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SECTOR PAPER

EMPLOYMENT AND SMALL ENTERPRISE

IN TOGO

Eugene Lerner

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## EMPLOYMENT AND SMALL ENTERPRISE

### I. The sector: its context and problems

While the focus of this paper is on urban employment and small enterprise (especially in Lomé), in order to better understand the problems and the efforts deployed in those areas it is necessary to situate them in a broader context. Each will be examined separately, although it is obvious that they are intertwined; and at a later point in the paper an overview will be given which will tie them together as two sides to the same coin. In the sections on enterprise no attempt <sup>will be made</sup> to examine in depth the major formal enterprises in the country, nor in the Lomé area; rather, the emphasis will be placed on the smaller-scale formal and informal ones.

### Employment

According to the latest obtainable figures<sup>a</sup>, those for 1975, the employment situation in Togo was as follows:

Table 1

Active population of Togo	892,000 (est.)
Active agricultural population	670,000
Active non-agricultural population	200,000
Unemployed	22,000
<u>Active non-agricultural</u>	
salaried persons (modern sector)	50,000
non-salaried persons (traditional sector)	150,000
<u>Modern sector salaried persons</u>	
Public and Para-public sector	32,096
Private sector	18,000

Source: Ministère du Plan, du Développement Industriel et de la Réforme Administrative. Plan de développement économique et social 1970-1981, pp. 433-434.

As the same source estimates an average annual rate of growth of salaried employment at around 8%, by 1977 there should have been some 68,000 salaried persons. There is no evidence that this is actually so; moreover

<sup>a</sup> This writer has attempted to obtain current figures, and particularly those which will be going into the Ministry of Labor and Public Services's contribution to the Fourth Development Plan, but it is still too early at this writing to obtain those figures.

there are no adequate statistics regarding withdrawals from the labor market--retirements, deaths, injuries, etc.

In any event, the salaried employment picture which was projected for the period of the Third Development Plan was:

Table 2

Employment resulting from renewal of manpower	4,803
Employment resulting from "logozation" of managerial posts	350
Employment created in existing private sector enterprises	4,058
Employment created in new private sector and public and para-public enterprises	4,994
Employment created within the public & para-public sector	8,010
Grand total	22,215

Source: Min Plan. Plan de développement..., p. 444.

However, the following table, concerned with projections of educational outputs during the same period (1976-1980) provides another dimension to the picture:

Table 3

<u>Type of Output</u>	<u>Total Outputs for 3rd Plan Period</u>
<u>Trained manpower</u> (Professional & Vocational Training)	5,544
<u>Untrained manpower</u> (no Professional or Vocational Training)	125,673
Total outputs for period	181,217

Source: Min Plan. Plan de développement... pp. 449-50.

According to the Development Plan itself (p.452), even if some of the untrained manpower, notably those having schooling up to the baccalauréat, were to be absorbed eventually as middle-level managerial personnel and as skilled or specialized manpower; and if some of the early school leavers and functional illiterates were absorbed, it was estimated that approximately 160,000 persons would not be able to find employment in the modern sector during the period in question.

Analysis of the above tables leads to the following observations:

1) The figures given for unemployment as of 1975 in table 1 were even then clearly less than the real situation would warrant. They were based solely on demand for employment by persons registered at the Manpower Service; a very small percentage of job seekers go through that service, and largely those having the minimum qualifications for the jobs sought\*.

2) With respect to Table 2, despite the efforts of the GOT to stem the rural exodus through projects and programs designed to improve and extend the agricultural sector through infrastructural inputs and through an educational reform designed to teach rural vocational skills to youth\*\*, the rate of urban growth, especially in Lomé, most of which can be attributed to the influx of rural migrants\*\*\*, will continue to outstrip the possibilities for salaried employment based in turn on the degree of industrial development, especially as the latter is not sufficiently oriented toward labor-intensive technologies.

3) What is called above (Table 1), under "non-agricultural manpower", non-salaried persons (traditional sector) constitutes much of the informal (or "non-structured") sector. This sector can be further broken down into two groups: the informal traditional sector properly speaking, and the modern informal sector\*\*\*\*. It can be seen that the informal sector provides work and income for a sizeable number of persons in Togo, in fact 2/3 of the non-agricultural labor force. A closer examination of this sector, <sup>and</sup> its characteristics and potentialities, will be made in later sections of this paper.

4) But examination of Table 3, and the estimations of manpower needs as compared to manpower resources during the present plan period, which follow that table, leads to two potentially viable but problematical solutions, and one "non-solution":

a) That some portion of the excess manpower might, with increased

\* Min Plan. Plan de développement, n° 452; and Min Plan/DS. Annuaire Statistique du Togo 1975-1978, July 1978, p. 29.

\*\* Min Plan. Plan de Développement, p. 366; Min. Education Nationale. Statistiques scolaires 1970-1977, p. 3. This is particularly emphasized on the 2nd degree level at the Collège d'Enseignement Agricole, but also to certain extent on the primary school level where horticulture and animal husbandry are being integrated in the school curriculum in rural villages. The effects of the "New School" will, however, not be felt for a number of years to come.

\*\*\* See notably G. Guillaud. "Le Togo", Urbanisme, no 159, June 1977, pp. 74-79. Guillaud also notes that for secondary urban centers (10,000 - 30,000 inhabitants) the growth rate is 21.6 %; and for towns of from 5,000 - 10,000 inhabitants it is 16.1 %. Reciprocally, the rural population growth rate is less than 0.9% annually.

\*\*\*\* This distinction is made by the I.L.O. survey team which studied the informal sector in Lomé in 1977-1978. The "modern" informal sector in Lomé covered wood-working, metal-working, mechanical and electrical repairs and the building trades. (Mihan, Gg. et al. Le secteur non structuré "moderne" de Lomé, République togolaise. Esquisse des résultats de l'enquête et programme d'action. WEP 2-33/doc. 13, I.L.O.: Geneva, Mars 1978). For the overall informal sector in Lomé, an earlier paper provided much data: Demal, E. Analyse des résultats du recensement du secteur non structuré de Lomé, République du Togo. WEP 2-33/Doc. 6. I.L.O.: Geneva, 7-bruary 1978.

inputs, both financial and technological, be absorbed into a rural sector which would be both expanded and intensified;

b) That some portion of the excess manpower be absorbed or integrated into a modernized and more rationally organized informal sector which could, in addition to its present role of supplying needed goods and services to low-income urban populations and its sub-contracting function for the formal sector, also produce goods and services for the rural sector.

c) That the remaining portion of excess manpower, unskilled and unabsorbable under present conditions and knowledge (i.e., in the absence of data either evaluating the 3rd Plan achievements or the possible inputs and projections during the 4th plan) constitute the nucleus of structurally unemployed persons. Which is a non-solution.

In later sections of this paper some of the problems touched on above will be re-examined and analyzed in greater depth.

Small Enterprises

Modern "formal" sector

It was seen above, in the context of employment realities and perspectives, that despite what a number of observers regard as a dynamic, if ambitious, policy of industrial growth and expansion in Togo, especially since the Third Development Plan has gotten underway, the problem of providing employment for all those needing it now and for a good many years to come will, in all likelihood, not be solved by the major industries--often highly capital-intensive\*--and will only be partially solved by the newer small and medium industries being created in the Lomé area industrial estate and the embryonic one in Lama-Kara. While the efforts to create modern small and medium enterprises owned by Togolese private entrepreneurs are

\* An example of one of the newer major enterprises, the petroleum refinery, illustrates some of the problems in this regard. It started its operations in 1977, and was to have employed 610 workers (including expatriate and Togolese technicians) by 1980. Due to problems of supply of crude oil from Nigeria, the refinery was forced to stop its operations for more than a year. Another example of a new industrial enterprise is the electric steel and laminating plant located in the industrial zone of the Lomé port area. It will employ 250 workers (Messa, D.E.A. "Spécial Togo: La Décennie du développement économique et social", Entente Africaine, No. 37, July 1979, p.32).

certainly positive and meritorious, in terms of the present and growing needs for employment they are insufficient, despite the potential multiplier effects on the agricultural and commercial sectors.\*

Manufacturing industry in Togo--whether medium or small in scale-- suffers from several problems inherent to what is essentially import-substitution:

- irregular and/or insufficient supplies of local raw materials or the very high cost of imported raw materials\*\*;
- competition from imported manufactured goods which enjoy long-established consumer preferences;
- the smallness of the domestic market and the lack of real access to regional markets, let alone to those of industrial countries, for locally manufactured products, which prevents economies of scale;
- technical problems of production due in part to the rapid obsolescence of equipment in a number of relatively young enterprises.

A subsequent section of this paper will attempt to survey the efforts of the government, with the help of international agencies, to overcome the above problems as well as others in order to promote nationally-based small and medium enterprises.

#### Informal Sector

In Togo (as in many other developing countries) the overwhelming majority of non-agricultural enterprises and/or economic activities are carried on in what has been variously called the "informal" or "non structured", or even the "traditional" sector.

This sector covers a variety of activities involving production of goods, provision of services, construction and trade. In the main, its enterprises are small-scale, individually run often with family members assisting, with low capital investment, employing relatively simple technologies, locally produced materials with traditionally- or on-the-job-trained manpower.

\* The Centre National de Promotion des Petites et Moyennes Entreprises (whose program will be examined in some depth later on) claims that during the period 1972-1976 the enterprises fostered by this governmental agency were responsible directly or indirectly for the creation of 1500 new jobs. (CNPPME, Le CNPPME, ses efforts pour la promotion de l'entreprise nationale. Lomé: CNPPME, Oct. 1976, p. 17.)

\*\* The irregularity and/or insufficiency of supply of local raw materials seems to have been one of the major factors in the demise of a local, low-area enterprise producing peanut oil, the Huilerie du Nord, which went into bankruptcy in September 1979. It appears to have been subsequently re-opened under new management and with what appears to be government participation.

While not much is known about the informal sector in other urban centers of Togo, a relatively recent survey in Lomé\* gave a rather clear picture of the scope and importance of its activities:

- 23,824 different activities were counted;

- taking into account salaried workers and apprentices as well as entrepreneurs, at least 1/5 of the active population of Lomé is involved in these activities;

- in what the survey called the "modern" informal sector alone-- which includes wood-working, metal-working, mechanical and electrical repairs and construction--the following employment/remunerative activity was provided:

<u>Artisan-entrepreneurs</u>	1,836
<u>Associates</u>	87
<u>Salaried workers</u>	
skilled workers	450
unskilled workers	33
 Total	<hr/> 2,433

In addition, this same sub-sector utilizes some 3,586 apprentices or 87.6% of the manpower of those enterprises\*\*.

- as for income derived from their activities:

- 82.5% of the artisan-entrepreneurs earned as much as or more than the minimum wage for their trade;
- 73.9% of the artisan-entrepreneurs earned more than they would have earned in the modern sector using the same skills;
- 68.6% of the workers earned as much as or more than the minimum wage;
- apprentices earned an average of 17.8% of the minimum wage.

With regard to its socio-economic impact on Lomé, the informal-modern sub-sector serves the needs of low-income people, artisans and small merchants (56.1% of its business is done with them) and of civil servants (another 40% of its business is with this category of persons).

\* Undertaken by an I.L.O. team in collaboration with the GOT. See Demol, op.cit. and Mhan et al, op.cit. The documents which have come out of this survey are exceedingly rich in data and implications for program and project planning. They shed a great deal of light on the socio-economic context and dynamics of Lomé, including much data on the present project's upgrading area as well as contiguous areas. Of the four quarters of Lomé which the survey considers to be the nucleus of the city in terms of informal sector activities, one of them covers the upgrading area entirely and the three others either overlap with the upgrading area or are contiguous to it.

\*\* This problem and its implications for training and industrial development in Togo will be dealt with in a later section of this paper.

As for this sub-sector's role in the overall economy of the country, several figures can serve to illustrate it:

<u>Place</u>	<u>Category</u>	<u>% of GDP for category</u>
(Togo)	wood-working	28.5
	repair services	10.6
(Lomé)	wood-working	350.
	building trades	28.

What further characterizes this sub-sector is the relatively low degree of technical capital invested\*:

<u>Value of equipment</u>	<u>% of enterprises</u>
less than 62,000 FCFA	50%
500,000 FCFA or more	10%

General average value of equipment = 200,000 FCFA

There are two principal means by which these enterprises are financed:\*\*

- 1) personal savings used to start the business;
- 2) a portion of profits used for ongoing financing.

A significant proportion of the reinvestable surplus (i.e., after deduction of personal/family expenses) exists and there is clearly a gap between the capacity to reinvest and the desire to do so:

<u>% of entrepreneurs</u>	<u>reinvestable surplus</u>
80%	50,000 FCFA/year
50%	157,000 FCFA/year

Despite the gap between capacity to invest and desire to do so, as judged by the reinvestable surplus indicated above, a significant proportion of

\* Yet it has been estimated that the technical capital of such enterprises has grown by about 5.7% annually (Mihan et al, doc. 13, op. cit., p.7).

\*\* The I.L.O. survey indicates that only 5% of the artisan-entrepreneurs have attempted to obtain bank financing for their activities. Some of the reasons for this will be seen below.

the entrepreneurs studied by the I.L.O. survey indicated that a lack of capital was one of the principal problems they faced in running and developing their enterprises. But, in fact, it was perceived by them as less important than the insufficiency and irregularity of the demand for their products or services. This, in turn, aside from the smallness of the market to begin with, may well be due to the inadequate quality of their products (and there is some indication of this). Thus, with regard to the last point, an improvement in technical capacity and/or equipment might well help to improve the quality of products and services. However, the study also provides evidence that as the investment in machines and equipment increases—and this is clearest among the enterprises with the most technical capital—productivity diminishes considerably.

In the light of the above data the I.L.O. study drew certain conclusions, a number of which are especially relevant to the purposes of the present paper:

1) While the informal sector, especially the informal-modern sector, appears to be holding its own and serving a needed and very useful social and economic function\*, there is little indication of much forward-looking planning or thinking on the part of its entrepreneurs. At present it appears that one of the reasons that it does as well as it does is that the modern-formal structure has not developed much in the same fields of production.

2) One of the important reasons for this lack of forward movement lies in the manner in which such enterprises are managed and in which prices are determined. Relatively few entrepreneurs spend much time on book-keeping, very few even keep income and expenditure records and even fewer know how to calculate their cost price or to take amortization costs into consideration.

3) With regard to technical management of the enterprises, it was found that as the investment in machines and equipment rose, productivity diminished considerably.\*\* Among other things, there is a danger that, given that fact, if competition from the modern sector increased, the position and room for maneuver of the informal-modern sector would be reduced.

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\* and in fact is expanding slightly, as the I.L.O. study has calculated an annual rate of growth of some 5%. The study has projected an annual growth of 300 work places for apprentices and 200 for regular paid jobs in the short run, including expansion of existing enterprises and the creation of new ones.  
\*\* The number of workers diminished as well.

4) The basic reason for the bottle-neck concerning technical and financial-accounting management deficiencies is, the inadequate basic education and training of the entrepreneurs:

25% are illiterate

18.6% have not gone beyond 3 years of schooling

5% have been to secondary school.

In addition, 36.3% of the apprentices being trained are illiterate.\*

As an aggregate of small-scale economic operators, the entrepreneurs of this sector are in general staunchly independent. While a small percentage of them belong to organizations such as the Groupement interprofessionnel des entreprises (GITO), the Confédération nationale des travailleurs du Togo (CNTT)-- the central trade union organization, cooperatives, etc., the overwhelming majority (some 95%)\*\* are unorganized. When they are in difficulty, very few turn towards these organizations for help; the majority turn to relatives or friends (54%) or rely solely on themselves (38%).

As for assistance from banks, only 5% indicate that they have tried to obtain bank loans (of those, 28% succeeded in obtaining them). Most of those who have not addressed themselves to banks have ruled this out because they think their business is too small, that they cannot offer sufficient guaranties, or that the banks' requirements are too difficult to meet (78%); or else, as in 17% of the cases, they find themselves overwhelmed by banking procedures. To be sure, a small number feel that they do not need this assistance (3%).

Despite the self-reliance and individualism which characterizes most of the entrepreneurs of this sector, the majority interviewed by the I.L.O. study

\* The I.L.O. survey notes that according to data obtained from the Ministry of National Education and other sources, around 370,000 persons between the ages of 12 and 30 were illiterate in 1974. In one economically important segment of the informal sector, commerce, which is dominated by women merchants and revendeuses, the operation and expansion of some of the larger businesses is hampered by the lack of basic education as well as notions of accounting, business procedures and knowledge of fiscal and customs regulations. (Messa, D.E.K. "Togo: un rôle commercial prépondérant", Entente Africaine, No. 37, July 1979, p.50). The survey of the BE upgrading area undertaken by AGETU and CGL under the TLIS project TA component, found that of the household heads in the sample, more than 40% were illiterate and another 40% could read and write but had not gone beyond the first degree of schooling (i.e., 6 years). 25% of the household heads were women.

indicate that they would be willing to accept assistance even if it were accompanied by government or bank regulation or control; an even greater number (69%) claim they would accept assistance if they had to be members of a mutual aid association in order to obtain it. However, as has been seen above, inasmuch as very few have made the effort to join such associations, it is doubtful that very many would do so--or would remain members for very long--even if assistance were forthcoming.

As for the type of assistance hoped for from the government, over 60% would want this to be in the form of financial assistance in order to build a workshop (despite the fact that very few entrepreneurs--only about 12%--own the land on which their present workshop is located; and another 12% use land owned by their family). The study also notes a fairly widespread pattern in Lomé whereby small enterprises often occupy land which is not otherwise utilized by its owners in order to "guard" it against squatting or other unauthorized or illegal occupation. Other types of material assistance hoped for by those who would accept government intervention are:

- to facilitate purchases of raw materials (13%)
- to facilitate purchase of equipment (17%)
- to facilitate purchase of land (4%)

The I.L.O. study notes a gap in its methodology in this context, as it failed to ascertain the attitudes of entrepreneurs regarding government assistance in obtaining additional contracts or markets for the goods and services produced. In this connection, during the survey carried out in the upgrading area under the ILIS project, questions were addressed to small entrepreneurs of the area and, although the random sample turned up a very small number of entrepreneurs, the question of what the government could do to assist them in order to "run your business better and/or to make it more profitable" elicited the following percentages of ranked responses:

<u>Ranked first in order of priority</u>	
Accord loans with favorable conditions	50%
Favor small enterprises for government contracts	25%
Offer advice or courses in management and book-keeping	16%
Aid in training or recruiting more productive manpower	9%

Concerning other forms of assistance that the government could offer small entrepreneurs, notably in terms of training, the I.L.O. study found that 83% of the entrepreneurs were interested in receiving one or several kinds of training assistance. Thus the largest number (70%) were interested in technical training to perfect their knowledge of their specialty; 55% were interested in management/business methods training; and such forms of training as knowledge of rules and regulations, book-keeping, and literacy met with fewer positive responses. The study notes that the lack of enthusiasm for assistance in book-keeping may be due to the entrepreneurs' desire not to inform either the Tax Service or the extended family as to the exact financial situation of the enterprise.

As for the methods by which the desired forms of training assistance would be given, the entrepreneurs indicated the following (taking into account the variations in levels of fixed capital of the enterprises):

<u>Method of giving training</u>	<u>Number of entrepreneurs</u>	<u>% of N</u>
By roving technicians	132	47.1
At a government training center	94	33.6
Through the mass media	7	1.4
Through no methods at all	45	16.1

N= 280

Source: Khan et al.doc. 11, op. cit., p.102.

The study further notes that entrepreneurs surveyed and willing to receive aid would be willing to pay a minimum fee for such training in 84% of the cases.

In summing up the results of the survey concerning the problems of this sector, the I.L.O. study, while admitting the importance of the lack of capital and the instability and weakness of demand as perceived by the entrepreneurs, argues forcefully primarily for an improvement in the functioning of the enterprises as well as for widening the market through raising the level of consumption of the goods and services produced by this sector.

Finally, the I.L.O. survey concludes its analysis of the situation in this sector in the following terms:

"...the informal sector of Lomé represents a structure whereby thousands of young unemployed people may enter into the world of work; it provides productive employment to a significant number of workers who would be considered unskilled by the modern sector; it plays the role of "transmission belt" with regard to the economic activity engaged in as well as in terms of skills and the use of appropriate technology; it contributes to the redistribution of income. It is essential that these characteristics, so original in nature, be preserved, but in this case preservation should not mean stagnation. Thus it is necessary that measures be taken to stimulate the dynamic qualities of this sector so that it may move progressively towards incorporation into a national modern sector well suited to the country because it is tied to its social, economic and cultural fabric." \*

In the next section of this paper, the various measures proposed by the GOI and by international organizations such as the ILO, as well as an examination of what already exists with regard to meeting the challenge posed by the increasing numbers of persons, largely youth, ~~far~~ in need of gainful employment and work places.

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\* Adnan et al. doc. 13, op. cit., p.6.

## II. Overview of existing efforts and some proposed solutions

In the preceding section of this paper the background and basic facts, gathered through a number of sources, concerning employment and enterprise in Togo, with a heavy accent on Lomé, were examined. The prospects for gainful employment in modern, structured industry were seen to fall considerably short of present and probably future needs. The numbers of steady, relatively permanent jobs created, and to be created in the next few years, in formal enterprises, whether private or para-statal, were seen to be insufficient to meet the needs of more than a small proportion of persons within the active age groups in Togo. As long as the savings, particularly of the merchant class, are not mobilized for investment in small industry and agriculture, as opposed to real estate speculation and conspicuous consumption, it is doubtful that much can be expected to change in this domain. The gainful employment provided in the informal sector, while significant, especially in Lomé, will not, given the present limitations and instabilities of that sector, really "solve" the employment problem. To what extent government efforts--and they are considerable--to stem the rural exodus through infrastructural inputs which could gainfully employ larger numbers of persons in the rural areas and increase production as well will be successful, cannot be predicted. It is likely--as in many other Third World countries--that excess rural population will continue to move to the towns, despite the inputs, and in some cases even because of certain kinds of inputs (e.g., mechanization of agriculture, etc.).

GOT officials, especially from the Labor and Public Service Ministry, and other economic ministries and services, as judged by their contributions to

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\* Examination of such efforts in the rural sector goes beyond the scope of this paper. However, in this regard it is interesting to observe a new note of sober realism which seems to be overtaking some Togolese policy-makers, after the difficulties encountered during the past several years (balance of payments deficits, external debt, etc.). The most recent expression of this new mood comes from the Minister of Planning, and was contained in his report to the R.P.T. party congress in November 1979:

"We must never again dream of the great buildings that were not built, of the great industries that cannot be launched. We must transform our countryside. It is from there that will come the fruit of expansion enabling us to build everything we dream about".

the Third Development Plan, other documents, and through interviews with a number of them, are at least partially aware of the dimensions of the problem. Some see the solutions as lying in the direction of increased and expanded formal enterprises either state owned or having important government participation. They are aware that such modern, relatively large-scale enterprises entail many kinds of inputs, not the least of which is trained, skilled manpower and managerial expertise. Others see a need for support to medium- and smaller-scale enterprises, privately owned by nationals, but state-aided. But by-and-large, the problem of providing employment for significant numbers of workers seems to be dimly perceived, and most of the existing and proposed enterprises are highly capital-intensive. Still others are aware of the necessity to employ larger numbers of persons in a greater number of labor-intensive industries and enterprises.

What, then, have been the efforts made by the government to create work and work-places for its population? What other remedies have been proposed?

The Centre National de Promotion des Petites et Moyennes Entreprises (CNPPME)

Set up in 1972<sup>\*</sup>, it has had as its objectives:

- to mobilize resources to encourage Togolese to invest in their country;
- to promote enterprises belonging to Togolese or managed by Togolese in which there is at least 50% Togolese capital;
- such enterprises are commercial, artisanal or industrial, created and run by nationals.

The CNPPME, with the assistance of UNIDO, attempts to foster such enterprises through:

- pre-investment and feasibility studies;
- the preparation of dossiers for bank loans;
- market studies;
- advice on management methods and on taking advantage of investment code incentives;

<sup>\*</sup>Although a decree of 1969 (no.69-146/69) formally created it under the tutelage of the Minister of Commerce and Industry.

- training of entrepreneurs and their managerial personnel;
- advice on the choice of equipment and on sources of supply for raw materials;
- pre-financing of certain operations, e.g., raw materials purchases.

In addition, the CNPPME manages (and is installed in) the Lomé-area Industrial Estate, and offers several inducements to entrepreneurs who wish to set up their business in the Estate:

- low-cost rental of land;
- assistance with plans and estimates for construction of industrial buildings;
- workshop for repair and maintenance of equipment;
- cheap electric power, etc.

As of 1978, about a dozen enterprises were installed in the Lomé Estate. They were the following kinds of plants or workshops:

- . production of polyurethane foam, wood and metallic articles
- production of cardboard, boxes, printing work and manufacture of notebooks
- knit-goods and other clothing manufacture
- small electrical equipment
- nails and other metallic articles
- plastic sacks and bags
- handbags, suitcases and belts
- tire recapping
- cement blocks
- furniture
- bicycle and motorcycle tires and tubes

The CNPPME is also currently attempting to assist a group of garage owners to become organized, and maintains an office in Lomé for this which also serves as a documentation center, <sup>and</sup> workshop for the use of special tools and equipment. They also lend special tools to garage owners of the group. The CNPPME is also trying to set up a Guaranty Fund (Fonds de Caution Mutuelle) for this particular group of entrepreneurs.

The CNPME also engages in training activities and holds seminars and short courses for entrepreneurs and their staff\*. Among the subjects covered in their seminars and courses (which they claim had 400 participants in 1977) are the following:

- management and methods of calculating costs
- accountancy and financial analysis
- short course for secretaries and typists
- modern management
- introduction to tax legislation

As for their success in getting projects under their aegis financed, they claim that in 1977 they were able to have 12 projects financed out of 25 applications submitted:

1 financed by the S.M.I (for 27 million FCFA)

11 financed by the BTM (more than 105 million FCFA)

In 1978\*\*, they had selected a number of projects for further study; among them were:

- a music recording studio
- a plant for manufacturing batteries
- a plant for manufacturing enamel housewares
- a fish meal plant
- an electric cable manufacturing plant
- a plant for manufacturing building hardware
- a metal foundry
- a plant for transforming garbage into compost

Unfortunately there are no data as to which of the above projects have actually been financed to date. But, despite their claim that between 1972 and 1976 they were instrumental in creating some 1500 new jobs in the "national private sector", it is doubtful that very many jobs have really been created, as a number of the projects and plants they have fostered would appear to be heavily capital-intensive.

Additionally on the debit side, according to a very well informed senior GOT official, the enterprises located in the Lomé Industrial Estate are encountering difficulties because of the very location of the Estate. There are

\*Apparently the CNPME also holds courses in literacy, book-keeping and business methods for women marchants (Dotse, E.K.M. "Togbe un rôle commercial prépondérant", Entente Africaine, No. 37, July 1979, pp.48-50).

\*\* The latest year for which written data were obtained.

drainage problems and problems of rust accumulating on machines and vehicles, etc. In addition, fewer enterprises have been attracted to the Estate than originally foreseen, despite the incentives mentioned above.

It remains to be seen what the prospects are for the new industrial estate in Lama-Kara, also under the auspices of the CNPME\*. During 1980, according to the Director of the CNPME, they expect to set up small local extensions of this center in Dapaon and Atakpano.

The General Directorate of Labor, Manpower and Social Security (Ministry of Labor and Public Service)

This Directorate appears to be quite aware of the dimensions of the problem of employment and work-places in Togo. In its contribution to the Third Development Plan this awareness is succinctly indicated by the following statement:

The modern economic activity has only a relative effect on the development of employment. Indeed industrial development provides limited employment because of its choice of capital-intensive techniques; and as for the possibility of expansion of the public sector, this is ineluctably limited by budgetary constraints.

For this Service the only solutions lie in the more widespread use of labor-intensive methods and a more rapid expansion of what it calls the traditional sector, by modernizing the rural areas and by developing and progressively transforming the urban informal sector. Reduction of urban unemployment must be carried on concomitantly with measures to stem the rural exodus. Some of the urban unemployed can be absorbed into urban renewal programs such as street and sanitation improvements and maintenance, particularly in Lomé; and elsewhere in the country through infrastructure improvements employing labor-intensive methods.

They maintain that the city of Lomé could utilize up to 1,000 men or more just to install and maintain drainage ditches (at the time of the Third:

\* According to informants, at this writing the area is beginning to receive its infrastructure; but no industries are as yet located there.

\*\* MinPlan. Plan de Développement..., p.457.

Plan contribution there were some 550 kms of streets and only 30 kms of drainage ditches). They therefore have proposed the setting up of a "Special upgrading and maintenance brigade" to carry out this work with an annual budget of 200 million FCFA over a 5 year period (at that time they already had a commitment of 500 million CFA from the FED). Whether or not the "Special Brigade" as such was actually set up is not clear; however, significant numbers of laborers have been and are employed in such work .

Beyond what would appear to be such a relatively stop-gap measure, little else has been proposed regarding a longer-term solution to the unemployment problem. Vocational training in fields and trades for which there appear to be absorptive capacity is certainly encouraged and fostered, and the budget for the 3rd Plan period reflects this concern. Thus, among other vocational training centers, there was to be a particular effort to upgrade and re-equip the Centre National de Perfectionnement Professionnel (CNPP) which gives advanced training in mechanical skills, electricity, welding and auto mechanics as well as short courses requested by enterprises for "perfecting" skilled workers already employed. In this connection mention should be made of some of the other vocational training centers:

CNRFER (Centre Régional de Formation pour Entretien Routier)—which operates on the Conseil d'entente level (and was originally set up with the assistance of USAID) . It trains heavy road equipment operators and maintenance workers.

CCL (Centre de Construction et du Logement) —which has trained building trades workers. This part of its program seems to have diminished or even ceased at present.

CFT (Centre de Formation des Chemins de Fer du Togo)—which trains railroad workers.

CTMB (Compagnie Togolaise des Mines du Bénin) - whose training center trains workers for the phosphate mines.

DTG (a private German firm) —which trains mechanics and

specialists in cold storage apparatus.

There are, of course, numerous other vocational training schools in Togo which could be mentioned; but in terms of their present impact on the problem of providing significant numbers of jobs, further examination would be beyond the scope of this paper.

The Service under discussion has also followed closely the survey done by the I.L.O. team on the informal sector and has assigned personnel to work with the team.<sup>\*</sup> There is little doubt that it is interested in and would be involved in the program proposed by the I.L.O. for solving some of the problems of the sector. Thus, although emanating from an international organization, if the program is adopted by Togo, it will in all likelihood be supervised and partially implemented under the auspices of the Labor and Manpower Service. In the light of this, and on the basis of its own merits or promising features, this program will be examined below.

#### The I.L.O. Action Program for the Informal Sector<sup>\*\*</sup>

Flowing from the premise that the only way to increase productive capacity and thus employment in the informal modern sector is by expanding its market, and that the way to achieve this is by improving the products and services offered, the I.L.O. study team, in liaison with the consultative group mentioned above, proposed a project designed to do this, at least in the sense of attempting to stimulate certain positive changes.

Thus, as an initial phase, it was proposed that a limited support "cell" be set up in a single workshop of an enterprise in this sector. Through contacts, advice, technical or managerial assistance to a few carefully chosen enterprises the "cell" would establish itself and become known. It would be un-bureaucratized and independent of any governmental structure. This would be

<sup>\*</sup> In fact a consultative group was formed to work with and monitor the research of the survey team. In addition to members from the Ministry of Labor and Public Service, this group included representatives of the Ministry of Planning and Industrial Development, the Ministry of Education, the Ministry of Social Affairs and of the Confédération nationale des travailleurs togolais (CNTT).

<sup>\*\*</sup> This is a simple and succinct résumé of an understandably more complex program.

the nucleus for what would become later on an organization run by the small entrepreneurs themselves. The activities engaged in would:

- enable entrepreneurs to learn simple technical or managerial techniques;
- reinforce basic knowledge of reading, writing and arithmetic through a system of functional literacy for entrepreneurs as well as workers and apprentices;
- foster the manufacture within the informal sector of relatively simple tools and equipment which could be used both in urban and rural areas;
- stimulate the development of new products, etc.

The second phase would emphasize greater diversification of activities and would put the accent on creating and producing new products, etc.; courses on book-keeping based on programmed learning techniques; manufacture of spare parts not found on the market, etc. The project would last about four years in all, and it is recommended that it be financed entirely by international or private sources. Its cost has been estimated at about \$500,000.

The I.L.O. - consultative group project proposal mentions the possible tie-in with several existing non-governmental structures of production and, in fact, suggests that the "cell" might well be located at an ongoing, although somewhat struggling entity, the COMAT. In terms of the I.L.O. project proposal, as well as on its own merits alone, the COMAT and its program will be examined below.

#### Communauté artisanale du Togo (COMAT)\*

This "community" of workers and apprentices was set up in 1960 by a group of persons affiliated with youth movements, and was assisted by the I.L.O. and the Christian Workers Youth organization of Austria. Its goals were to:

- bring together craftsmen for their social and vocational training;
- assure craft production, gradually moving towards a semi-industrial stage, improve the quality of the products and take charge of their commercial distribution;

\* Information on the COMAT was obtained through interviews with its pro tem Director, Mr. Victor Akakpo, and with its Assistant Director, one of the founding members of the organization, Mr. Sébastien Houndjigbio; and from COMAT's Rapport général (Lomé, n.d.). Additional information on the COMAT was drawn from a paper by F. I. Tovi Sedalo, Le COMAT (Fédération Inter-africaine pour la Promotion humaine, économique et sociale/FIAC; Cotonou, n.d.) as well as from Mihan et al, doc. 13, op. cit.

- give vocational training to apprentices under human conditions and with attention to their needs;
- diffuse the idea of cooperative work in order to serve as an example to other sectors of economic activity.

After many difficulties encountered in launching the community, it got underway painfully and was gradually able to undertake and execute work on orders from governmental agencies and sub-contracting work for enterprises of the private sector. For trade sections were originally set up: carpentry, mechanical fitting, tailoring and masonry. With time the tailoring section was dropped and other sections were added; thus at present there are four sections:

- topography/construction (includes masonry, plumbing, electricity)
- metal working (includes fitting and welding)
- mechanical work (includes auto repair)
- carpentry

In the early years around 100 craftsmen practiced and perfected their craft in the community, and around 500 apprentices were trained in the various sections of the COMAT. By 1969 some 40 workers were associated with the community and about 150 apprentices followed theoretical and practical training. But with time many of the craftsmen and even instructors left to set themselves up in their own enterprises--taking with them, in a number of cases, many of COMAT's clients. The low point was reached by 1970 with the departure of some of the founding members of the community as well as workers and apprentices.

As for the apprentices, the community attempted to provide good training at minimum cost to the families of those young people--compared to the often exorbitant fees parents are obliged to pay to entrepreneurs in order to assure the training of their sons.\*\* If the apprentices are illiterate, they participate in literacy classes for two hours a day; following which they join the general instruction courses and, eventually, theory courses in their future craft.

\* It is to be noted that the section doing auto repair work had numerous clients, particularly enterprises belonging to Hausas of the Zongo quarter of Lomé who operated trucking businesses on the Togo-Niger-Upper Volta transport line.  
\*\* Often fees are more than 25,000 F CFA plus payments in kind on various occasions, whereas COMAT requires a fee of only 5,000 francs for a training period of four years under a contract which follows the norms of the Labor Ministry.

The COMAT has clearly encountered difficulties in its attempt to survive and to carry on its work. These are on both the level of running the association and of managing the production aspects of its activities. But survive they do, and they apparently continue to receive orders from clients in the Lomé area. Their present location (which is not, apparently, their first emplacement) is near the annex of the Ministry of the Plan, not far from the Boulevard Circulaire. It is, in fact, not far from the TLIS project's upgrading area, and may well serve youth and more mature workers who reside in that zone.

### III. Recommendations and Conclusions

Given the preceding background to the problems of the sector under discussion, as well as the rapid overview of some of the noteworthy efforts to remedy some of those problems, what can be further recommended as programs or courses of action in this field? What implications, if any, do any of the data presented and /or programs examined have for and within the context of the TLIS project?

Among the various existing and proposed efforts surveyed above, both the I.L.O. team's notion of a support "cell" and COMAT's attempts to combine production and training in a cooperative venture, appear to this writer to go in the direction of realistic, albeit limited, "solutions" to the problem of employment linked to enterprises which could, through improved performance and higher quality products, move towards a new stage of development. The twin notions of a support "cell" (geographically localized and limited to a single set of informal sector activities) and some form of self-organized mutual aid association--avoiding the numerous pitfalls into which attempts to organize formal cooperatives have fallen, especially in West Africa, and particularly in an economic sector characterized by a great degree of individualism--is certainly worth experimenting with in a number of ways. Within the framework of the TLIS project, the TA team has proposed an IIFUP project which has as one of its components assistance, both financial and technical-managerial, to a particular field of activity in the informal sector of Lomé--the building trades, localized within the project's upgrading area.\*

Further, the manifest desire of the GOT (particularly its Ministry of Labor and Public Service) to come to grips with the problem at issue, as judged both by its proposals and by its participation in the I.L.O.-inspired consultative group on the informal sector, suggests a role in coordinating efforts in this field on the part of the Community Assistance and Development Division of AGETU--

\*RADU/USAL/TA Team. A Proposal for an Integrated Improvement Project for the Urban Poor in Lomé (Lomé, January 1980).

which is directly linked to the TLIS project's IIPUP and other activities. Thus AGETU could take part in the consultative group's activities and by so doing, add a needed dimension--that of spatial-physical planning and community organization--to its efforts to find solutions to the problem at issue.

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