World Bank loan for on-lending to SSEs, has become the only lender to this sector, and this bank often takes up to six months to process a loan. IBAS therefore wished to have its own fund to dispense small credits -- especially for working capital -- more rapidly.

Bank credits to IBAS clients carry an annual interest rate of 11 1/2% (the standard commercial rate), which is charged on the declining balance of the loans. Amortization periods vary, but only in a few cases do they exceed three years. Grace periods, on average, are six months. As of May 1979, forty-nine bank loans, totalling \$223,900, have been made to IBAS clients, the average loan size being \$4,600. The majority of these credits were for tools and equipment purchases and workshop upgrading, although in many cases the credits were used for combined hardware and working-capital purposes. In terms of loan capital usage, roughly 75 percent of the total credit disbursed to date has financed physical improvements, with the remainder being used as working capital.

Credits drawn from the IBAS loan fund, which was initiated in February 1979, carry an interest rate to clients of 8 percent on the declining balance, grace periods of two-to-three months and amortization periods of up to two years. Six loans have been made from this fund, all for working-capital purposes and averaging \$500 per loan.

Of all loans disbursed, two-thirds are in the \$50 to \$2500 range and one-third are above \$2500. Seventeen of the loans made to date have been made in the Farafenni area. These loans range in size from \$150 to \$2500 and average roughly \$1000 per loan. They have been made to much smaller enterprises than those being served in Banjul. For example, loan recipients in Banjul average roughly \$25,000 per year in gross sales, with the volume of the smallest clients being \$10,000 per year. Those in Farafenni average less than \$8000 per year in gross sales and range as low as \$500 per year in total volume.

The vast majority of loans are to individual entrepreneurs. The one exception to this is in Farafenni, where eight fishermen, with the help of the IBAS agent, formed an association and received a group credit of \$12,000 for the purchase of outboard motors, nets and other equipment.

6. Handicraft Marketing. In 1978, IBAS created a cooperative to promote the production and sale of indigenous handicrafts. This organization, The Gambian Artisans' Marketing Cooperative, Ltd. (GAMCO) now has approximately 400 member artisans; half of these members are individual artisans and the other half belong to member groups. The society is managed by a Peace Corps volunteer who is training a Gambian counterpart. Funds for staff salaries and vehicles are provided by the

Gambian government, the U.N.D.P. and the Peace Corps. The organization also receives funds from its members, who are required to become shareholders upon joining. The minimum investment per member is \$5.00.

Using a core staff of five, GAMCO assists member artisans in production -- through limited technical assistance and advice on quality control -- and in marketing. To assist in this latter function, GAMCO operates a retail store in Banjul which sells to tourists and also exports craft goods to Europe. GAMCO advises clients on the potential marketing volume of different craft lines, monitors production through site visits to ensure adequate quality, and buys craft products for retail and export sale. These functions require considerable staff travel, as most of the artisans are located upriver. GAMCO has also begun to make small loans to members from its central fund; so far, three short-term loans of \$35 each have been made to members for the purchase of tools. These loans have been made at 8-percent interest.

The craft products of members are retailed by GAMCO at 30 percent above production costs. Crafts sold for export, however, are sold at only 5 percent above cost, as GAMCO has only recently begun to export and is attempting to gain access to secure markets. GAMCO sales are currently about \$7000 per month and its operating expenses are roughly 17 percent of total sales. Net profits are currently reported at 0.7 percent, the highest in the organization's brief history.

#### IV. Future Plans

IBAS is now entering a phase of expansion and Gambianization. Over the next four years, plans call for the construction of two additional regional offices, the expansion and total nationalization of the staff to a total of thirty Gambians, and the creation of a raw-materials pro-

curement facility. In support of these activities, the Gambian government will provide approximately \$350,000 for capital development. This will be augmented by grants from the European Economic Community. At the same time, both the U.H.D.P. and the I.L.O. plan to terminate most of their financial and technical assistance by 1982.

#### V. Assessment and Analysis

As is obvious from the sales volumes and loan absorption capacities of IBAS' clients, the program is assisting mostly well-established entrepreneurs who are well above the income levels of very poor self-employed. Among this clientele, the program has had the effect of increasing production and sales, with clients reportedly increasing incomes as much as 50 percent. According to staff, however, the program has not produced significant increases in the number of jobs available within the ninety enterprises that are now being served. The largest increase in employment has occurred in Farafenni where fifteen jobs, mostly apprenticeships, have been created over the last two years.

The program's success in raising client production and incomes is due, according to staff, to two major factors: its concentration on the upgrading of enterprise management capabilities (and use of improved equipment by clients); and its analysis of both the marketing potential of client products and the general health of the enterprise prior to the extension of credit. In general, the inputs of the program seem to be well planned and well coordinated, and the staff appears to be technically competent. At the present time, however, both this program and the apparently well-managed GAMCO handicrafts program are almost totally dependent on expatriate staff despite the fact that IBAS operations are over four years old. As nationalization has not yet occurred, it is difficult to judge the long-term prospects of the program.

While the program seems to be meeting its goals, it is somewhat questionable to what extent its general methodology is applicable among less established, poorer clients. This is a fairly conventional small-scale enterprise-assistance program which is delivering intensive one-on-one services and arranging relatively large loans at a cost of roughly \$1000 per client. Most of the programs identified in this study which assist smaller clients, concentrate less on delivering such intensive individual services and more on group-enterprise formation. In this regard, it is interesting to note that in Farafenni, IBAS has been successfully promoting group formation among poorer clients for the purpose of facilitating the extension of training and credit.

## I. Project Identification

Name: Centre d'Education a la Promotion Collective (CEPEC)  
Yaounde, Cameroon

Principal: Fr. Paul Fuchs, Director

Consultant: Fred O'Regan, The Development GAP

## II. Setting

Cameroon is often referred to as a microcosm of all of Africa. It has both Anglophone and Francophone regions, exhibits great ethnic and religious diversity, and possesses climatic zones which range from the rain forests of the south to the arid Sahelian plains of the north. While the majority of Cameroonians live in rural areas, urban growth has become a burgeoning phenomenon. Yaounde, the capital, has experienced an annual growth rate of twelve-to-fifteen percent in recent years. Douala, the nation's largest city, is growing at a slightly slower pace. Both cities contain large squatter settlements with thousands of small artisan industries and petty-retailing enterprises.

While little formal assistance, whether it be in the form of credit, technical assistance or training, is currently reaching the lower end of the informal sector in either Yaounde and Douala, some very promising assistance efforts have recently been initiated in both cities. The artisan-assistance projects of CEPEC in Yaounde and the Institut Panafricain pour le Developpement (IPD) in Douala, for example, are programs which are passing effectively through their developmental stages and hold great promise for getting sustained assistance down to the poorest level of society. CEPEC's activities will be described below, with IPD presented in the following report.

### III. Project Description

A. Goals. CEPEC's major purpose is to assist in community development efforts which are based upon authentic African socio-cultural and economic realities. Working on the basis of somewhat complex intellectual underpinnings, CEPEC is active at the local level in the areas of animation, community training, and organizational development. Its objective is to enable communities to identify, plan, execute and evaluate their own development projects.

B. Organizational Structure, Staffing and Funding. CEPEC was formed in 1970 as part of the Catholic Church's attempt to promote collective, self-defined development at the community level. It is an independent, self-administered organization, legally attached to the archdiocese of Yaounde. It enjoys the active support of Archbishop Jean Zoa, who is noted as a dedicated supporter of development amongst the urban poor. Focusing on Yaounde and the surrounding rural areas, the organization works in close conjunction with the local branches of the Ministry of Social Affairs, the Ministry of Youth and Sports, and the administrative offices of Yaounde's city government. All of its activities are planned and coordinated with these governmental entities. Often, the government borrows CEPEC's training staff to work in its own community programs. Similarly, CEPEC enjoys working relationships with other non-governmental organizations, including BASE, another Catholic development organization, through which it receives part of its funding; FEMEC, a Protestant organization with which it has jointly outlined funding plans for local communities; and IPD, with which it has established training seminars for local community trainers and with which it will continue to work in the future.

CEPEC currently employs twelve people, including nine Cameroonians and three expatriates. Two are charged with administration and the remainder are trainers, or animateurs, working directly with communities. Rev. Paul Fuchs, a French development expert, has headed the organization for the past two years. CEPEC's operating budget for 1978 and 1979 is approximately \$165,000. Funds are raised from private international sources (mainly Misereor), from the archdiocese of Yaounde, and from the local communities, which contribute 15 percent of the resources necessary for CEPEC's direct support activities. CEPEC, however, is neither a funder nor an intermediary financial conduit.

C. Project Activities. CEPEC's community development approach consists of several phases. First, animateurs initiate contact with poor local communities and begin to organize group meetings within the community. At these meetings, which are held over a period of three to four months, the basis for ongoing support from CEPEC is discussed in the framework of the community's willingness and ability to invest time and resources in the collective pursuit of local-level development.

In the second phase, an intensive community training program is begun. This training stage, which lasts from nine months to one year, consists of two distinct elements: animation (or consciousness raising) and practical, community-development skills training. The animation training is aimed at the participants' acquisition of (i) a comprehensive understanding of the social, physical, and economic "milieu" of the community, and (ii) sufficient knowledge and will to work collectively -- across ethnic and religious lines -- to solve problems. The community development training focuses upon methods of collectively identifying and prioritizing development needs and planning effective strategies to meet these needs. Concurrent with the

community training, CEPEC focuses upon the identification and training of potential community leaders. Emerging neighborhood and community representatives are given intensive preparation in community-action and organizational-development techniques. Leadership training, formerly held at CEPEC's training center in Yaounde, is now held in the community as an extension of the normal community training program.

The beginning of the third, or operational, phase overlaps with the conclusion of the training phase. At this stage, the attempt is made to form both a permanent community training facility, staffed by locally trained trainers, and a community development organization with its basis in neighborhood representatives who are selected on a block-by-block or similar sub-unit basis. As the operational phase progresses, the community is expected to further elaborate development needs on a practical, sectoral basis and to begin to identify specific initiatives or projects to address them. CEPEC emphasizes the utilization of community financial, material, and human resources, although it does attempt to identify sources of outside support where necessary. CEPEC's final goal is "community self-autonomy" in development, a condition in which a community has attained both social cohesiveness and economic self-sufficiency. CEPEC's recognition of the time required for the achievement of this goal is reflected in the eight-year schedule of support (culminating in 1985) which it has detailed for urban communities.

As an outgrowth of its training, promotional, and facilitator roles, CEPEC is now either delivering or securing assistance in various sectors, including the artisan sector in Yaounde. Utilizing one full-time staff person, who coordinates his efforts with four German and Dutch volunteers, CEPEC is currently involved in: (i) the formation of an artisan organization;

(ii) the creation of a cooperative for primary-goods and materials purchasing, in conjunction with the Yaounde Union of Caisses Populaires (Credit Unions); and (iii) marketing research on the demand for artisan goods and services. To complement its promotional work, CEPEC is in the process of recruiting a technical production and marketing expert to conduct further market research and to deliver technical assistance for the upgrading and labor-intensification of production techniques, the diversification of product lines, and the introduction of additional artisan service trades which are deemed viable by marketing surveys.

Although it is involved in three quartiers in Yaounde, most of CEPEC's artisan-promotion efforts have centered on Le Briqueterie, a settlement with a population of over 50,000 which is widely known as a center of artisan-enterprise activity. Together with its artisan-assistance activity, the organization is pursuing more broad-based community organization and training in Le Briqueterie, as this community has virtually no formal organizational structure. CEPEC is also working with the Yaounde Union of Caisse Populaires to strengthen the community's only credit union, which is quite weak at the present time.

Given what it perceives to be a virtual vacuum in the delivery of promotional and technical support to Yaounde's artisans, CEPEC plans to expand its role in this sector, integrating small-business development within its community development projects, with planning controlled by representative community-action committees. CEPEC has had continuing discussions with IPD about that organization becoming more directly involved in artisan support activities and the training of community field workers in Yaounde, as well as in Douala.

#### IV. Assessment

As a promotional agency working in community organization and general group training, CEPEC, by initial assessment, appears to be effectively laying the basis for urban community development in those areas in which it is involved. Its programs for community training are planned with precision, its staff of Cameroonian trainers' is appropriate for the task at hand, and its relations, both within the communities in which it operates and with local government, are said to be excellent. By all accounts, it is the most active organization directly engaged in community development in the quartiers of Yaounde -- and it is deeply committed to this task. Although it is not specifically an SSE-assistance organization CEPEC's initial efforts in the artisan area seem to be very well thought out and potentially quite effective. Its focus on market analysis for the identification of viable product lines, for example, seems quite sound given the marketing problems encountered in many programs at this level, and its gradual approach to building up a general technical assistance capacity as part of its community development efforts will assure a continuity in its approach. As it develops in the future, CEPEC's artisan-assistance project could prove to be an extremely effective one.

## I. Project Identification

Name: Institut Panafricain pour le Developpement (IPD)  
Douala, Cameroon

Principals: Mathieu Gracia, Director, Central African Division  
Allain Lafitte, Economist

Consultant: Fred O'Regan, The Development GAP

## II. Setting

Unlike Le Briqueterie, the community upon which CEPEC (see previous report) is focusing its assistance, Zone Nylon, the focus of IPD's involvement in artisan assistance, is an extremely poor but well organized settlement. With a population of over 100,000, this squatter community in Douala has organized a community action council through which local residents coordinate a wide range of self-help activities which include the construction of drainage ditches, footpaths and access roads. The community is currently engaged in a self-initiated planning process which it hopes will lead to a comprehensive community-upgrading program. Although Zone Nylon is not noted as a commercial, artisan center, it does, in fact, have an active, internally oriented artisan sector geared mainly to the provision of services, such as tailoring, shoe repair, and auto repair.

## III. Project Description

A. Goals. IPD is a well-known, private development institute established in 1964 to promote African-defined development through training, applied research, and project support and consultation activities. The institute's approach to development is based upon "... the understanding, mobilization and participation of the local populations concerned."

B. Brief Description and History. In its fourteen years of operations, IPD has concentrated its efforts on training (primarily of development facilitators, but also among organizations and communities) and action-oriented development research. In recent years, however, it has become increasingly interested and involved in direct consultation in the areas of managerial assistance, project planning and evaluation. Given the impressive experience and capabilities of its professional staff, IPD's increasing interest in project work is of great potential benefit to Cameroon.

C. General Structure

1. Organizational Structure. IPD's policies and general operations are governed by a council of twenty prominent international members, the majority being African. A general secretary, appointed by the board, is headquartered in Geneva. There are four geographically and administratively distinct IPD components:

IPD Central Africa - Douala, Cameroon (French Speaking)

IPD West Africa - Buea, Cameroon (English Speaking)

IPD Sahel - Ouagadougou, Upper Volta (French Speaking)

IPD Program Support Service - Douala (Bilingual)

Plans are presently being considered for the establishment of an additional branch for East and Southern Africa, probably in Nairobi. With a combined staff of approximately forty full-time professionals and thirty part-time or affiliated consultants, the Central Africa Division and the Program Support Service make the Douala branch the largest single IPD unit. The core staff is diverse in terms of both nationality and specialization. The majority are African with expertise in such fields as economics, management, sociology, agronomy, family economics, and community organization and development.

#### D. Project Activities.

1. Training. IPD training for development professionals is of both short- and long-term duration. The short courses are usually offered as two- to six-week seminars in specialized areas, either as refresher or introductory courses in distinct topical areas. These seminars, which are arranged and specifically adapted at the request of private and public development agencies, are held either at IPD, at the requesting institution, or in a particular community. The areas most often explored in these seminars include project conceptualization and planning, regional planning, management, "training of trainers," rural development methodology, and methods and practice in community animation and participation. Many of these IPD training seminars have been given in Cameroon. Some examples of this activity include:

- a. four training seminars on credit management for the administrative staffs of Caisse Populaires (credit unions) in the Center-South region of Cameroon and in Yaounde;
- b. a series of seminars for the training of managers of the local marketing cooperative components of ZAPI, a World Bank-supported Cameroonian rural development program;
- c. a series of project management seminars for staff members of the Ministry of Social Affairs and involved community leaders;
- d. a development management seminar for the Catholic Bishops of Cameroon and their immediate staffs; and
- e. a planned series of training programs for peasant associations, to be implemented with FEHEC (Cameroon's major Protestant-

church development organization), BASE (a leading Catholic development organization, and ZAPI.

As previously noted, IPD and CEPEC have discussed collaborative work in the SSE sector and plan to coordinate their efforts in the future.

Formal, longer-term training is aimed at the creation of development cadres for the promotion, planning, execution, and evaluation of local-level development. Since the program's creation, IPD has graduated over 2,500 diploma-level students representing thirty countries. The program is organized around "training units," each of a distinct topical nature and requiring six months of intensive study and field work. The core training units include: development background research; project conceptualization, execution, and evaluation; participatory planning for regional development; management of enterprises and cooperatives; and "training of trainers" in development. Aside from academic studies, all IPD students acquire direct field experience by working at the community level in Cameroon under the guidance and leadership of IPD professionals. Their field work duties vary from research to project planning, execution, and evaluation within sectors dictated by their area of concentration.

2. Research and Consultation. Upon request, IPD also serves as a research and consultation resource for local communities, making available its professional staff for assistance in the conceptualization, planning, promotion, and execution of local-level projects. IPD personnel will often act in an intermediary capacity as well, helping communities to identify external sources of financial and technical assistance. This support may evolve from student involvement in a certain community

or project, from an IPD research effort in the area, or through a response to a direct request of a certain community or development organization. In Edea, for example, Professor Cosmo Dikoume, a former president of IPD, is currently involved in an exploratory, action-oriented study to integrate community development activities with the ongoing industrial development in that area. Following the completion of the research, IPD hopes to assist in the planning and initiation of an integrated community development project in Edea.

In Zone Nylon, IPD has been actively involved for the past four years, primarily in small-scale enterprise and artisan activities. IPD's support activities in Zone Nylon are headed by M. Allain Laffitte, an economist specialized in enterprise management. Up to four professional staff are involved on a part-time basis in development support activities in the Zone.

IPD's relationship with the artisan sector in Zone Nylon began through a process of participatory action research ("Enquete Participative") initiated by IPD staff and students. In this process local artisans and community residents were brought together to determine what was important to them to know about artisan activities and how such information could best facilitate the future development of the community. Out of this grew a research process based on interviews with a cross section of Zone Nylon's artisans and a general economic analysis of the sector.

Among the findings of this research are the following:

(i) many of the artisans interviewed are not entrepreneurs by choice; rather, they are rural people who have come to the city to seek secure employment and, failing to do so, have adopted self-employment in trades in which they can quickly begin to generate income;

(ii) there is severe overcompetition in certain trade areas, such as woodworking, tailoring, and minor construction, which require little capital investment to enter; and

(iii) growth, in terms of employment and income within the Zone's artisan sector, is dependent upon a lowering of costs in the purchasing of raw materials, increased efficiency in production among artisans, a greater diversification of artisan product lines and the establishment of more marketing channels outside of the informal sector in Zone Nylon itself.

As an outgrowth of its initial research involvement, IPD began assisting the artisan sector in Zone Nylon. Working in collaboration with the local office of the Ministry of Social Services and with the Zone's Community Action Committee, IPD has (i) helped to organize an artisan association to represent local producers; (ii) promoted production groups for the purpose of forming credit guarantee mechanisms and buying raw materials in bulk; (iii) delivered management and accounting assistance to local artisans; and (iv) helped identify and introduce new product lines. To complement its direct assistance efforts, IPD is conducting an ongoing marketing analysis of the Douala area to determine viable artisan products, while, in collaboration with other organizations, engaging in a promotional campaign to influence middle-class Cameroonians to purchase indigenously produced goods. The organization is also assisting a local Dutch volunteer in upgrading the administrative and lending capacities of the Zone Nylon credit union. The union, which was formed through the efforts of the community action committee, has reportedly made great strides over the last year and has begun ex-

tending small loans to artisans. Details on this lending program, however, were not available.

#### IV. Assessment

IPD's assistance has been delivered through the efforts of Allain Lafitte, a staff economist who lives in Zone Nylon, along with other interested staff members and a number of students who are specializing in employment and income-generation assistance. Although this assistance effort is not a formalized one, in that it does not have distinct operational and administrative units and a specific budget, it seems to be rendering important assistance to an artisan community which would otherwise not be served.

IPD brings to this effort a wealth of competence and experience which is greatly appreciated in Zone Nylon. It has sensitively established a sound working relationship with the community's representative council, and its assistance has therefore become an integral part of Zone Nylon's total upgrading effort. In addition, IPD's strategy of assisting in the build-up of local organizations, such as the Zone's artisan association and credit union, to implement future development activities within the artisan sector constitutes a sound approach to enhancing self-reliance within the community.

Although IPD has not sought funding to formalize and expand its assistance efforts in Zone Nylon, it has continued to provide services on an informal basis and to assist in locating additional sources of financial and technical assistance for Zone Nylon's artisan community. Hopefully, IPD will further develop and expand its direct artisan-assistance activities, as the informal assistance it is delivering

seems to be quite effective. As previously stated, IPD and CEPEC, which have excellent relations, have held discussions on possible future collaboration. The development of a formal artisan-assistance program in Douala and Yaounde involving these organizations would certainly present an excellent opportunity for international donors to participate in an effective effort in this sector.

## Summary of Findings and Conclusions

### I. Central Problems Facing the Very Poor Self-Employed

The majority of the very poor in African cities are urban squatters, and most of this growing population is composed of essentially traditional people from rural areas. This is particularly true of those in the newer settlements in and around primary cities, as well as those in secondary cities. As the growth of the formal economic sector has not been sufficient to absorb this growing number of job seekers, most seek employment through some form of petty trade or artisan activity.

As such organizations as the National Christian Council of Kenya (NCCCK) and the Institut Panafricain pour le Developpement (IPD) in Cameroon, have discovered, many of the poorer artisans and traders in squatter settlements engage in entrepreneurial activity as a matter of survival rather than choice and, in some instances, would prefer secure wage employment if it were available. In addition, the very poorest of those engaged in economic activity -- that is, those who are the focus of this study -- lack general familiarity with the workings of the cash economy, possess extremely low productive skills, and are therefore not truly competitive even within the informal sector. Furthermore, they lack access to secure premises, potentially profitable marketing sites, and essential services, and have little or no collateral with which to leverage financial assistance.

Given the fact that the very poor in urban Africa are concerned primarily with the day-to-day survival of themselves and their dependents, are often not entrepreneurs by choice, and face severe economic limitations,

most of the programs identified as actually reaching this level aim primarily at assisting clients to achieve some measure of economic security. Working with slum dwellers with less than \$20/month incomes and an average of 6.5 dependents, such as the women in Nairobi's Mathare Valley, it is not surprising that these organizations are not primarily concerned with entrepreneurial development and enterprise growth per se, but rather with trying to guarantee some minimal level of immediate income to as many people as possible. It is felt in most cases that, once the poor achieve a sustained, secure income, they will have some basis to collectively or individually improve their own economic well-being and make use of "harder," more formal types of enterprise assistance. Of the programs identified, most work to provide this first stepping stone in improving the living conditions of the poor.

As is well known, African government economic policies have not favored the informal sector. Most countries have traditionally favored export-led development together with formal-sector production activity, which has not had significant impact on urban unemployment. Only recently (in the past decade), have they begun to support informal-sector businesses. In general, however, national licensing, registration, tax and credit policies continue to inhibit informal-sector activity, thus further isolating the very poor from meaningful economic opportunities. For example, in order to legally establish a dressmaking shop in Mombasa, Kenya, two clients of the MCCK program had to pay a total of \$96.00 in registration fees and taxes and for mandatory disposal services. Such a sum is far above what can be afforded by the poorest artisans and traders, who, if they cannot borrow the money, are forced to operate illegally and become subject to police harassment. In the case of petty retailers, zoning regulations in most primary cities

inhibit their access to central, potentially profitable sites, forcing them to compete amongst themselves in very low-income areas.

While the research carried out in this exploratory study was not designed to yield conclusive results, there appears to be very little meaningful assistance of any type reaching the very poor in urban Africa. Many of the programs identified as reaching this population are relatively small and, being quite young, are still in their experimental or formative stages. Furthermore, the majority of these programs are either operated by, or were at least originally initiated by, private development organizations. In most countries, conventional public-sector agencies were found to focus upon comparatively well-established, more stable enterprises which possess assets significantly higher than those of the very poor.

This absence of public support -- both at the policy and program level -- in the areas of informal-sector employment generation, in particular, and community economic development, in general, renders extremely difficult the task of delivering services to the very poor self-employed. Institutions attempting to help generate self-employment at this level must provide comprehensive development assistance of a promotional, educational, and organizational nature prior to, or in conjunction with, enterprise-improvement services. As is demonstrated in the case of HCCK in Kenya, such comprehensive assistance can be delivered, and delivered well, but not without a considerable commitment of time and resources on the part of assisting entities.

On the other hand, in Tanzania, the Small Industries Development Organization (SIDO), a government agency with limited resources, delivers widespread technical assistance to small industries incorporating the urban and rural poor. It is able to do so because of widespread, publicly supported

promotional and organizing efforts at local levels which have been undertaken as a result of firm political support for development among the very poor. Specific measures have also been adopted within the industrial sector to support small, indigenous industries: national banks are mandated to lend to small artisan groups; regional marketing channels have been established for artisan goods; and artisan associations have been organized to give local producers a voice in public policy.

As such broad public-sector support does not exist in the majority of countries in Africa, agencies working among the very poor attempt to coordinate their work with government agencies in order to draw the public sector into assisting clients at this level. NCCK, for example, began the Village Polytechnic Movement and later sought increased public support and involvement. This resulted in the government incorporating the program within the Ministry of Housing and Social Services. NCCK has also successfully elicited the involvement of the Nairobi City Council and the Kenyan Department of Cooperatives in its housing and employment programs. Similarly, the Centre d'Education a la Promotion Collective (CEPEC) in Cameroon works in close collaboration with the Ministry of Social Services in that country, even to the point of lending staff to the Ministry for certain projects.

The close collaboration which these organizations maintain with government agencies and officials allows them to play an important advocacy role with the public sector. Most of these organizations use their collaboration with public agencies to demonstrate both the need and the viability of working with the self-employed poor. This advocacy role may prove to be a significant factor in stimulating widespread public assistance to the urban poor.

## II. Assistance Methodology

The majority of the programs identified as reaching extremely poor urban populations exhibit strong social emphases. For the most part, they are not primarily small-scale enterprise programs in the conventional sense of the term. Many, such as NCCK's Urban Community Improvement Programme and the Institute for Cultural Affairs' (ICA) Kawangware upgrading scheme in Kenya and CEPEC's program in Cameroon, are essentially community development programs which have adopted enterprise assistance as a component of their total efforts. In general, these programs -- including those which are engaged exclusively in delivering enterprise assistance -- emphasize increasing of incomes and production among the poor as crucial to immediate survival and the attainment of individual and family security. These economic objectives, however, are viewed as means toward greater ends such as "increased self-reliance" (SIDO), "an enhanced feeling of self-worth" (NCCK), and "greater community awareness and control over development" (CEPEC).

In part, these goals reflect the social and political values and commitments of the people and organizations working with the very poorest sectors of society. More importantly, however, the adoption of more comprehensive assistance objectives appears to stem from the realization of these institutions that their clients at this extreme level of poverty in Africa face many problems in addition to low incomes and that they must be addressed simultaneously. It is for this reason that many of the programs identified deliver, in an integrated manner, a wide range of services in such areas as housing, health, nutrition, and literacy together with their employment-generation assistance. To ensure that priority needs are indeed addressed and that local resources

are mobilized on a sustained basis to help meet these needs, most of the programs also elicit beneficiary and/or community participation in the planning and implementation of programs through the establishment of representative organizations in the areas in which they work. The NCCK and Village Polytechnic programs in Kenya, CEPEC and IPD activities in Cameroon, and the UN-supported Women in Development (WID) program in Swaziland are illustrative of this point.

#### A. Outreach and Promotion

Perhaps the key element identified in the programs which are extending economic assistance at this level is a sound component of outreach and promotion in local urban slums. As the very poorest of urban artisans and traders are illiterate, isolated from mainstream programs and institutions, and lacking familiarity with credit extension or the cash economy in general, the indirect promotion of assistance programs through the media or the offering of services through central facilities does not seem practical at this level. Rather, most programs were found to rely upon professional outreach and promotional staffs which work directly with poor communities.

In the case of SIDO, for example, the agency dovetails its technical and managerial assistance with the ongoing, organizational work being undertaken by public officials in communities throughout Tanzania. In other countries, where such broad organizational efforts among the poor are not in evidence, virtually all of the programs researched have developed close, personal contact with clients through the establishment of outreach programs of their own; NCCK and CEPEC have incorporated particularly strong capabilities in this area.

There are a number of factors which necessitate the establishment of such promotional components by agencies dealing at this level. First, as stated, the potential clients of their programs are physically and socially isolated from the mainstream of society, do not normally seek outside assistance, and therefore must be reached directly within their own communities. Second, given their very low level of business knowledge and technical skills, a significant amount of personal assistance must be extended to help these clients become involved in self-supporting economic activity; the establishment of community-based programs makes possible intensive contact and follow-up with clients on the part of staff. Third, the highly localized focus of these programs allows institutions to gain a so working knowledge of communities and to identify their immediate, priority needs -- both economic and social.

This knowledge appears to be essential to the design of service programs which effectively address these needs; to the stimulation of community organization and action to carry out such programs; and to the identification of those local residents who are legitimately in need of income-generation assistance and who can be trusted to effectively utilize the assistance given. This approach builds a base for an agency's employment-generation efforts, while building up confidence and trust in the program among local residents.

The specific outreach and promotion techniques utilized were found to vary from program to program. The model adopted by NCCCK in its urban-upgrading and employment-generation work presents, perhaps, the soundest approach, with highly qualified social workers and community educators, who are recruited from local communities and trained by NCCCK, forming the basic outreach channels through which all services are promoted and, in part, delivered.

One variation on this approach involves the use of students doing action-oriented research as the initial outreach mechanism (IPD). Another involves the initiation of a broad-based needs-elicitation process using a large group of outside volunteers and locally recruited residents (ICA).

In most cases, two factors seem to be shared. First, the programs are promoted within, and directly tied to, specific local communities. Second, a strong effort is made to incorporate indigenous people -- either as staff or through their own organizations -- as an essential element in the outreach, promotion, and service-delivery aspects of the program. The Village Polytechnic program, with its formation of local-level management committees, provides a good example of this approach. In most programs involving expatriates, such as CEPEC and WID-Swaziland, a decided effort is made to both nationalize the staff and decentralize the decision-making and policy-formulation processes to directly involve local residents. The Africanization and localization of programs appears to be essential to ensure that local needs are identified and addressed, that local residents of poor communities become actively involved in solving their own problems, and that the program is identified as an authentically indigenous endeavor. In the one program identified in which expatriate staff retained strong policy and program control -- ICA in Kenya -- little legitimate local mobilization was in evidence, and some distrust in the program has begun to surface in local Kenyan development circles.

An additional element in evidence in most of the programs examined is the promotion of group formation among clients. The types of groups formed varies from actual group enterprises, such as those promoted in the SIDO, ICCK, and WID-Swaziland projects, to artisan associations, such as those organized by IPD and SIDO. The most consistent, and perhaps most

important, type of group formation, however, was found to take place at the enterprise-formation level. Based on the examination of the projects in this study, the promotion of group rather than individual enterprises seems to be of crucial importance among the poorest of the self-employed for a number of reasons. These include:

- 1) increased efficiency in the use of staff time. Given the intensive assistance required at this level, significant numbers of clients could not be reached on an individual basis by organizations with limited resources. Grouping has allowed for the extension of direct, specialized assistance to clients which otherwise would not have been possible without enormous increases in cost.
- 2) the sharing of skills and management responsibility among clients. Given the extremely low production and management skills exhibited by clients at this level, the formation of groups is viewed by most agencies as an effective means of facilitating the informal sharing of whatever skills exist among group members. This is clearly evident, for example, in the group training techniques of the Village Polytechnic program, in which second- and first-year trainees work together to facilitate the transfer of skills from the more advanced to the less advanced among them. At the same time, group enterprises allow for the specialization of production functions and thereby lower training needs among clients. Similarly, a sharing of management responsibilities by group members can be undertaken to take advantage of collective know-how and experience.
- 3) the lowering of both fixed and variable enterprise costs. The grouping of clients into collective enterprises lowers enterprise-formation and operating costs through the sharing of start-up expenses (including ini-

tial registration and tax payments), the bulk purchasing of either raw materials or retail stock, and the collective purchase and sharing of tools and equipment.

4) the formation of group guarantee mechanisms among clients.

As clients at this level possess virtually no physical or cash collateral, group formation is seen as the most viable alternative in securing credits. Thus, in the majority of cases, those programs which directly extend credit as part of their assistance (e.g., NCCK, IID-Swaziland and SIDO) utilize group guarantees as the normal means of loan securement, while those programs which do not extend credit (e.g., CEPEC and IPD) promote group formation to provide a guarantee mechanism with which to help leverage credit from formal financial institutions.

5) the enhancement of client self-confidence and political leverage. Most of the very poor self-employed are facing a difficult transition from traditional to more formal social and economic activities. Assistance organizations therefore pursue group formation as a means by which mutual reinforcement and a bolstering of self-confidence can take place during this transition period. In addition, grouping facilitates broader organizing efforts among the poor to enable them to establish a collective basis for leveraging increased public assistance.

In general, criteria for the selection of clients at this level are so relaxed as to be almost non-existent, with clients usually selected on an informal basis by field staff. In the case of most clients, selection is made on the basis of staff knowledge of both the local residents and the community, in general. Emphasis is placed on actually reaching this level of the population and identifying legitimately needy people. NCCK, for example, will identify individuals with great need of income, but with no

actual skills or trade specialization, and encourage them to form groups while product ideas are introduced and assistance is delivered. At the same time, it will identify potential clients with experience in the same trade area, such as used-clothes retailing, and similarly encourage them to form group enterprises in order to receive managerial and financial assistance. A similar policy is followed by SIDO in Tanzania. On the other hand, in the case of training programs, such as the VP program in Kenya and the Training-cum-Production Centers (TPCs) in Tanzania, which are aimed primarily at youth, sufficient manual dexterity for the trade area in question and basic literacy must be demonstrated in addition to economic need before a potential client is selected.

#### B. Training and Technical Assistance

On the basis of the programs examined, it would seem apparent that intensive technical and managerial assistance, together with technical training, are necessary for effective enterprise formation and growth at this economic level in Africa. But, in general, the focus of most programs -- with the exception of those aimed primarily at youth -- is upon on-site managerial and technical assistance rather than on intensive technical training. This seems to be due in part to the lack of funding and technical capabilities within many organizations to provide intensive training courses. Of apparently greater significance, however, is the fact that adult clients, particularly women, can afford neither to take time away from their dependents to attend courses not given locally nor to engage in activities which do not generate some form of income.

Realizing these limitations, most programs attempt to complement and build upon whatever economic skills and talents clients may already possess, delivering technical assistance and, in some cases, limited training to help

improve and stabilize local ventures. This is quite evident in the employment efforts of NCCCK, SIDO and WID-Swaziland among the adult poor. Similarly, where training courses are offered, as in NCCCK's Tototo program, an emphasis is placed on skill areas familiar to clients in order to minimize the amount of time and financial costs involved in raising clients to a competitive skill level. Petty retailers aside, therefore, the majority of enterprises promoted or assisted by these programs operate in skill areas closely related to traditional African economic activities. These include, for example, sewing and patchwork (supported by NCCCK), various types of handicraft production (NCCCK, SIDO, and WID-Swaziland), and urban and peri-urban cash-crop agricultural schemes (ICA). On the other hand, the youth training programs examined encompass a broader range of skills, including metal work, carpentry, and auto mechanics, as the young have greater latitude to pursue intensive training in new trade areas.

As the technical assistance objectives of most programs emphasize enterprise formation, improvement, and stabilization, rather than rapid enterprise growth, managerial assistance delivered to client groups usually focuses on the attainment of "adequacy" in bookkeeping, inventory control, production management, and marketing. The first assistance delivered usually addresses the establishment of a simple accounting system which allows clients to understand the basics of financial management. Perhaps the most effective technique utilized in the establishment of a financial system within enterprises at this level is the physical division of cash income into different bags or boxes which represent separate accounts (NCCCK). The use of such a system encourages the separation of personal and business income and encourages re-investment in the business (overcoming one of the biggest problems encountered among clients) and the setting aside of funds for eventual loan repayment. Such a technique also surmounts the problem of illiteracy among the clients.

As most of the clients are assisted in groups, some programs, such as SIDO, focus management training and on-site assistance on a sub-group charged with specific management and bookkeeping responsibilities. Others, however, such as the NCCK and Village Polytechnic programs, focus their assistance -- at least at the beginning -- on the entire group and encourage a rotation of group leadership and management responsibilities. This promotes an awareness of the various enterprise functions and responsibilities among all clients.

Subsequent, ongoing, on-site assistance in these programs usually focuses upon (i) the formalization of a bookkeeping system (often with the assistance of a literate child or friend) to provide a basis for the receipt and management of credit; (ii) the systematization of production and sales functions; and (iii) the upgrading of client production skills. These ongoing assistance activities do not differ from those normally associated with formal, small-scale-enterprise programs. What is different about programs operating at this economic level, however, is the intensity of personal contact and follow-up that is apparently necessary to improve clients' economic progress. In most cases, program promoters and administrators stressed the need to patiently "stay with" clients until an adequate level of enterprise stability is achieved.

This approach is evident in most of the programs examined. The incidence and intensity of personal contact by field staff with clients in delivering assistance is quite high in most of the programs which seem to enjoy some measure of success, while problems seem to occur in cases where intensive follow-up is not in evidence. For example, in the case of NCCK, clients are basically "walked through" the entire assistance process by community workers -- this includes personal accompaniment and assistance in the credit application and interview processes. This intensive assistance seems

to be related to NCCK's success in improving client well-being and maintaining a low default rate on loans. On the other hand, the lack of intensive, follow-up, on-site assistance to graduating work groups in the Village Polytechnic program appears to be related to some of the problems which have occurred in the formation of viable enterprises among trainees, as well as to an unsuccessful pilot credit scheme.

### C. Marketing Assistance

The extension of marketing assistance is an additional support activity which seems to be sorely called for at this level. As most of the enterprises run by the poor produce and/or market very basic and simple goods and do not enjoy access to potentially profitable markets and marketing sites, clients are placed at a distinct competitive disadvantage. To counter this, programs either assist in the identification of stable marketing channels or establish central markets for the goods produced by client enterprises. NCCK and SIDO, for example, have established central handicrafts marketing corporations and local tourist stores which purchase and retail client craft goods. For non-handicraft products, the Tanzanian Government has established regional trading centers to purchase and distribute small-enterprise goods, while ICA-Kenya has developed an export marketing channel for its urban cash-crop products. Petty retailers, on the other hand, are usually assisted in locating and establishing a secure, accessible premise and are advised on obtaining potentially profitable stock.

While such measures have established or improved marketing positions for assisted enterprises, persistent marketing problems were indicated in all programs. This poses the potential problem of future enterprise stagnation. Demand for handicraft items, for example, can be highly variable, producing instability among artisan enterprises. At the same time, simple con-

sumer goods, such as basic clothing and footwear, are subject to significant market dislocations brought on by highly capitalized formal-sector industries which can produce such items at greatly reduced cost. To counteract these marketing problems, many programs attempt to identify potentially secure product lines and promote their production and/or sale by client enterprises. In addition, some organizations have initiated campaigns within the country to promote the purchase of indigenous products.

Perhaps the most feasible approach adopted by some programs is to carefully identify the demand for skills and products within local communities and then match the areas of training and enterprise promotion to these needs. In this way, at least some degree of marketing feasibility is established for the goods and services to be produced. In the Village Polytechnic program, for example, local management committees are required to assess the local need for particular skills before selecting the training courses to be conducted in the community's VP. Similarly, SIDO undertakes demand surveys in communities before choosing trade areas to be developed locally through enterprise assistance and youth training. Most of the programs which have not adopted this strategy prior to initiating enterprise assistance have increasingly realized the need to do so.

In all probability, marketing problems will continue to form the greatest constraint to economic growth among very poor artisans and traders. As is well known among students of informal-sector activities, the marketing of small-enterprise goods within that sector's economy poses a problem of static final demand. This is an even larger problem for the very poor who are barely surviving against severe competition from more established enterprises. At the same time, while sound in theory, attempts to "export" the goods produced by the very poor out of local communities can be logistically complex, may not

always provide stable incomes, and expose clients to the risk of becoming skilled in areas of production which are dependent on unforeseen formal-sector and international market forces. The highly variable export prices being paid for the French beans produced in ICA's urban agriculture scheme is typical of this problem. If ICA subsidies were not buffering producers from price fluctuations, participant incomes would vary sharply from one month to the next and, in all probability, would be lower on average.

Based on the limited research conducted in this study, two elements of assistance appear to be present in programs which have enjoyed some degree of success in grappling with the very difficult problem of marketing. These are: 1) an emphasis on the identification of local needs and consumer demand, on the one hand, and the matching of local skills and areas of enterprise development among the poor to meet local needs, on the other, and 2) the direct intervention of the assisting entity in the identification or establishment of marketing channels for client enterprises.

#### D. Credit

While financial assistance constitutes an essential element of most programs identified, in no case was it found to be a sufficient means of assistance per se. In most cases, credit is delivered as part of a comprehensive package of enterprise support, and is only delivered after such time as the clients are considered to have attained an adequate managerial and productive capacity. In short, while most clients (e.g., those surveyed in Nairobi) consider credit as the most meaningful type of assistance, the support institutions seem to use financial aid quite conservatively and are very cautious in ensuring that clients are able to successfully utilize and manage loans before they are granted. SIDO, for example, extends credit only after a

feasibility study of the enterprise has been completed, while NCKK brings clients into the credit application process after they are judged by field staff to be ready to absorb credit. As reported by most program administrators, the reason why this general approach has been adopted is to bolster the confidence of clients by ensuring that steady progress is made by them and that this progress is not jeopardized by pushing too much and too many forms of assistance too quickly.

Consistent with this cautious approach to credit extension, most of the programs identified exercise comparatively strict control over the use of credits by clients. One of the major mechanisms of control over credit utilization found in most programs is the granting of in-kind credits in the form of tools, equipment and raw materials to production groups. SIDO, for example, employs this practice exclusively, while many Village Polytechnics follow a similar course in the use of their revolving loan funds. In programs which deal with petty retailers, cash credits are made, but close supervision is exercised over the expenditure of the loan monies. NCKK, for example, assists retailers with small cash credits for the purchase of stock, but insists on documentation of stock purchases for draw-downs on loans and also monitors the clients' respective bank accounts.

According to most program administrators interviewed, such close supervision over credit use is maintained to ensure that clients -- most of whom are receiving credit for the first time -- actually put the loans to use for enterprise improvement rather than toward meeting immediate family and personal needs, and that they do so according to the improvement plan worked out with field staff. In addition, it is felt that the assurance of proper credit utilization will result in lower default rates. The evidence of low rates of default in such programs as SIDO and NCKK seems to confirm the importance of this element of control. In cases where close supervision over

credit utilization is not maintained, such as in the VP program, problems with enterprise improvement and loan repayment have occurred.

In most cases, however, loan repayment is not made through field staff. Rather, clients usually repay loans through a central administrative office, while field staff follow up in the case of repayment problems. Centralized repayment has been adopted by most programs to free up field staff time in order to provide assistance to greater numbers of beneficiaries, as well as to accustom clients to exercising independent responsibility for loan repayment.

Perhaps the most salient characteristic of the credit programs examined is the flexibility they display in credit terms and policies, which allows them to service extremely poor clients. Strict standards are avoided, which, if followed, would eliminate such individuals and groups from participation in the credit programs. This flexibility is exercised in two essential ways. First, collateral requirements in most programs are satisfied simply by personal, usually group, loan guarantees. Such policies allow virtually assetless clients to participate in a lending program. Similarly, the size and terms of the loans made are adjusted to ensure that clients can afford to make the scheduled monthly repayments. These adjustments take various forms. To begin with, the interest rates charged on loans made by most agencies working at this level are well below commercial rates and usually represent nominal charges to help defray administrative costs. SIDO, for example, charges five percent on loans, while NCKK charges three and one-half percent. Furthermore, SIDO makes only a flat, one-time charge based on the face value of a loan, while NCKK maintains the flexibility to make grants to the desperately poor to allow them to purchase initial retail stock and begin to generate some income.

At the same time, most programs carefully consider loan size and amortization periods together in order to determine affordable monthly repayments for clients. IICCK, for example, adjusts its loan terms on a case-by-case basis, determining the loan size and repayment period through a projection of expected client income. Even small cash loans to retailers (\$70 to \$100) usually carry a two-to-three-month grace period and a relatively long amortization period (three to six months) to allow the client a multiple turnover of the loan capital. Larger loans for tools and equipment carry amortization periods up to two and one-half years in order to lower monthly repayment requirements. Similarly, SIDO is able to extend relatively large equipment credits -- averaging \$5500 -- to poor clients because it grants credits only to groups of five or more, allows a one-year grace period in many cases, and amortizes loans over a five-to-seven-year period. Both the WID-Swaziland and the ICA-Kawangware projects demonstrate similar approaches to the provision of credit.

Generally therefore, it would appear that no single element of a credit program, such as the loan size or interest rate, can be identified as the key factor in successfully lending to very poor clients. Both large as well as small loans can be made with low probability of default if appropriately long amortization periods and lowered interest rates are adopted, together with intensive follow-up and supervision. Similarly (although little evidence of this was found in the programs examined), it could be argued that higher interest rates could be charged with a further lengthening of repayment periods. What does seem to be critical, however, is the flexibility which these programs demonstrate in being able to adapt both the size and terms of loans to fit the specific income levels and repayment capabilities of clients at this level.

### III. Organizational Characteristics

Consistent with their community-based orientation, most of the programs examined maintain relatively decentralized organizational structures and decision-making processes. NCKK, for example, extends significant decision-making responsibility to its social workers and community educators. In determining both the type of assistance to be delivered to clients and the pace at which it is to be delivered, the field staff receive technical advice from program administrators, but do not operate according to any strict methodology. Similarly, local artisans and craftsmen who serve as trainers in the Village Polytechnic program receive some technical guidelines, but are extended considerable latitude in structuring their informal courses. SIDO, although a government agency, also extends considerable responsibility to its regional promotional officers upon whom it depends for the planning and delivery of services in the critical area of enterprise formation.

In general, while final decisions regarding, for example, the approval of credit to clients, do not rest with field staff, these people exercise great responsibility in initially selecting clients to assist and in determining the most appropriate means of assistance. In most cases, no strict requirements regarding either client selection or specific assistance techniques are laid down. Staff are therefore free to select the most needy and reliable clients, as well as to decide, in each case, the best way of delivering assistance to them.

Such program decentralization seems to be necessary in the attempt being made by most of these agencies to directly reach the very poor and to flexibly respond to client needs. Equally important, however, seems to be the relatively high degree of autonomy possessed by most of these programs which allows them the flexibility to adopt whatever development strategy is deemed appropriate

and to modify and improve such strategies over time. Many of the agencies found to be reaching the very poor are private and relatively small, and are therefore not subject to the bureaucratic entanglements which can often inhibit large public agencies. Those public agencies which do seem to be reaching this level, such as SIDO, are parastatal corporations and are directly answerable to their own boards rather than to large ministries. Most of the program administrators interviewed maintained that the adoption of a bureaucratic organizational structure, with prescribed selection criteria and heavy staff supervision, would decrease overall efficiency and severely limit their ability to reach and assist the very poor. This seems to be true.

Basic to the decentralized approach adopted by most organizations is the employment of competent and committed field staff who find work among the very poor to be professionally rewarding and who work well without intensive supervision. In the case of both NCCK and the Village Polytechnic Program -- which were the focus of in-depth studies -- personnel working within local communities either as trainers, enterprise promoters, or social workers were generally found to be highly committed and seemingly very competent. The ability of such programs to recruit and maintain such dedicated staff is undoubtedly a crucial factor in their success. No doubt the commitment of such agencies to meaningfully assist the very poor, together with the operational latitude they extend to personnel, contributes greatly to their ability to attract such dedicated personnel, who in many cases are accepting lower salaries than they could earn elsewhere. Most of NCCK's urban upgrading personnel, for example, earn less than their public-sector counterparts.

At the same time, most of these organizations take pains to recruit staff from within the communities in which they operate. This is done to maximize the possibility that staff will be both knowledgeable of, and committed to, the

development of local communities. This is particularly noticeable in the Village Polytechnic program, within which local artisans, who are very knowledgeable of local materials, markets, etc., carry out training and follow-up activities. Similarly, SIDO's youth training and handicraft production programs follow a similar pattern of local trainer recruitment, while all local community educators in the NCCK, MID-Swaziland and CEPEC programs are locally recruited. It is also interesting to note that participants in these programs sometimes end up as staff. This is certainly the case with NCCK, which recruits staff from the beneficiary population, while the VP program now employs many local trainers who started out as trainees.

Perhaps more importantly, most of the senior administrative personnel in these programs began as local-level workers within the same or similar programs, and have acquired greater technical and administrative experience during their ascendancy to higher positions. The administrators of both NCCK's urban program and the MID-Swaziland program, for example, came out of community development backgrounds, while virtually all Village Polytechnic managers began as local trainers. This staff development process differs markedly from most civil-service staffed programs within which program heads may or may not have had significant local-level experience. The internal, locally based recruitment and staff development systems adopted by many of these programs serve to maintain a responsive, community-level focus in the planning and implementation of service programs, which in most cases seem relevant to the immediate needs of the very poor. As these personnel systems reinforce this critical program focus, they seem to be crucial to success in designing and delivering appropriate services at this level.

#### IV. Possibilities for International Assistance

The findings of this study indicate that a number of viable efforts are being made in Africa to assist the virtually assetless urban and peri-urban poor. These programs display some common characteristics which seem to constitute important elements of program structure and methodology. Among those key factors that international donors should take into consideration in their identification or design of appropriate programs are:

- a relatively autonomous, indigenously staffed development organization through which such assistance can be channeled;
- a sound program of direct outreach and promotion within poor communities;
- an active involvement of local communities in the design and implementation of the program;
- a flexible and responsive service-delivery system which can address both the economic and social needs of clients;
- an intensive delivery of technical and managerial assistance, together with a close supervision of clients during the enterprise-formation stages;
- a highly flexible credit program that can adapt both the size and terms of loans to the specific repayment capabilities of the very poor;
- a strong emphasis on the assessment of local demand in determining appropriate trade and skills areas to promote; and
- either the identification or establishment of marketing conduits for the goods and services produced by client enterprises.

In the short-term it would seem that international assistance aimed at this sector should focus on the appropriate expansion of existing programs and upon the continued technical upgrading of the assisting organizations. In most cases, it would seem that strategies calling for rapid implementation of large-scale assistance programs should be avoided. This recommendation is based on two considerations. First, such extensive efforts require considerable public policy and program support currently not found in most African countries. As demonstrated by the programs studied, such support might best be generated through successful demonstration and a continuous effort to pull in and involve public agencies on a program-by-program basis. Second, in most cases the institutional capacities, in both the private and public sectors, needed to deliver large-scale enterprise assistance among the very poor in Africa simply do not yet exist. In this light, it would appear clearly preferable to bolster the income-generating efforts of existing indigenous development institutions.

Where institutional capacities are lacking, outside organizations could be called in to assist in the establishment and development of new, indigenous institutions. The work of U.N.D.T.C. in the WID-Swaziland project, as well as some of the programs of such organizations as Partnership for Productivity, serve as examples of how institution-building assistance can be delivered.

Perhaps a better alternative to the creation of new institutions is the addition of income-generation components to existing programs, such as community development or housing schemes, which already possess sound outreach and promotional networks in squatter communities. For example, in Lusaka, Zambia, the program of squatter-settlement upgrading initiated by the

American Friends Service Committee (AFSC) and now operated by a totally Zambian staff has strong capabilities in community outreach and credit supervision as a result of its experience in self-help housing. With some staff retraining and technical assistance, AFSC could incorporate income-generation assistance as part of its total effort, and it currently has this matter under consideration.

In rendering financial assistance to existing, indigenous programs, such as those examined in the course of this research, international donor agencies must maintain considerable flexibility. For the most part, as stated, programs operating at this level in Africa are essentially social and educational in nature. Their goal is to provide the first-level outreach, training, and enterprise-assistance services necessary to prepare clients for the eventual utilization of more formal, harder-term assistance.

The programs are not designed to be self-financing, as their priority is to tailor the terms and conditions related to their delivery of credit and services to enable them to reach and assist the very poor. Even if these programs were to lend at commercial rates -- which would be possible, for example, through an extension of amortization periods -- their relatively small loan volumes, together with a slow turnover in loan funds, would not generate sufficient income to cover most operational costs. Thus, at least in the short-term, the expansion and/or upgrading of these programs will require assistance in the form of grants and/or soft loans. It is not surprising that these programs are not self-financing, given the level of preparatory work among the very low-skilled clients of these programs, many of whom are receiving and managing credit for the first time.

The specific upgrading needs of these programs vary. HCCCK, for example, needs to provide more technical back-up to community-based staff engaged in enterprise formation, especially in the secondary cities. The

Village Polytechnic program, on the other hand, needs to enhance its capacity to provide follow-up assistance to graduating work groups. The one area in which virtually all programs require upgrading, however, is marketing -- particularly in demand analysis and in the establishment of marketing channels for client products.

Most of the technical inadequacies in the programs examined seem to result from a shortage of personnel in certain areas, rather than from a low skill level among existing staff. For example, the problems encountered in providing follow-up assistance to graduating work groups in the Village Polytechnic program seem due to the excessive training loads of local trainees rather than to any lack of ability on their part. It would therefore seem that this problem would best be ameliorated through either a reduction in the number of trainees per trainer or the addition of staff, perhaps on a regional or district basis, charged specifically with delivering follow-up assistance to graduating trainees. Similarly, RECK field staff have been quite successful in delivering assistance to enterprises during their formative stages, but they are currently spread too thin to be able to deliver more intensive managerial and technical assistance to the groups once they pass the first stages of enterprise development. The addition of technical personnel to back-up the field staff would seem to offer the best solution to this problem.

It would therefore appear that the technical upgrading of support institutions would best be accomplished through the addition of appropriate indigenous personnel rather than through the delivery of technical assistance or additional staff training by outside agencies, which can be costly and would not contribute to program expansion. This recommendation is consistent with the conclusion that the most effective way to assist the self-employed poor in urban Africa is to assist, at their own determined pace, those indigenous African

development organizations which have their roots in poor urban and peri-urban communities.