

The underdogs of the urban economy join forces

Results of an ILO programme in Mali,
Rwanda and Togo

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Introduction

The poverty that is rampant in the countryside of sub-Saharan Africa has led to massive rural-urban migration, with the result that the number of city-dwellers has risen rapidly, swelling the ranks of urban jobseekers. At the same time, the industrialisation of the African economies is still at the embryonic stage and its growth is the weakest in the Third World despite the preferential arrangements granted by the State to encourage investment. The public sector, which is the principal employer, is currently reducing its manning levels and even the wages and salaries it pays. The strong dose of structural adjustment that has accompanied the current international economic recession has frustrated many young people's hopes of finding a job. And there seem to be no signs of any improvement in the offing, especially as regards the expansion of wage-earning employment.

Purely in order to survive, many people are engaging in a myriad of petty trades; indeed, these have come to constitute a large part of the African urban economy, often occupying from a quarter to three-quarters of the labour force of the towns and cities. This so-called informal sector is increasingly making room for rural migrants, the unemployed from the modern sector, school dropouts and school-leavers entering active life. Owing to differing forms of production and diverse relations with the dominant sectors of the economy, not all these petty trades have the same growth potential. While some have already reached saturation point owing to the presence of so many competitors, others are finding considerable scope for expansion because of growing urbanisation or the closing down of modern enterprises.

A number of African governments, alive to the potential of small-scale activities, have undertaken studies with the help of the ILO's World Employ-

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ment Programme that have highlighted their latent possibilities and their spill-over effects on the economy as a whole.¹ When allowed wide freedom of action and able to draw on small family savings, such activities can create jobs cheaply – though mostly precarious ones – and help to meet the consumer needs of low-income households. Even so, small producers, both individually and collectively, are faced with many difficulties: obtaining a loan, for example, is still virtually impossible; limited know-how impedes their adjustment to a rapidly changing market; and poor management of already modest resources is frequently the cause of mediocre returns. The fact remains, however, that the principal weakness of the small producers lies in their isolation or their lack of organisation on any appreciable scale. Bogged down in legal and administrative difficulties, they are left to wallow while the large enterprises are given every assistance the public authorities can afford. Such discriminatory treatment tends to aggravate existing social inequalities.

The first ILO action programme in this field was drawn up with the Governments of Mali, Rwanda and Togo and launched in 1982 thanks to the financial assistance of the Swiss Technical Co-operation Fund and the UNDP. Our purpose here is to describe the aims and results of this programme and to see whether the advocated participatory approach matched the local realities. We shall then attempt to determine how far the goals were achieved, using evaluations carried out between 1986 and 1988 of the effects on the participants' incomes, employment and labour productivity. Next, we shall describe the difficulties encountered and the feasibility for the participants to continue on their own the activities begun under the programme or for the public authorities to reproduce it on a larger scale. Finally, we shall suggest some lessons that may be drawn from the experiments under way.

I. The design of the programme

1. Aims and approach

The programme aims at encouraging small-scale urban producers to organise themselves in order to secure better access to production resources, acquire occupational skills and so improve their earning capacity. In the beginning less emphasis was placed on the creation of jobs than on the consolidation of existing workplaces, which tended to be very precarious.

Unlike the traditional methods, which rely on the willingness of the people involved to support decisions taken by outsiders, the ILO programme seeks to give the disadvantaged greater control over the decisions that affect their lives. In the short term this means promoting their participation in decision-making at all stages of the programme: defining the goals, mobilising support, and ongoing assessment of the results. As opposed to the conventional programmes, which aim at immediate material benefits, this programme seeks to organise the groups on a durable basis and to give them

the means of achieving such benefits on their own. It goes without saying that this is a long-term undertaking.

Support from outside is intended therefore to act as a catalyst in encouraging small-scale producers to assume greater responsibility for their economic and social advancement by mobilising their own resources. The public authorities, for their part, undertake to introduce better credit facilities and market outlets for craftsmen, among other incentives, and to leave the participants a wide margin of organisational freedom and plenty of room for initiative.

2. The target groups

The programme is directed primarily to small-scale producers who are most disadvantaged in terms of equipment, technical know-how and income. All those active in the workshop are in fact covered: proprietor, wage earners, apprentices. In practice, the choice of activities as a rule fell on the production of goods and services for which demand would increase with growing urbanisation, diversification of products or improved production methods. Pride of place went to carpenters, blacksmiths, masons, electricians, plumbers, painters, etc., followed by vehicle and other repairmen and various other craftsmen. In all some 30 trades are now covered by the programme. In Mali young unemployed men and the wives of craftsmen as well as other women have also received special support to enable them to set up in business on their own.

3. The three phases of the programme

With hindsight, and in so far as such a wide variety of experiments and results lend themselves to synthesis, the programme can be said to have gone through three distinct phases.

The first phase (1982-83) was concentrated in the cities of Bamako, Kigali and Lomé. It sought to awaken in the participants a clearer awareness of their problems and capacities and to enable them to judge what needed to be done to find realistic and manageable solutions. Grass-roots groups were established or strengthened through promotional work and information. The internal momentum thus generated fostered a spirit of solidarity, and resulted in a number of initiatives of common interest. In two cases the establishment of a multi-purpose support workshop in a neighbourhood inhabited by numerous craftsmen proved to be very helpful since it was able to supply minimum production services for a fee. It was intended that the participants would gradually take over the ownership of the workshop.

The second phase (1984-86) saw a consolidation of what had already been done and the extension of support to other neighbourhoods. The groups gained access to a greater variety of services, including technical and vocational training, and to enlarged markets thanks to the launching of new

products and the introduction of improved technology. At the same time, the programme was extended to secondary towns in order to strengthen the regional economy through trade between the craftsmen and the rural population. Craftsmen were urged to set up trade associations; and the first negotiations entered into by these associations with various institutions (public services, municipal authorities, traders and financiers, NGOs, etc.) began to bear fruit.

The third phase (1987-88) consisted in further consolidation and in helping the grass-roots organisations to run their own affairs and make more efficient use of the facilities given to them. Another no less fundamental necessity is to promote a dialogue and facilitate agreement between national institutes and these organisations in order to place them on a firmer footing. Consequently, support for these groups is channelled towards two ends: first of all, making the associations truly autonomous financially as a result of combined investments (project and associations) which will procure for them a steady income; secondly, providing "tailor-made" training for craftsmen appointed to positions of responsibility within the group sector. Stable grass-roots organisations require knowledge of the skills of self-assessment to enable them to plan their projects more carefully, to monitor their progress and to evaluate the results. Such organisations must of course be allowed to develop at their own pace if they are to be credible in the eyes of national institutions and of their own members.

II. The achievements

Let us look now at the principal achievements of the programme during the seven years of its existence (1982-88). Their scale and diversity are illustrated by the figures in the table. This summing up of course covers very different situations, as will be seen from our analysis by association and by city.

1. Self-organisation and negotiating capacity

In most of the French-speaking African countries the poorer sections of the population have no possibility of expressing their views through officially recognised organisations of their own choosing.² While the isolation of small-scale producers is their greatest handicap, it also offers very fertile ground for action. The programme has made it the cornerstone of its efforts.

The case of the association formed by Rwandan craftsmen under the auspices of the ILO project is particularly instructive. To begin with, they demanded recognition of their status as workers; this demand was precipitated by a series of police raids which had been carried out in Kigali in 1983 to stop rural-urban migration, crime and vagrancy but which had not spared the craftsmen and their families. Backed by the ILO, a number of these crafts-

Basic data on the results of the support programme for the informal sector in Mali, Rwanda and Togo (1982-87)

Country and town	No. of participants			No. of trades	Training beneficiaries				Savings and contributions	Surplus built up	Starting year of project	Endowment of support workshop
	Master craftsmen	Apprentices	Total		Master craftsmen	Apprentices	Promoters and trainers	Total				
Mali¹									<i>In CFA francs²</i>			
Bamako³					490	323	6	819	1 038 500	3 354 850		
Commune II	90	215	301	10					80 450	827 600	1984	1985
Commune III	50	125	175	8					128 200	1 352 700	1982	1983
Commune IV	85	215	302	10					58 400	364 700	1986	1987
Commune V	435	500	1 535	9					175 760	224 500	1986	1987
Commune VI	50	120	170	9					19 700	15 000	1986	Self-financed
Kolokani	100	40	100	5	292	...	7	299	375 200	...	1984	1986
Niafunké	25	10	25	4	59	...		59	...	169 000	1985	1987
Ségou	50	40	50	7	25	...		25	63 650	512 300	1984	1986
Tombouctou	830	30	830	8	247 ⁴	...		247	39 300	1 016 250	1985	1987 ⁵
Total	1 715	1 295	3 488	23	1 113	323	13	1 449	1 979 160	7 836 900⁶		
Rwanda¹									<i>In Rwandan francs²</i>			
Kigali	2 600	180	2 780	20	679	...	...	679	13 320 000		1982	1987
Butaré	350	40	390	16	59	...	...	59	452 000		1985	
Gisenyi	200	20	220	13	34	...	...	34	316 500		1986	
Ruhengeri	280	30	310	12	22 ⁷	...	...	22	311 500		1986	
Total	3 430	270	3 700	30	794	...	...	794	14 400 000			
Togo⁸									<i>In CFA francs²</i>			
Lomé	410	1 320 ⁹	1 730	12	402	207	4	613	827 000	1 162 000	1982	1982
Sokodé	400	1 450	1 850	15	204	90	15	309	1 400 000 ¹⁰	8 548 000	1985	1985
Atakpamé	175	875 ¹¹	1 050	14	25	32	3	60	...	...	1987	1988
Anié	235	...	235	14	17	0	2	19	...	...	1987	1988
Total	1 220	3 645	4 865	18	648	329	24	1 001	2 227 000	9 710 000⁶		

¹ Cumulative data for the period 1982-87. ² One US dollar equalled 450 CFA francs and 100 Rwandan francs in 1985, and 302 CFA francs and 80 Rwandan francs in 1987. ³ Commune I of Bamako is an administrative and residential quarter with hardly any craftsmen. ⁴ Including 231 Bandiagara craftsmen. ⁵ In this case, a site for selling products. ⁶ Including income from the hiring of equipment and the

10 per cent levy on profits from orders passed through the support workshop. ⁷ Including nine craftsmen from other towns in the country. ⁸ Cumulative data for the period 1981-June 1988. ⁹ Including 120 wage earners. ¹⁰ Craftsmen's Mutual Savings and Credit Fund; cumulative amount in March 1988. ¹¹ Including 12 wage earners.

men got together to hold talks with the local authorities which resulted in the issue of work cards granting them the right of residence. Other negotiations followed on the granting of bank loans, local tax reductions, and the right to occupy public land.

The autonomy allowed to the groups of craftsmen to develop their own brand of associations gave birth to several forms of organisation,³ at three distinct levels: 71 grass-roots associations; eight intermediate trade federations; and a confederation (KORA) which, with its executive bodies and technical committees, caps the structure in the city. The by-laws of the confederation were officially approved in July 1985. From that time on the mayor of Kigali granted KORA the right to stand surety for each of its member associations and to countersign the work cards. Next, he introduced an incentive for the craftsmen by reducing personal taxes (from 600 to 500 Rwanda francs (RF) a month) or allowing the flat-rate levy (2,000 RF) to be collected by each association. As a result, payments into the local government funds have been higher and more regular; for their part, the craftsmen are left to work in peace. Some of the negotiations entered into with the administration produced rapid results thanks to the intervention of the Rwandan Head of State himself, who gave the craftsmen's associations official sanction by paying them an impromptu visit, presenting KORA with a personal gift of US\$10,000 and referring in public speeches to the efforts being made by the associations and the place they occupy in the national economy.

Craftsmen in three other towns in Rwanda – Butaré, Ruhengeri and Gisenyi – have, as a result of sustained promotional efforts, succeeded in establishing confederations pursuing the same goals as KORA. The allocation of work cards, reductions in local taxes, the setting up of a savings scheme with a view to obtaining bank credit, the fitting out of appropriate sites and the granting of legal status all figured among their priority goals. The first three goals have already been achieved thanks to the good sense of the local authorities and the example of the confederation in Kigali.

In Mali the impact of the project on the organisation of craftsmen has been considerable. In Bamako there are now five associations providing services and a number of advantages to their members. A managing board is responsible for administration and is gradually taking charge of the activities being promoted under the project. Special committees were set up in 1985 with responsibility for running the support workshop, for handling the working capital, for exploring new markets and for technical and apprentice training. The craftsmen's federation in Bamako, established by the five local associations, has a much wider field of operation: it organises trade fairs, shares out large orders placed with it, and represents its members in negotiations with the local and national authorities.

Starting in 1984 a number of associations have been created in four other towns of Mali along the same lines as in Bamako but adapted to the particularities of the region. The craftsmen's association in Ségou, based on a traditional type of rural organisation, and the one in Kolokani, formed of

five groups including one of women, are the most dynamic. Tombouctou has a federation composed of six craftsmen's associations, with 830 members in all, of whom 730 are women. The women have their own market site and have succeeded in making a profit, which is reinvested in production. The federation is seeking to strengthen its position by creating an appropriate executive board, introducing a system of management and obtaining legal recognition.

The Craftsmen's Association of Togo (GIPATO) in Lomé is nowadays doing effective promotional work in the various districts of the city but, although human relations have been improved, it has to be acknowledged that the Association has taken few economic initiatives. At the outset its day-to-day relations were marked by distrust owing to an excessively centralised organisation and the fact that the leaders were chosen from among the best-off craftsmen who felt no great sympathy for the worst-off. To help the members to analyse and resolve the internal conflicts themselves, responsibility for the project was entrusted in 1984 to the craftsmen with the help of the national project assistant. Towards the end of that year it was decided to dissolve the managing board. The appointment of a new board and the move towards decentralisation through the establishment of technical committees entrusted with the management of the support workshop, supplies, training, credit and promotional activities had produced positive results by the end of 1987: the central workshop was operating satisfactorily, the committee in charge of promotion at the district level had achieved remarkable results and the credit committee had redressed the financial situation by making the grant of credit conditional on guarantees provided by the associations.

Organisation of the handicrafts sector seems to be well established now in four district associations which are managing stocks of raw materials' and have started up a small collective savings scheme. The GIPATO's future will depend on the determination of its leaders, who are now younger and more motivated, to make the most of their collective assets.

In Sokodé, where support was made conditional on the craftsmen themselves taking the first steps, each craft group examines its needs, looks into ways of satisfying them and pools the resources of its members. This approach has made for a stronger and more economically efficient organisation. A joint committee representing the various crafts has been set up to co-ordinate and promote initiatives of common interest; a managing board, elected from among its members, implements the committee's decisions and calls upon it for advice. Its planning, operational and management activities are based on the craftsmen's own deliberations. The GIPATO of Sokodé now exercises almost complete autonomy in the organisation and financing of its activities. Inspired by this success, craftsmen in Atakpamé and Anié formed ten associations and spontaneously sought to join the group movement in 1987. Even though the associations in these two towns are new and not yet fully organised, their initiatives have all been financed by personal contributions; and they maintain close and frequent contacts with the

Sokodé craftsmen. The abilities of their leaders and the enthusiasm of their members promise well for the future.

2. Access to production facilities

The workshops which have been set up, particularly in Togo and Mali, have allowed the craftsmen easier access to basic equipment and infrastructures. The equipment hired out to the craftsmen and young people who have completed their apprenticeship (lathes, saws, planes, drills, welding sets, scaffolding) serves as a means both of production and of technical training besides helping the users to acquire organisational skills: the committee in charge learns how to manage common assets and the groups using them help to create their own working capital fund. This fund is financed from the profits made on the services supplied, after allowing for depreciation and operating costs. Consequently, the support workshops have considerable potential for ensuring a permanent income for the associations, provided the outside contribution is managed profitably. This seems to be the case of the workshops in Lomé and Sokodé (Togo), Kolokani, Ségou and communes II and III of Bamako (Mali).⁴ Apart from hiring out equipment, these workshops keep stocks of raw materials and provide space for displaying and selling products. In Bamako and Sokodé they also have a unit that designs new products and develops prototypes (tools and small machines) and they supply the craftsmen with catalogues, technical instructions and other documentation in order to create an environment that is propitious to technological innovation and self-training.

In Rwanda it is mainly through the promotion of savings and credit facilities that the craftsmen have been able to gain access to capital goods. Investment in production has increased rapidly owing to the success of negotiations conducted at three levels: ⁵ first, within each association to determine the amount and periodicity of contributions; second, within the confederation to decide how to manage the collective savings and how they should be used to gain access to credit (e.g. blocking them to constitute a guarantee); third, between the People's Banks (Banques Populaires) and the confederation and the project to determine the terms and conditions of loans for groups of savers. The project gave technical assistance to the borrowing groups in preparing the necessary documentation, providing management training and monitoring the investments. This method of gaining access to infrastructures and equipment presents definite advantages in the long term. Above all, groups that raise their own funds are less vulnerable and less dependent on outside assistance. The use of personal savings as joint surety helps to foster a sense of responsibility among the participants for the management of their investments. By applying to the local banks and negotiating better credit facilities with them, it has been possible to establish durable relations between previously ignored economic agents and the established financial system.

3. Self-financing and credit

As a rule the financing of micro-enterprises raises two problems: their saving capacity and the opening up of credit facilities on the local financial market. The case of Rwanda provides an illustration of the successful combination of these two sources of financing. According to the balance sheet drawn up in March 1988, the net savings of the four confederations amounted to 14.4 million RF, or US\$192,000. As a result of joint surety deposited with the People's Banks, 54 groups in four towns were given credits amounting to \$220,300. The median of the loans granted was \$2,860. These credits were used to purchase tools and equipment, stock up on raw materials and spare parts, hire equipment and fit out workshops. It is noteworthy that the groups make their repayments regularly (delays occurring in only 3 to 9 per cent of the cases) and sometimes even negotiate an earlier maturity date; they have thus earned themselves a good reputation with the banks.

The leaders of the KORA confederation in Kigali would not rest until they had acquired financial autonomy. Negotiations with the People's Banks led in 1986 to the establishment of a bank whose capital is made up of the craftsmen's savings and whose board of directors is composed of seven craftsmen; ⁶ although it is connected to the People's Banks, its statutes have been adapted to reflect better the particular characteristics of the handicrafts sector. The record of transactions carried out over the first two years of its existence indicates a credit balance of \$110,000, in addition to collective savings of \$65,000 placed with the People's Banks. Another significant step was taken with the grant of personal loans amounting to a total of \$74,000 in 1987 and 1988. These results constitute a genuine innovation in the Rwandan financial system and a fine example of the opening up of credit to a social category from which it had hitherto been withheld.

In Mali self-financing will be achieved when the craftsmen's associations consolidate their position economically and organisationally. These associations derive their income from three sources: (a) members' savings and contributions; (b) a 10 per cent levy on the profits made by craftsmen from orders passed on to them through the support workshops; and (c) receipts from the services supplied by these workshops after allowing for depreciation and operating costs. The amount of personal and collective savings is still small in the association as a whole – \$7,150.⁷ As regards the second and third sources of income, at the end of 1987 the Bamako association had a surplus of over \$11,000 and that of Tombouctou one of nearly \$3,400 (see the table). Nevertheless, some of the equipment was still being underused owing to a shortage of orders. Since the break-even point has not yet been reached, the project has been trying to find more outlets for the craftsmen and, above all, to do more promotional work since the returns on the equipment depend on the number of participants the associations are able to enlist in their enterprise.

During the first phase a small portion of the working capital fund was used to grant loans to craftsmen. The failure of this experiment led the

association to refuse further personal loans. The limited recourse to *tondines*⁸ among the craftsmen of Bamako and the absence of facilities geared to the needs of micro-enterprises within the financial institutions explain the craftsmen's lack of enthusiasm for saving and their inexperience in matters of financial management.

The situation in Sokodé (Togo) is quite different. The profit made by the support workshop now covers the depreciation of equipment and the self-financing of stocks and operating costs. The GIPATO of Sokodé negotiates directly with the suppliers and organises all the commercial services. At the end of 1987 it made a net profit of \$11,800. The support workshop, like the Mutual Savings and Credit Fund established in May 1986, enjoys autonomy in its activities and management. The Fund taps the savings of 13 associations, which amounted to \$5,100 in March 1988. Forty-one loans were granted (for a total amount of \$3,100), and were used to prefinance works and to fit out and equip new individual workshops. If the craftsman is a regular saver he will easily be granted a loan since his association will stand surety for it.⁹ The late repayment rate is 8 per cent and there have never been any cases of default. All this goes to show that the GIPATO can now finance its own growth and has a solid base for enlarging its programmes.

Although much remains to be done to simplify its procedures, the management of the central workshop in Lomé is sound financially. The year 1985, for example, closed with a credit balance of 9.5 million CFA francs (\$31,500), including 600,000 francs in hand. The balance was used for supplying four city districts with raw materials, the further fitting out of the central workshop, financing technical training and paying creditor suppliers – but also, unfortunately, for stockpiling and “kickbacks” to the assistant and certain members of the supply committee. The balance sheet for the 1987 and 1988 financial years showed an average profit of approximately \$1,250 a month and liquid assets of \$4,000. Accordingly, the project no longer contributes to overheads or the renewal of stocks of raw materials. Despite all the efforts made to encourage savings, the craftsmen of Lomé have saved very little – approximately \$3,000. Three factors account for this: a high initial individual contribution (10,000 francs) which frightened off the less well-to-do craftsmen; the tendency of the competent committee to grant personal loans without looking into the trustworthiness and solvency of the applicant; finally, the extremely lax application, particularly to some of the officers, of the rules drawn up by the craftsmen themselves governing the grant of credit. In 1985 the situation took a marked turn for the better and over the past three years the annual repayment rate has been running at 20 per cent above the credits granted.

4. Self-training

Conceived as a comprehensive educational effort, the support given to training takes account of the threefold role of the craftsman as a specialist

practising a trade, as a manager-entrepreneur running his own business and as the architect of his own social environment. Unlike the traditional practice, in which training is planned, organised and transmitted to the participants entirely by outsiders, this programme of assisted self-training¹⁰ relies largely on traditional methods of skill transmission by experienced local craftsmen. Training can be said to have started, therefore, at practically the same time as the first encounters with the participants; once the groups had been established it took the form of counselling and short technical courses given by experienced craftsmen with the help of foreign experts. During the first year the craftsmen did not regard technical training as a priority. They first became aware of its usefulness when they gained access to new markets (Bamako), obtained bank credit (Kigali) and negotiated favourable terms for the purchase of raw materials from traders (Lomé) and realised the further advantages it could bring them.

In Bamako¹¹ the training activities focused mainly on apprentices. The content of the training and the pedagogical support were designed to supplement on-the-job training and to improve the operation of their respective workshops.¹² Technical training was provided in carpentry, blacksmithing and construction work before tackling subjects of interest to employers – cost estimates, book-keeping, manufacture of new products, labour legislation, introduction to training practice, reading and writing, etc. The group leaders, for their part, were taught how to use a manual on administrative organisation and accounting and how to plan, follow up and assess the activities carried on by the grass-roots groups. Between 1982 and 1987, 317 apprentices, 466 master craftsmen, six wage earners and 24 unemployed youngsters with diplomas received training in Bamako in one of the above fields.

In Kigali training activities began to expand rapidly during the second phase. They concentrated in particular on enterprise management, technical know-how (ironwork, welding, electro-mechanics, shoemaking) and literacy. Between 1982 and 1987, 679 craftsmen received training in these fields. At the end of the second phase the focus of training had shifted to the mastery of organising techniques at all levels. The instructors come from state-run centres, from NGOs or from the handicrafts sector itself. Unfortunately, there has been a falling off in these activities since 1987.

In Togo the training support given by the programme during the first two phases was similar to that given in Mali. In all, 613 beneficiaries in Lomé, including 207 apprentices, and 309 beneficiaries in Sokodé, 90 of them apprentices, received training. It should be noted also that 19 craftsmen from Lomé and nine from Sokodé met others in Kigali, Ouagadougou, Bobo-Dioulasso and Bamako. The meeting of craftsmen from the three countries held in Kigali¹³ gave a great boost to the process of self-assessment.

III. The impact of the programme

1. Trade representativeness and recognition of the associations

Those in charge of the programme decided that it should first support a limited number of activities with high growth potential before its scope was extended to other trades (excluding petty retailing). In Kigali the census of self-employed workers conducted in August 1985 showed that the project had taken in 15 trades in eight districts and covered 18.4 per cent of the total number of craftsmen. At that time KORA only had 1,052 members; today there are almost 2,800, or approximately 40 per cent of the labour force engaged in crafts, allowance being made for the growth of this sector.

At the end of 1987 the five associations in Bamako had a membership of 710 craftsmen and 1,175 apprentices, covering 20 per cent of the total. In Tombouctou the rate was 31 per cent and in Ségou 6 per cent. The estimates for Kolokani and Niafunké indicate rates close to 25 and 10 per cent, respectively.

The project's record in the handicrafts sector of Sokodé, Atakpamé and Anié is excellent: it has reached half the employers producing goods and supplying services, covers every city district and takes in some 15 different trades. Even though the number of participating craftsmen in Lomé had increased by 8 per cent by the end of the second phase, the number of trades covered had risen to 13 and the project had been extended to eight districts in all, the effects of the project in general have been rather limited.

In all the cities and towns covered by the programme the associations and groups that have been set up are increasingly receiving *de facto* recognition. There is a general consensus among government authorities, suppliers, financial institutions, NGOs and customers that the craftsmen's organisations enjoy a good reputation. The developments outlined above testify to a certain change in institutional relations. It is to be regretted however that, apart from KORA, the associations have not been granted legal status by the competent authorities, although numerous applications for recognition have been made since 1985.

2. The social and economic benefits

We shall now look at the programme's impact on incomes and employment in the grass-roots associations and, in so far as the available data permit, analyse the effect of the craftsmen's investments on labour productivity and visible underemployment.

The survey carried out in Kigali ¹⁴ at the end of the second phase (December 1985) covered 21 associations, or 44 per cent of the total. Incomes had risen in 18 of them as a result of the project, had remained stable in two

and had fallen in only one. A closer analysis showed that monthly incomes, averaging 7,290 RF prior to the project, had risen by 3,363 RF, i.e. a net gain of 46 per cent.

While the increase in the income of the workers was unquestionable (with one exception), it remained to be seen whether it was due mainly to a rise in hourly income or to an improvement in labour productivity. The survey revealed that out of 20 associations, 16 had recorded a significant increase in their hourly income (from 1 to 40 RF), two had recorded none and another two had recorded a drop (in one of them despite an increase in total income). In short, the average hourly income rose from 41.4 RF to 55.3 RF, i.e. an increase of 33.5 per cent. These figures clearly show that, in addition to the higher level of income attributable to the greater number of hours worked,¹⁵ the enterprises had become more profitable thanks to productivity gains. This was undoubtedly due to: (a) economies of scale; (b) a better use of the factors of production as a result of investment and technical training; (c) the acquisition of management skills; and (d) the confidence the groups had been able to inspire in their customers, whose numbers grew accordingly.

The next point to be examined is how far the use of credit influenced incomes. If we compare the 12 associations which obtained credit with the eight which did not, we see that the increase in the average monthly income of the workers in the former was 53.6 per cent, though the hourly income had risen by only 36 per cent. Those that had not yet obtained credit recorded a 35.9 per cent increase in their average monthly income; starting from a very low level they managed to achieve a significant increase in hourly income of 26.4 per cent. The tentative conclusion, then, is that organisation into groups, with its inherent advantages, with or without credit, led to an increase in hourly earnings of roughly 26 per cent, and that the use of credit allowed a further increase of 10 per cent.

As far as job creation is concerned, the survey showed that the associations in the sample had taken in 22 previously unemployed craftsmen as full members. In addition, 64 apprentices had been hired in 13 of them. These results show that once groups are formed they attract new full members, but only to a limited extent: the annual growth rate during the three years was about 3 per cent. On the other hand, they tend to be more open to apprentices, whose hiring can be regarded as job creation since 85 per cent of them worked full time and received between 2,500 and 4,000 RF per month, much the same as labourers in the rural sector.

The survey carried out in May 1986 in Bamako¹⁶ showed that the project had had a largely positive effect on the craftsmen's earnings. Income had risen for 75 per cent and remained stable for about 20 per cent; only 5 per cent of those questioned said that their income had dropped. It should be noted however that, among those whose income had risen, two-thirds said that the increase had been slight and one-third that it had been considerable. In the two numerically most representative trades (40 per cent), carpentry

and blacksmithing, annual incomes had risen in the low-income bracket (up to 50,000 CFA francs) and had become stable both in the middle bracket (50,000 to 100,000 francs) and in the higher bracket (over 100,000 francs). Three out of four carpenters had spent part of their earnings on new tools and four out of five on workshop improvements. Moreover, 55 per cent had managed to save for future expenditures. Practically all the blacksmiths had invested varying sums in tools and equipment. Two out of three had installed electricity in their workshop and had purchased small machines since joining the association. Finally, four out of five craftsmen said that the additional income had gone chiefly to improving their family's living conditions.

As regards employment, the first effect of the project was a reduction in visible underemployment: many craftsmen gained access to new markets which induced them to devote more time to production.¹⁷ Quality standards improved and a wider range of goods was produced. Training, investment and the organisation of support workshops helped not only to raise productivity but also to make jobs more secure. In Bamako four micro-enterprises were established which hired 22 unemployed youngsters to work on new products. Thirty women producing soap, dyed loincloths and condiments were able to set up in business on their own. In Tombouctou 35 women dyers working full time and 132 producing noodles part time supplemented their household income in this way. By extrapolating the data from the Bamako survey it can be estimated that 650 apprentices were hired between 1982 and 1986 and that approximately 245 finished their apprenticeships in 1985 and 1986. Seventy per cent can be assumed to have set up their own business thanks to the launching of new products and the production services supplied by the support workshops.

In Togo the craftsmen belonging to the GIPATO of Sokodé stated that since the project was set up they were working two-and-a-half more months a year and, owing to a sustained rise in output, the slack season was much shorter than before.¹⁸ Between 1986 and 1988 the turnover of the support workshop, which sells production materials, increased by 60 per cent and the volume of group orders rose nearly fivefold, amounting to \$37,500 between January 1987 and March 1988. As a result of new openings and the production of new goods, the number of apprentices increased by 28 per cent in all, while the number of those who completed their apprenticeship rose by 20 per cent.

The four indices used for our estimates show an improvement in income. Between 1986 and 1988 average monthly personal savings for all the trades rose by 6.9 per cent and average labour costs for the most current products by 26 per cent. The craftsmen on average can now provide a livelihood for 11 persons instead of nine as before. Lastly, 77 per cent of those questioned said that, since they were now earning more, their families' living conditions had improved considerably.

3. Returns on investment

The total costs of the projects can be regarded as an investment for the purpose of assessing returns. The available data allow us to estimate these costs indirectly, at least for Kigali from 1982 to 1985 (phases I and II). If we regard the increase in the craftsmen's income as the interest generated by the project's investment, we can make the following calculation: 3,000 RF (average monthly increase in income) \times 1,000 (craftsmen) \times 12 (months) = 36 million RF. Since the total cost of the two phases of the project was approximately 68 million RF, the annual interest rate on the investment would be 53 per cent; seen from this angle the returns are high. For this estimate to be valid, however, we have to show that there was no "decapitalisation" of the associations in the following phase, i.e. that the investment will be valued only in terms of improvements observed by new beneficiaries or additional profits reported by the old ones.

By extrapolating the data collected for KORA, we arrive at a net creation of 60 craftsmen's jobs and 150 places for apprentices. This calculation is incomplete, however, since the impact of the project is perceived above all in the consolidation of existing, but precarious, workplaces. In order to calculate the costs of a job we can therefore assume either (i) that two or (ii) that three consolidated workplaces are *equivalent* to a created job. Taking into account the total cost of the two support phases, the project would have invested US\$925 per workplace according to the first hypothesis and \$1,215 according to the second. Undoubtedly, these results compare favourably with the cost of a job in the industrial sector in Rwanda – between \$8,000 and \$30,000. A final figure worth noting is the cost of the support provided for each craftsman: between October 1982 and December 1985 this amounted to approximately \$455, i.e. \$140 per year per craftsman, a sum two-and-a-half times less than the average additional income of the craftsmen concerned.

IV. The difficulties encountered

The results achieved by the programme must not obscure the difficulties encountered. A number of factors slowed down the development of the projects or weakened their impact on the participants. They stem from three distinct sources. The first is the socio-economic environment. The principle of participation is very difficult to apply in an environment where there have been innumerable traditional aid projects smacking strongly of paternalism or authoritarianism, two attitudes that have much in common since they both supplant, ignore or even stifle grass-roots initiatives. The small-scale producer tends then to acquire an inferiority complex and lose heart, so that the environment has a debilitating effect on the beneficiaries. Even more serious, when conflicting methodological approaches come face to face on the same ground, paternalism with its facile solutions then becomes a source of discord among the beneficiaries. In Kigali and Lomé attempts by other bilat-

eral aid bodies to take over the associations almost destroyed the social cohesion laboriously built up over a number of years. Often, too, the consequences of the past have to be contended with; in Lomé, for example, successive failures have made the craftsmen extremely distrustful of any attempt at organisation. Furthermore, national economic policies do little to foster the growth of micro-enterprises, despite all these have to offer for endogenous development.

The second source of difficulties lies in the existing institutions and the system of technical assistance. The beneficiaries are looked upon as tools for carrying out official projects and not as partners capable of implementing projects of their own devising. The minds of the bureaucrats are thus fixed on immediate and visible results to the detriment of lasting changes that require a careful consideration of local capacities and means. Officials often seem to have lost track of the causes they are supposed to serve. The resultant rigidity of the administrative procedures is equalled only by the flexibility and resourcefulness of the petty craftsman forced to live from hand to mouth.

The third source of constraints is sociological and has to do with the process of participation itself. Generally speaking, the participants have very little experience of organisation since previously there were few avenues open to them for expressing their views. Moreover, egotism, internal conflicts and at times the meagre representation of the poorest social categories in the decision-making bodies are apt to hinder the group's economic take-off. The older and best-off craftsmen in Bamako, Kigali and Lomé, for example, have tried time and again to monopolise control of the associations. During the self-assessment exercise many participants urged that bodies be set up to enable the most underprivileged to voice their opinions and influence the choice of priority activities.

V. Sustainability and replicability of the programme

The programme's achievements also bring us to the capital question whether support needs to be continued. Given the results of the evaluations there is every reason to believe that the programme has established a lasting basis for associations that will grow from strength to strength. Nevertheless, their diversity leads us to envisage two scenarios. Those in Kigali, Sokodé, Lomé and communes II and III of Bamako offer interesting prospects since their members seem to be capable of pursuing their activities without further outside help. Their organising, financing and negotiating abilities should enable them to diversify their means of action and expand their social base.¹⁹ These associations could sign an agreement with the ILO, similar to one drawn up with KORA, providing for a modest measure of occasional support but emphasising the autonomy of the partners. The less developed associations in the secondary towns, on the other hand, need to be consolidated. The final phase should provide them with the means and skills they need to

achieve sound financial and organisational independence and to take over the facilities that have been set up.

The feasibility of replicating the programme on the national scale depends largely on three factors: the success achieved; the political backing of the government; and the national capacity to commit the human and financial resources that would be needed. The Government of Rwanda seems to be won over as much to the underlying premise of the programme as to the desirability of extending it to the whole country. As a result of the measures already taken or planned, Rwanda has started to blaze a new trail in this area. Although the political backing of the Head of State and the local authorities appears to have been secured, the dilatory tactics of the intermediate levels must be deplored. The Government of Togo, for its part, seems to be persuaded of the need to extend the programme to other regions but is not convinced of the relevance of the participatory approach. Recourse to traditional methods, the playing off of one aid agency against another in order to raise the bidding, and the absence of appropriate banking services for small savers are all likely to jeopardise the chances of success of a genuine grass-roots movement. In Mali the ministerial authorities and other government officials became convinced of the soundness of the project after seeing how the poorest categories of the population were able to benefit from the economic spin-offs. Political conviction in this case makes up for the lack of resources.

The three countries suffer from two weaknesses common throughout Africa.²⁰ First, the national officials in charge of promoting the handicrafts sector still lack the training required to carry out their responsibilities. The instability and inadequacy of such staff make it difficult to ensure the necessary presence in the field. Secondly, a paradoxical situation has arisen in which the vast majority of craft projects are financed from outside; dependence on the backers has deleterious effects on the directions, continuity and hence control of a national policy for the development of micro-enterprises.

Although the programme up to now has mainly emphasised direct support to the participants, it has also attempted to improve both the conditions under which local institutions function and the environment in which the small-scale producers work. It has nevertheless been thought essential to proceed by stages so that the changes can be brought about by those primarily concerned, i.e. the craftsmen organised in associations of their own choosing. Accordingly, institutional support will henceforth endeavour both to design and set up coherent policies and to adapt and strengthen bodies capable of promoting small-scale production in the towns and the countryside.

VI. Conclusion

Though it is too early to draw definitive lessons, the experience gained over seven years in ten African towns and cities allows us to conclude that the

programme has made considerable headway in consolidating precarious jobs, raising the level of production and income of the participants and creating new employment. Despite the diversity of the results, one thing is certain: grass-roots initiatives and the mobilisation of local resources constitute an effective means of promoting micro-enterprises.

The social and economic benefits are particularly evident among the most motivated participants who wholeheartedly support the aims of the programme. The approach chosen appears to have been an apt one and has avoided the pitfall of imposing formal and standardised structures that often dampen participants' enthusiasm. It has enabled thousands of workers continually to devise ways in which they can participate in a support programme. The participatory approach has also proved more effective than the traditional spoon-feeding methods, not only because its effects are more durable and the activities it launches can be continued by those directly concerned but also because the cost per beneficiary is lower and hence the returns on the investment are higher. The strengthening of the associations' capacities for organisation, financing, training and negotiating – the result of a comprehensive educational effort – lays a solid basis for the future. From now on it will be up to the grass-roots organisations to engineer their own growth, seek allies and find ways of strengthening their dialogue and negotiations with the local institutions.

However, the inherent limitations of aid packages and the administrative obstacles encountered make us somewhat less optimistic about the chances of replicating the programme on a large scale. Rwanda is the only country of the three to have included promotion of the crafts sector in its national development policy. Moreover, those responsible for international aid have begun to grasp the potential of micro-enterprises only now that the record of industrialisation in Africa is proving so poor. Judging from what has been done so far, it is greatly to be feared that they will once again resort to hasty methods (ill-judged injection of external resources without local control) or authoritarian action (establishment of trade chambers decided upon from the outside for the purpose of structuring the handicrafts sector). The need to harmonise the scattered, not to say contradictory, interventions we witness at present cannot be overemphasised. This will mean designing coherent medium-term and long-term programmes and establishing flexible, innovative and decentralised co-determination machinery that takes into account the initiatives of organisations representing small producers.

Finally, without yielding to the temptation to apply catch-all formulas for mobilising and involving disadvantaged social categories when implementing similar programmes, we would suggest five principles that might govern a participatory support strategy: (1) respect for local creativity and initiative since every social milieu has the inherent ability to devise ways and means of furthering its own cause; (2) limitation to a minimum of the participants' dependence on outside agents by mobilising local resources from the outset; (3) strengthening of the social cohesion of the target groups by en-

couraging self-organisation and every creative endeavour, even at the risk of making mistakes; (4) enlargement of the scope for negotiation with the existing institutions by putting the accent on concerted action and avoiding authoritarian control; and (5) fostering of a tighter network between grass-roots organisations inspired by the same spirit of solidarity and the aspiration for autonomous progress.

Notes

¹ C. Maldonado et al.: *Petits producteurs urbains d'Afrique francophone. Analyse et politiques d'appui* (Geneva, ILO, 1987); ILO-JASPA: *Informal sector in Africa* (Addis Ababa, 1985).

² A. C. Mondjanagni (ed.): *People's participation in development in Black Africa* (Paris, Khartala, 1984).

³ Each group devised its own form of organisation and rules according to its needs and particularities. Between the capitalist enterprise and the co-operative formula there is wide room for the expression of popular creativity, provided the people enjoy the right to self-determination. The craftsmen are now engaged in devising and testing new forms of joint production. Seven cases were examined to illustrate the variety of formulas in a report prepared by M. Voyer, in collaboration with C. Maldonado: *Projet d'appui au secteur non structuré de Kigali. Analyse de l'impact d'une expérience participative en milieu urbain* (Geneva, ILO, 1986; mimeographed).

⁴ In the other towns and communes either the experiment has not been under way long enough to make an assessment or else there is not yet any support infrastructure. E. Braun: *Projet d'appui au secteur non structuré urbain de Lomé et des villes secondaires du Togo. Phases I et II: février 1982-décembre 1986* (Geneva, ILO, 1987; mimeographed).

⁵ B. Lecomte, C. Maldonado and P. Ransoni: "La promotion du secteur non structuré: le cas de Kigali", in *Revue Tiers Monde* (Paris), Apr.-June 1986, pp. 439-455.

⁶ KORA: *Rapport trimestriel d'activités, janvier-mars 1986* (Kigali, 1986; mimeographed).

⁷ It has to be recognised that the craftsmen consider the 10 per cent levy to be a heavy contribution since the average craftsman's household (ten dependants) has a very small income bordering on the subsistence level.

⁸ Tontines are people's savings associations based on the mutual trust of the members and fostered by social pressure, in which each member undertakes to contribute so that he can draw on the funds so pooled when his turn comes. Because of its rotating character, the mutual savings tontine is highly flexible and relies on the solidarity and understanding of the members to meet individual needs. A tontine is often short-lived and the savings are used more for immediate survival than for long-term profit. See M. Lelart: "L'épargne informelle en Afrique", in *Revue des études coopératives* (Paris, Fondation du crédit coopératif), 1985, No. 14, pp. 53-78; and P. Egger: "Banking for the rural poor: Lessons from some innovative savings and credit schemes", in *International Labour Review*, 1986/4.

⁹ In the past, few craftsmen were accustomed to saving methodically. Moreover, they tended to borrow from a moneylender who charged up to 30 per cent interest a month whereas the bank rate is 11 per cent a year. See Braun, op. cit., pp. 62-67.

¹⁰ C. Maldonado: *Self-training in theory and practice: The programme to support urban informal sector enterprises in French-speaking Africa* (Geneva, ILO, forthcoming; mimeographed).

¹¹ J. Cabrera and C. Caffi: *Le projet d'appui au secteur non structuré urbain de Bamako - Première phase: février 1982-décembre 1983* (Geneva, ILO, 1986; mimeographed).

¹² G. Le Boterf: "Les apprentis dans le projet d'appui aux petits producteurs urbains de Bamako. Eléments d'une recherche participative et proposition pour l'action", in C. Maldon-

ado and G. Le Boterf: *L'apprentissage et les apprentis dans les petits métiers urbains. Le cas de l'Afrique francophone* (Geneva, ILO, 1985; mimeographed World Employment Programme research working paper; restricted), pp. 42-76.

¹³ This meeting resulted in the setting up of a network for exchanges and solidarity between craftsmen. Three areas for action were decided on: better information about forms of grass-roots group organisation; exchanges of new products and improved technology; and access to training on those two subjects. KORA-ILO: *Rapport de la rencontre inter-artisans africains* (Geneva, ILO, 1986; mimeographed).

¹⁴ M. H. Salat-Desgranges: *Enquête d'évaluation. Effets socio-économiques du projet d'appui au secteur non structuré de Kigali* (Geneva, ILO, 1987; mimeographed).

¹⁵ The survey noted that the problem of visible underemployment had been largely solved in these associations. Prior to the project, 30 per cent of the craftsmen in the sample worked between 25 and 30 hours a week and the weighted average was 40.6 hours. At the time of the survey the weighted average had risen to 46 hours a week and the standard deviation had been reduced by one hour, indicating greater homogeneity in the hours worked in the craftsmen's associations.

¹⁶ H. Stetter: *Projet d'appui au secteur non structuré de Bamako. Rapport d'évaluation des effets socio-économiques induits* (Geneva, ILO, 1987; mimeographed).

¹⁷ J. Cabrera and C. Caffi: *Projet d'appui au secteur non structuré de Bamako, des villes secondaires et des zones rurales du Mali. Vers la consolidation des organisations autonomes du secteur non structuré au Mali* (Geneva, ILO, 1987; mimeographed).

¹⁸ These data were obtained from two sources: the seminar-survey in April 1988 attended by 32 representatives of the trades concerned and an analysis of the association's accounting and financial position. E. Braun: *Projet d'appui au secteur non structuré urbain du Togo. Phase III: janvier 1987-juin 1988* (Geneva, ILO, 1988; mimeographed).

¹⁹ Some encouraging initiatives have been taken in this direction by several associations. The Sokodé association, for example, supports the Atakpamé and Anié groups and is helping the Bassar craftsmen to set up their own organisation (50 members) and a savings scheme. The Gisenyi confederation, despite its limited means, has done as much for the craftsmen of Kabaya (80 members, most of them women).

²⁰ Maldonado et al.: *Petits producteurs urbains d'Afrique francophone*, op. cit., pp. 206-219.