

**Employment Promotion for Unemployed Target
Groups through the Integrated Skills Training for
Employment Promotion Programme (STEP IN)**

Zambia

- Case Study -

**Analysis for
Good Practice and Replicability Purposes**

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Employment Promotion for Unemployed Target Groups through the Integrated Skills Training for Employment Promotion Programme (STEP IN)¹

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1. Project Profile

Technical Cooperation (TC) through:
BMZ / GTZ

Time period of TC agency involvement:

The open orientation phase of the project began in January 1997 and was intended to last until July 1999. The open orientation phase was meant to provide space for reworking plans on the basis of some involvement in the work, and allowed for the adjustment of plans on the basis of experience.

Counterpart organisation:

The Department of Technical Education and Vocational Training (DTEVT). However, the programme brought together four ministries: Ministry of Community Development and Social Services, Ministry of Education, Ministry of Science, Technology and Vocational Training, and Ministry of Sport, Youth and Child Development as well as the private sector, voluntary organisations and non-governmental organisations which provided financial and non-financial services to the informal sector.

Purpose of project:

The goal of the BAFIS concept is to use non-formal employment-oriented training as a tool to activate the self-help potential for target groups such as secondary school leavers, youth without sufficient education, women and youth in rural areas who are under-employed in agriculture, illiterate adults, and owners and workers in micro business enterprises in the informal sector.

Projects within the BAFIS framework are expected to result in sustainable and effective networks of stakeholder institutions, able to deliver non-formal, employment-oriented training that results in higher income for trainees and, hence, poverty alleviation, over time.

The specific goal of STEP IN was to improve the employment, income and living conditions of the unemployed population groups. The objective of the programme was to improve the opportunity for **gainful** employment of the target group. Thus its focus was on the increase of income through skills promotion, business management training, networking (linkages) and marketing, rather than on the provision of formalised training.

Brief description of the project:

The programme was perceived as a means for responding to the numerous problems resulting from the inadequate financial and technical resources available to vocational training, and the failure of the vocational training to respond to the needs of those hoping to find work.

Recognising the fact that people in the informal sector are seldom unemployed, but may be under-employed, or employed inefficiently (inputs do not match outputs), the programme looked for an **integrated approach where employment could be coupled with a combination of skills training, access to markets, and access to credit facilities** which would lead to improved levels of income and a better standard of living.

This approach necessitated a **multistakeholder approach**, involving service providers across a broad spectrum, and the linking of service providers and informal sector operators through some kind of market mechanism.

Target group:

Marginalised groups: This is not necessarily only those from the informal sector as, for example, secondary school leavers are not yet in either the formal or the informal sectors. The STEP IN Programme also targeted employees from the formal sector who had been made redundant by the

¹ **Original case study source:** *Step In Programme's Experience with Innovative Elements of the BAFIS Concept and Recommendations*, Lusaka, Zambia, written by Stephan Sindern-Forster (BAFIS is the acronym for Vocational Training Promotion in the Informal Sector in German)

Date of case study source: September 1998

In addition: *An Integrated Approach for Employment Promotion* by Ebba Augustin and Atallah Kuttub, undated

Towards a Viable Informal Sector. Report on an investigation into potential ways of supporting the Zambian Informal Sector, Nell and Shapiro cc, February 1998

closure of many state-owned enterprises, and who were making the **transition from unemployment to being informal sector operators**. However, after a revision of the planning process, the target group was defined more specifically as **unemployed youth in the informal sector** (about one million people). The case study documentation suggests that greater clarification of the target group, and more focus, is needed.

Project level:

This project operates at all three levels.

Implementing TC agency context:

STEP IN is the only GTZ supported programme in the informal sector and/or non-formal training sector in Zambia. It has attempted to address this isolation through forming working agreements with other projects and donors.

Financing:

The programme was subjected to **severe budget cuts** during 1998. This compromised its ability to carry through all its activities as planned. It, therefore, focused on playing a facilitating role, bringing other actors together to create synergy.

2. Integrated Skills Training for Employment Promotion Programme (STEP IN)

The Projects in more detail

Background

Problem identification:

This project grew out of an observed weakness in conventional vocational training programmes in which GTZ had been involved in developing countries. Together with national authorities, it had focused on building up technical colleges and vocational training centres, and on running formal programmes. However, it became increasingly clear that the provision of skills for the formal sector was increasingly failing to translate into employment for graduates, as the **formal sector shrank and the informal sector grew**. There was an increasing acknowledgement that the focus needed to be on the informal sector, and that the requirements were for very different approaches in order to result in sustainable development. This understanding was formalised in the **BAFIS concept**. This project was one attempt to operationalise the BAFIS concept.

In addition, the management team of the project believed that, while many people were employed in the informal sector, the returns were low. The purpose of the programme, therefore, became to **increase income derived from informal sector activities**. STEP IN also aimed at **entrenching the representation of the informal sector within the new Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA)**. (DTEVT was to be transformed into TEVETA, as an autonomous board with greater representation of the society as a whole at the board level, and with a desk for the informal sector.)

Possible and actual stakeholders:

Aside from the four government ministries involved, a range of NGOs and private sector service providers, as well as other donors, were involved in the programme. The approach

was multistakeholder and relied on the synergy and leverage created in this way to overcome the limitations of drastically constrained financing.

Underlying concepts:

Although not specifically extrapolated in the documentation, the following are some of the underlying concepts in this intervention:

- ◆ Planning flexibility in order to ensure appropriateness to the sector and the national context.
- ◆ Appropriateness to the needs of the informal sector.
- ◆ Demand-driven, not supply driven – market principles need to apply between stakeholders.
- ◆ A multi-stakeholder approach to ensure a range of resources and capacity, as well as sustainability.
- ◆ Facilitation/co-ordination as a valuable contribution to development.

Assumptions:

The *methodological assumptions* underpinning the STEP IN strategy included that:

- ◆ The only way the majority of Zambians will be able to earn a decent living for the foreseeable future is through employment in some way in the informal sector.
- ◆ Unless there is intervention in the informal sector, it will only be able to produce minimal results in survival mode.
- ◆ If the Zambian economy is to survive and grow, the informal sector has to be vibrant and economically viable.
- ◆ There needs to be an emphasis on activities such as manufacturing and service provision that add value, and this carries with it implications about quality, productivity, market appropriateness, product design, and business management skills in areas such as pricing and costing.
- ◆ A model such as that of the Centres for Informal Sector and Employment Promotion (CISEP) will help to produce a vibrant and economically viable informal sector.
- ◆ Informal sector operators will quickly realise the bargaining advantages of forming associations through the kind of model provided in the CISEP, and will form their own associations.

Process summary

Description of intervention:

- ◆ Initially, support to **skills/entrepreneurship training, micro finances services, and facilitation of market access** by informal sector operators.
- ◆ The project facilitated meetings between the different service providers.
- ◆ It conducted a survey of enterprise owners in a particular urban compound or township in Lusaka which established that 95% of all respondents acquired skills and entered the informal sector through informal apprenticeship, even when they had already had some form of formal training.² STEP IN then decided to focus more on the potential of **traditional apprenticeship** than on conventional vocational training programmes. In fact, a further study suggested that, until such time as the master-crafts-people in the informal sector had improved their practices, it would be better to focus training input at this higher level so that apprentices would learn efficient and creative ways of operating at a later stage.
- ◆ STEP IN supported informal sector operators by providing consultants to work with this very fragmented grouping to improve existing practices of skills acquisition, and by **linking them to existing business development organisations** providing financial and non-financial services.
- ◆ STEP IN built up and enabled the Advisory Sub-committee for TEVETA on the informal sector as a way of strengthening internal cohesion.
- ◆ It also initiated joint projects such as **trade fairs**, which allowed informal sector operators and intermediary support institutions to display their products and services for a larger audience.
- ◆ STEP IN supported the **evolution of traditional meeting places** for informal sector business people into **Centres for Informal Sector and Employment Promotions (CISEP)**. It set up three CISEPs in various townships in Lusaka by 1998 (and planned to set up another three before mid-1999). These were hosted by other organisations which provided space and furniture, while STEP IN provided running costs for a period of one year. The CISEPs were meeting places for end users (informal sector operators) and service providers where they could meet and decide on the kind, quality and price of the services needed (be it credit, training or access to markets). The Centres did not engage directly in delivery of services, but facilitated a market process which would be demand-driven by the needs of the entrepreneurs. The CISEP would provide limited short-term interventions (at any point in time) to overcome market distortions (such as a lack of information on business support services, financial services, and effective business linkages).
- ◆ **CISEPs were intended to be self-sufficient** in time, as part of the “market” emphasis. Potential means of income recovery were identified as charging trainers a percentage of their training fee when the CISEP organised the training; selling publications for business

² So, for example, it was discovered that formal training in carpentry was done on equipment not available to trainees after graduation. They then had to learn how to use hand tools through an apprenticeship process.

development services and charging commission on sales; charging commission on any sales at or through the Centre of goods produced by the informal sector businesses.

- ◆ STEP IN hoped that, through the Centres subtly playing the role of business associations for a limited period of time, informal sector entrepreneurs would begin to see the value of having such associations of their own.
- ◆ STEP IN would assist in linking the various Centres across Lusaka.
- ◆ GTZ was also involved in providing support to a **“meso level” CISEP**, a joint venture between DTEVT and the Zambian Congress of Trade Union, aimed at providing support to retrenchees and to informal sector businesses and organisations. Beyond this, there was a macro level which included the Entrepreneurship and Informal Sector Development Unit of TEVETA in the CISEP support structure.

The CISEPs are, in fact, a business linkage model and it would be useful now to do a follow-up study to learn from it what worked within the model and what did not.

STEP IN used the **formative nature** of the project to help it to get an overall picture of the informal sector and service provision to it. Among the interesting data collected were:

- ◆ The lack of understanding of what informal manufacturers need to know. So , for example, informal sector carpenters need to know something about adequate methods for wood curing as much as they need to know the finer points of woodworking.
- ◆ In many trades, products in the informal sector are so badly made that they are unsellable. This is a result of a lack of quality control and the absence of simple skills such as proper measuring.
- ◆ Informal sector businesses in Zambia do not have business and money management skills.
- ◆ Marketing strategies and understanding for the informal sector of Zambia are completely lacking.
- ◆ Micro credit in Zambia is more of a burden than a blessing. Often borrowers are worse off after taking credit than before. A study done also showed that, in most cases, business operators can find the average sum needed as a start-up without borrowing. Schemes such as tool hire schemes, bulk purchasing. lobbying with authorities to get workshops and market stalls, business management training, etc may be of more use in assisting would-be entrepreneurs start potentially successful businesses.

Because of both its formative approach, and its intense involvement with a variety of partners, STEP IN could be in a position to make a **significant contribution to curriculum development and standard setting in training for the informal sector.**

Critical issues and their consideration:

Critical Issues	Comments / Considerations / Tips
Drastic cutting of the budget.	STEP IN tried to work within the constraints of the

	very limited budget, using innovative forms of partnership and synergy.
Lack of co-ordination among donors and service providers.	STEP IN facilitated co-ordination through its CISEP Model . It also interacted with many (27 at the time the source documentation was written) NGOs and private voluntary organisations and with four donor agencies, one of which networked with even more donors. This meant that, where partners failed to deliver, it could quietly “dump” them, in favour of those who did deliver, rather than spending too much of the limited resources on building intermediaries rather than on direct benefit to end-users. Where real commitment existed, but not capacity, some resources could be put into building capacity. Finally, this approach also allowed STEP IN to use the little money it had to leverage a package of support.
High rate of subsidies to support services to informal sector business operators, based on supply rather than demand, which was unsustainable.	STEP IN recognised the need to support the development of a local business advisory service sector that operated on market principles between service providers and end-users. This led to the formation of Centres for Informal Sector and Employment Promotion (CISEP), as a model for what an informal sector business association could do. The emphasis would be on informal sector operators as clients rather than as beneficiaries.
The absence of end-users in development programming.	This was addressed by the CISEP Model which provided a forum in which end-user needs could be expressed within a market framework.
A low level of organisation among informal sector operators.	The CISEP Model provided a model of how such operators could co-operate in associations in the interests of members.
Informal sector operators, realising they could access money by forming groups, did so simply in order to access donor money, not because they recognised an intrinsic value to organising themselves.	STEP IN, instead of providing funding, set up a model of how associations could be intrinsically valuable.
Quality of products produced in the informal sector was generally low.	The CISEPs were used as a vehicle for explaining to informal sector business operators the triangular relationship between marketing, management of business (production, quality of products, productivity of all involved) and microfinance services (higher capitalisation).
Quality of services provided by service providers was inconsistent and sometimes inappropriate.	The STEP IN emphasis on market relations should ensure that, over time, the bad are weeded out and the good quality, appropriate services survive, provided they are priced right.
There was a danger of GTZ “owning” the project	The project tried to emphasise the role of partner organisations. A consultant had recommended to

if it took on too much of a co-ordinating role.	it that it identify strong partner organisations and people within them as being able to carry out secretariat functions when the donor withdrew.
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Facilitating factors:

Some of these can be extrapolated as follows:

- ◆ Ironically, the financial constraints turned out to be a facilitating factor in forcing STEP IN to explore the potential for an almost exclusively facilitating role.
- ◆ The existence of a traditional apprenticeship practice enabled STEP IN to explore some of the flaws in this approach in the Zambian context and to identify other priorities.
- ◆ Willingness of other donors to get involved.
- ◆ The existence of many service providers, enabling STEP IN to choose its partners.

Impact

Monitoring and evaluation:

How does a project such as this measure its impact on the problem identified? The case study sees this as difficult but offers no solutions. The case study states that it is difficult to isolate the STEP IN contribution from other variables. Numbers of participants in training courses is not an adequate measure of impact which requires some inclusion of impact on poverty and unemployment. It is, however, necessary to have some indicators against which to measure success of the process. The case study suggests employment figures and household income figures as indicators, and notes that the budget cuts make it difficult to pursue measurement of these. However, it also notes that such measurement is necessary in some form. Without it there is the danger of a project meandering on, without ever being held accountable for getting somewhere.

The second source document (Augustin and Kuttab) says that a challenge for STEP IN was to put the ideas behind CISEP to the test in terms of measuring the impact on growth and return of businesses, monitoring the relationship between end-users and service providers, keeping track of the cost of services provided by the CISEPs and the effectiveness of cost recovery. This would help the project make a contribution to defining best practice in improving business linkages within the informal sector to achieve improved returns from existing activities.

What was/has been achieved?

Some achievements at the time the source documentation was written can be extrapolated from the documentation:

- ◆ At the time the source material was written, fairly early on in the life of the programme, some 800 informal sector operators were being reached with a very limited budget. A standard, conventional training programme at micro level, with a full budget, would be unlikely to reach more than about 300 trainees in one year.
- ◆ STEP IN had managed **to leverage considerable activity with very few resources**. The impact of the activity was yet to be determined.
- ◆ STEP IN had managed to involve a **wide range of stakeholders across the public/private sector divides**.
- ◆ STEP IN had, at least to some degree, contributed to ensuring that the informal sector would have a place in any institutionalised training and education system.

Impact against general indicators identified:

In general, at the time the source documentation was written, it was too soon to look at the general indicators of impact. However, it is likely, at the very least, that the interventions will be financially and operationally sustainable, and that any impact achieved will be relevant to poverty alleviation. The programme certainly has a **demand- rather than a supply-led orientation**, and any impact should be felt directly at the beneficiary level because the project encompasses the micro level quite directly.

Learnings

Generalisable learnings/good practice:

- ◆ **Create synergy between a range of stakeholders in order to have an impact with few resources;**
- ◆ **Provide a multidimensional package in any training initiative aimed at improving the efficacy of informal sector enterprises;**
- ◆ **In the informal sector context, linear service provision within a project is not appropriate. Informal sector operators face a range of constraints and attempts to support them need to be multi-faceted, in the form of some kind of business support package that includes training but is not limited to it.**
- ◆ **Operate at the macro, meso and micro levels in order to provide an enabling context and to test implementation;**
- ◆ **It is important to identify crucial points of entry – in this case, upgrading business operators initially, rather than facilitating apprenticeship.**

Good principles affirmed:

- ◆ *In order to make an impact on poverty alleviation, it is likely that informal sector interventions will need to focus on adding value through manufacturing or service provision.*
- ◆ *The implementation of market principles at all levels is necessary in projects that aim to contribute to viable businesses.*
- ◆ *Training interventions for this sector need to be in the context of access to some sort of business support package.*
- ◆ *Partnerships are a difficult but important part of informal sector interventions – one stakeholder can seldom do it all.*

Innovations:

STEP IN attempted to use the innovative elements on which BAFIS is based. These included:

- ◆ an open, systemic and process-oriented planning process, based on an evolving understanding of actual needs;
- ◆ sustainable system development through multi-dimensional project approaches, and the institutionalisation of co-ordination and co-operation between government and non-government institutions (as in the various levels of the CISEP Model);
- ◆ identifying non-standardised ways of providing vocational training that is appropriate to the informal sector;
- ◆ co-operating closely with all stakeholders involved in implementation;
- ◆ providing a co-ordinating function;
- ◆ interacting with many target groups at different levels.

Another innovative aspect of STEP IN was the way in which it used a multi-dimensional strategy in its involvement around the changes in training approach, building STEP IN as a consultative group which could, if necessary, exist as a free-standing lobby for training needs in the informal sector or be turned into an official Advisory Sub-Committee to the new TEVETA board, depending on how the official reform process progressed.

The package approach which involved not only training, but a creatively interpreted understanding of training support in the form of access to credit, capacity building of associations, stimulation of market principles, etc, was also innovative, as was the emphasis on linkages.

Issues and ideas for replication:

The source documentation was written at a time that was too early in the project's life to enable us to reach any conclusions about replication. However, at the very least, the determination of the project to do something useful despite the unexpected financial constraints provides some pointers for other projects in similar situations. These pointers

include: creating synergy with other stakeholders, operating at all three levels to maximise influence, seeking out an intervention that can create leverage but which has the potential to be self-sustaining quite quickly.

Questions raised:

- ◆ Is the somewhat “messy” planning option, based on process rather than strategy, useful? Can it/should it be used more widely? The source documentation doesn’t answer this question, possibly because of the time at which it was written, when the planning process still remained process based and had not yet moved to what it refers to as “consecutive” planning.
- ◆ Will the CISEPs evolve naturally into informal sector associations or will they perhaps stifle the growth of these?
- ◆ Can an intervention backed by so little in the way of resources have a lasting impact?
- ◆ Can the CISEPs make enough difference to ensure the medium- to long-term survival of micro enterprises?