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AND ADVISORY NETWORK ON  
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**WORKING GROUP FOR INTERNATIONAL CO-OPERATION IN  
VOCATIONAL AND TECHNICAL SKILLS DEVELOPMENT**

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***Donor Policies in Skills Development***

Edited by Simon McGrath

**Secretariat of the Working Group :**

Swiss Agency for Development and Co-operation **SDC**

CH-3003 Bern

International Labour Office **ILO**

CH-1211 Geneva 22

Northern Policy Research Review and  
Advisory Network on Education and Training **NORRAG**

PO 136, CH-1211 Geneva 22

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## **INTRODUCTION**

The third meeting of the Working Group for International Cooperation in Vocational and Technical Skills Development, held in London in May 1997, saw both continuity and change. The meeting brought together a number of new agencies and individuals as well as many who had been present at earlier meetings. It continued the emphasis, seen in the first discussion paper, on discussing the policies of donor agencies. However, it also introduced a thematic concern for the first time, through a focus on the linkages between skills development (SD) and small enterprise development (SED). In order to capture this important debate, the analytical section of this paper will not simply focus on the agency presentations but will link them together with a series of presentations (not reproduced here) on the SD/SED relationship, and will also refer back to those agency policies reported in the first discussion paper.

As well as having thematic concerns, the Working Group is also interested in methodological issues. Some flavour of this is provided by the fourth agency presentation. In this the focus is not on UNESCO's broader policies but on the methodological challenge of developing and analysing national policy, an area in which that agency has developed considerable competency. This is a theme that the group intends to return to in greater depth on a later occasion.

Finally, a mention must be made of the remarkable timing of our meeting, hosted as it was by the new Department for International Development in its first week of existence. Our thanks, and best wishes for the future, go to the DfID.

## **AUSTRIA**

### **1. Development policies in the field of education, training and skills development**

In common with most developing countries and donor agencies, Austria holds the view that the right to education and training - along with other infrastructural sectors in society - contributes substantially to economic, social and cultural prosperity and plays a major role in the development process.

Furthermore, Austria considers assistance in the field of educational and/or training to be a very delicate matter, which requires specific procedures based on an in-depth understanding of the partner country's social, economic, cultural and political environment as well as close cooperation with officials of the partner country, experts, and the targeted group.

#### **1.1. Instrumental and sectoral approaches**

In the light of this, Austria distinguishes two basic functions or roles:

- an **instrumental role** in supporting other fields or sectors of cooperation. This is of utmost importance in achieving sustainability, as the continuation of a project will depend largely on strengthening and enlarging the capabilities of the personnel for problem-solving.
- a **sectoral role**, serving the reproduction and expansion of national policies, education/training systems and individual development in knowledge and skills

#### **1.2. Support to skills development**

Austria's commitment to TVET cooperation is dictated by both personnel and institutional capacities as well as by budgetary limitations. Nevertheless, there is a focus on:

- **vocational training**, ranging from skill development to technical education including teacher/instructor training
- **academic studies in preparation for professional activities** at higher levels (post-secondary, university and post-graduate)
- **science and technology** in support of and/or relation to development or project activities

As regards basic education and/or literacy, Austria follows a strategy which integrates activities into skills development projects.

### **1.3. Sectoral approach**

For several years, Austria has been taking a sectoral and programmatic approach which also facilitates networking with other projects and/or co-ordinating with other developmental concerns of national ministries and donor agencies. In view of the complexity and effects of the cooperation in the field of education and training, a long term approach is preferable.

## **2. Supporting national policy**

In its bilateral country programmes Austria has adopted the following guidelines:

- to follow and observe any national TVET guidelines. In the case that a partner country has not yet developed national TVET policies, Austria may offer additional support for their development.
- to consider feedback from activities in TVET in the country.
- to identify and promote preliminary conditions for adapting existing training systems to alternating and/or dualistic training activities.
- to collaborate with government, employers' and workers' representatives in order to enhance the effectiveness of skills development by involving all partners.

- to co-ordinate Austria's assistance with national development initiatives and with programmes of other donor agencies.

### **3. Experience in skills development**

Austria's long-term involvement in the field of skills development has brought important lessons. Two case studies illustrating some of these lessons are offered here.

#### **3.1. Skills development in small and micro-enterprises in Burkina Faso**

It is widely recognised that on-the-job training is an effective method of transferring professional skills. This has led to the use of dual system approaches in many countries, including Burkina Faso.

However, the significant lesson learnt out of more than thirty years experience of bilateral assistance is that a dual system, with the strong involvement of entrepreneurs, does not respond to social, economic and political requirements in countries such as Burkina Faso. In a dual system the majority of training activities and the financing of training fall on the entrepreneur. However, the current economic situation in Burkina Faso does not allow for such a contribution. As the necessity of training at the work place remains an important condition for preparing someone for professional life, another model of alternance is necessary which can make use of the experience, skills and networks of entrepreneurs without imposing on them the primary burden for the management and financing of training.

#### **3.2. Counselling and training small entrepreneurs**

The importance of promoting entrepreneurship in the informal sector is now a well-established feature of cooperation thinking and reflects wider mainstream political and economic ideology. Supporting micro-enterprises, especially in rural areas, through

NGOs has come to be seen as an important approach for generating local employment and raising incomes. In Burkina Faso, Senegal, Cabo Verde, Namibia, Zimbabwe and Uganda technical assistance is provided to traditional blacksmiths, mechanics for motorcycles and small water pumps, welders etc. The assistance is mainly focused on obtaining loans or credit and on developing technical and managerial skills. Knowledge in planning, work organisation, cash and credit management, costing, budgeting, controlling, etc. are modules of training programmes for managerial skills development as they are essential for the survival and sustainability of SMEs.

Two main principles are observed in order to up-grade the professional profile of entrepreneurs:

- counselling/advisory services
- training courses and/or seminars

Advantages of this approach are:

- direct response to problems of the entrepreneur
- orientation of entrepreneur towards training
- improvement of business organisation
- flexible and trainee-oriented approach to learning
- assistance based on individual training needs
- linking credit to business development

Disadvantages of this approach are:

- long-term assistance is necessary
- relatively high initial costs

- reluctance of entrepreneurs to pay for counselling services.

## **EUROPEAN COMMISSION**

### **1. Commitment to TVET**

The European Community has given strong support to TVET throughout the period of the Yaoundé and Lomé Conventions. The policy has focused on industrialisation, regional cooperation and international trade and, since the European Development Council Resolutions of 1994 and 1996, poverty alleviation and employment. Originally, the emphasis was on skills training. From this developed a concern for capacity-building to provide this training both in-country and within the region. In recent years, there has been an increasing emphasis on the development of institutions to strengthen market linkages and to improve the quality, efficiency and relevance of the training provided. There is also an increased policy emphasis towards on-the-job training and towards training for the informal sector, though the implementation is not immediately evident, partly because such activities are carried out as components of projects that are not themselves categorised as TVET.

### **2. Mechanisms for development assistance**

Community support to developing countries goes through two major channels:

- support from the European Development Fund (EDF) to Africa, the Caribbean and the Pacific (ACP), which is the responsibility of Commission Directorate General VIII (DGVIII) - Development;
- budget line support for other parts of the world, with DG1B responsible for Asia, Latin America and the Mediterranean, and DG1A responsible for countries in transition - the former Soviet Union and Eastern Europe.

#### **2.1. European Development Fund**

The bulk of EDF funds are programmed in relation to National Indicative Programmes (NIPs) and Regional Indicative Programmes (RIPs). Negotiations between the EC and ACP countries for EDF8 NIPs and RIPs are currently underway, the basis for discussion on the EC side being Country and Regional Strategy Papers as approved and commented on by the EDF Committee.

There is an emphasis on ownership by the ACP state. For project activities, the fund underwrites government contracts that have been vetted by the Commission and EDF Committee for their physical and financial viability.

## **2.2. Budget line support**

Budget line support is less globally structured and generalisations are thus more difficult to provide. There tends to a similar emphasis on government ownership (albeit with funds not necessarily directly allocated to the countries concerned), and on co-ordination with the World Bank.

## **3. New policies and priorities**

Two events in the early 1990s have had a profound impact on European support for Education and Training:

- the 1990 Jomtien Conference with its focus on basic education.
- the 1992 Treaty of European Union requiring the co-ordination of European policy and operations.

### **3.1. Horizon 2000 and the 1994 Resolution**

In response the Development Council launched the "Horizon 2000" initiative. It included a requirement for improved policy co-ordination in support to education and training.

In November 1994, the European Development Council adopted a Resolution on Education and Training in Developing Countries. This noted the crucial importance of education for development and the need to increase resources for education and training in developing countries. Following Jomtien, it acknowledged basic education as a fundamental right.

Guidelines were provided for policy and co-ordination of European support to TVET. This meant that European Community aid to education and training should no longer be determined solely by the priorities of the recipient countries. Instead, the guidelines in the Council Resolution form a basis for dialogue.

In the 1994 Resolution, the importance of TVET for the creation of the skilled manpower for both formal and informal sectors was acknowledged and it was stated that this could be supported through both formal and non-formal educational channels.

In particular, combating poverty, meeting the basic needs of more vulnerable groups and providing training for informal economic sectors were emphasised. In addition, there was a move away from a concentration on official TVET providers and a greater focus on the role of the private sector in skills development.

### **3.2. 1996 Council Resolution on Human and Social Development**

This Resolution lays emphasis on enabling partners to define and implement their own education and training policies; support improvements in the effectiveness of education and training systems; and target special attention to girls and disadvantaged groups.

## **4. Donor coordination**

The 1994 Resolution contains guidelines for improving coordination.

#### **4.1. Coordination at commission level**

Meetings of the "Horizon 2000 Education Experts Group", comprised of staff from the Commission and member states' agencies are held biannually. In April 1995, eight pilot countries for co-ordination (Burkina Faso, Costa Rica, Côte d'Ivoire, Ethiopia, India, Mozambique, Tanzania) were selected. TVET plays a significant role in these discussions. A seconded expert has also been appointed to further this coordination process. In October 1996 a policy "platform" was agreed on support to Education Sectoral Development Programmes covering the whole of the Education and Training sector.

#### **4.2. Pilot country programme**

Donor groups on Education and Training are meeting in each of the ACP pilot countries, in some cases led by the Government. In two countries (Ethiopia and Mozambique) EU groups have been established to enhance preparation for wider government-led co-ordination of donors.

In Ethiopia, a pilot study is underway on the co-ordination of information on the education sector (government, donor and research). This is a joint study between the EU (financed by the EC and DfID) and the ADEA Working Group on Education Sector Analysis. In Tanzania, steps are being taken to enhance the co-ordination of programming of aid by the government, laying the foundations for a Sectoral Development Programme. Representatives of governments from several of the pilot countries have taken part in meetings of the Experts Group in Brussels to lead discussion of Co-ordination in their countries.

#### **4.3. Education Sectoral Development Programmes**

In April 1996 a proposal was made to work towards Sectoral Development Programmes (SDPs) in a limited number of sectors, including education, and countries. Tanzania was selected for education. Simultaneously, the Horizon 2000 Education Experts

agreed that the EU should be moving towards co-ordinated sectoral approaches to aid.

This has led to assistance to the Tanzanian Government in planning a Sectoral Development Programme. This will include a basic education masterplan; a secondary education masterplan; institutional improvements - including the rationalisation of tertiary technical education; and improved education for disadvantaged groups.

## **FRANCE**

### **1. Policy orientation**

Recognising the multiplicity of relationships between the peoples of France and the countries with which it has development cooperation activities, French Cooperation seeks to offer a policy orientation for such relationships. In a similar way, France does not seek in official development assistance to impose its own policies on the states with which it cooperates. However, it acknowledges the danger that donor policies may simply be copied by partner countries.

### **2. The role of social actors**

French assistance should be viewed within the context of its stated concern with democratisation. Thus, France insists that any request must have been written with the cooperation of local economic actors. Moreover, use is made of the long tradition of conferences between France and partner countries. Mixed commissions have been established which include French and partner country representatives of state, economic actors and NGOs, meeting in parallel sessions. These mixed commissions create bilateral 2 year programmes for development cooperation.

### **3. The role of skills development**

France has a strong commitment to basic education and to the amelioration of the conditions of the poorest in the countries with which it cooperates. It is in the light of these concerns that the emphasis of French skills development policy on small enterprise must be seen.

France sees a close relationship between the goals of social and economic development. The inferior position of women, the high levels of illness and disease and the low quality of life apparent in many partner countries must be addressed in education policy generally, and skills development policy in particular.

This is reflected in two strands of skills development activity:

- further training
- insertion of youth into the labour market.

### **3.1. Further training**

France sees economic development as a major engine of positive social change. As a result it supports the development of a larger and better equipped body of skilled workers. This leads to an emphasis on more dynamic TVET sectors. It is concerned with the revitalisation of funding mechanisms and the development of greater institutional capacity and autonomy. Training provision should be diversified to give a greater role to the private sector.

Of particular importance is the consideration of the relationship between the TVET system and the local labour market. A better knowledge of the local labour market is a fundamental requirement of successful TVET institutions. Labour market surveys can play a vital role here.

### **3.2. Youth Insertion**

A number of strategies are being followed here:

#### **3.2.1. Improved vocational schooling.**

There is a strong policy focus on improving existing provision through the development of work experience agreements with formal and informal sector employers and the introduction of programmes for follow-up of graduates.

#### **3.2.2. Enhanced traditional apprenticeships.**

New relationships with artisans are being forged. These include bringing them on to the management boards of training centres; providing them with upgrading services and facilities; and the development of alternance programmes with training centre preparation linked to work experience in small enterprises.

### **3.2.3. Services to TVET graduates.**

A number of services are being offered with the intention of enhancing the possibility of TVET graduates being able to make a living in their chosen trade. These include access to workshops; production contracts; management training and insertion into the above scheme for enhanced traditional apprenticeships as masters.

### **3.3. Donor cooperation**

France places great emphasis on cooperation with other donor agencies. Many French funded projects have been, and continue to be, supported jointly with other bilateral and multilateral agencies. France also plays a key coordinating role in sharing information between those involved in skills development in Central and West Africa and collaborates with the International Labour Office in the convening of workshops of TVET reform, both in Turin and in Africa.

## **UNESCO- EDUCATION SECTOR STUDIES**

### **1. The Association for the Development of Education in Africa and the Working Group of Education Sector Analysis**

UNESCO is the lead agency of the Working Group of Education Sector Analysis (WGESA) which is one of eleven Working Groups operating under the umbrella of the Association for the Development of Education in Africa (ADEA) (previously Donors to African Education (DAE)). The Working Group, like the wider Association, was founded in 1988.

### **2 . ADEA's objectives**

The objectives of the ADEA have moved from fostering collaboration and exchange of information among development agencies. They are now focused on reinforcing African ministries' leadership capacities as they work with agencies, and developing agencies' awareness that practices should be adapted to the needs of nationally driven education policies, programmes and projects (ADEA, *New approaches to coordination and partnership*). Similarly, the overall objectives of WGESA to develop the quality and use of education sector analysis for national policy and programme formulation and to exchange information and experiences on education sector analysis have changed to improving sector analysis practices on content and process in the African region, in particular country-led, nationally focused sector work, and to build African capacity in education sector work.

### **3. WGESA and the Working Group on Skills Development: common aims**

The redirection of the outlined objectives reflect the wider debate on ownership and partnership which is on-going within the community of technical and funding agencies (see Discussion Paper 1), among national governments in Africa and elsewhere, and in the wider academic community in the North and the South. The objectives can also be seen in relation to the goals of the

Working Group for International Cooperation in Vocational and Technical Skills Development which are to:

- increase the impact of development assistance;
- reduce the risk of duplication and fragmentation of effort; and
- provide a window for new ideas and good practices (see Appendix).

The purpose in the following is to outline some of the experiences of WGESA which may assist the Working Group for International Cooperation in Vocational and Technical Skills Development in its attempt to further dialogue, reinforce capacities in the South, and develop new concepts, approaches and practices for cooperation.

#### **4. Lessons**

During the first phase of WGESA (1988-95), activities concentrated on reviewing recent education sector studies conducted in Africa. A sector study was defined comprehensively to include studies related to the whole sector, specific sub-sectors, or themes within the sector or sub-sectors. This definition is inclusive of the areas of immediate concern to the Working Group for International Cooperation in Vocational and Technical Skills Development, for example, studies of the technical and vocational education and training sub-sector, skills development, technical capacity building, or strengthening the link between education and training and the labour market. Any bias against vocational and technical skills development in terms of number of studies analysed by WGESA can be explained either by their limited number in general or by the fact that agencies have not supplied them for scrutiny.

##### **4.1. WGESA studies**

After a preliminary Inventory and Analytic Overview of 38 studies in Sub-Saharan Countries, conducted during 1985-89, a pilot study was initiated of 36 sector and subsector studies in South Africa during 1993-95. This led to a second Inventory and Analytic

Overview of Education Sector Studies in Africa, 1990-94 which comprised approximately 237 sector and sub-sector studies. The latter was published by UNESCO in 1996 entitled *Analyses, Agendas and Priorities in African Education: A Review of Externally Initiated, Commissioned and Supported Studies of Education in Africa* (also available in French).

## **4.2. Analysing sector analysis**

One of the strongest lessons arising from the review was that sector analysis is a practice brought about by funding and international agencies as a device for justifying and identifying their aid interventions in developing countries. In fact, it could be argued, if funding agencies were not promoting sector analysis, national governments would probably be doing fewer sector studies or none. Sector studies, therefore, can rightfully be seen as a source of policy-oriented research through which the international technical and funding agencies set the agenda for the national decision makers. Sector analysis can also, however, be seen as a way to use pertinent information and sound analysis to inform policy making and reform.

## **4.3. Substantive issues arising**

Some of the merits deriving from the review are that sector studies have brought to the top of the agenda issues and themes that are central to socio-economic development and poverty alleviation in Africa, for example, basic education, Education for All, female education, and education and the labour market. It has also brought a positive perspective on economic and financial aspects of education in relation, for example, to issues of effective management. Among the deficiencies are that the content, concepts and methods of education sector analysis have contributed to universal policy recommendations irrespective of context and feasibility, that economic and financial concerns have dominated over learning and classroom perspectives, and that educational goals set by national governments are largely disregarded unless

they correspond to the goals of the agencies initiating the analysis. The process of conducting the studies has been largely initiated by the technical and funding agencies which has led to duplication of efforts, wasted resources, and limited linkage to national policy formulation. The studies are largely inaccessible, not used by the relevant constituencies, and have little involvement of the local research community in its initiation and conduct.

## **5. A new approach**

Since the underlying assumption of WGESA is that sector analysis is a fruitful way to use pertinent information and sound analysis to inform policymaking and reform, the activities during the second phase of its work (since 1995) have aimed at redesigning the approach to education sector analysis and allotting to the Africans the central role in its design, conduct, and utilisation. Responding to the call for ownership and partnership, WGESA is in the process of launching three country based reviews of education sector studies (in Zimbabwe, Burkina Faso, and a third country still to be selected). These reviews are to be designed by teams of local researchers and to be conducted in interaction with and with the support of the national government and the key international technical and funding agencies operating in the education sector in the country in question.

### **5.1. Aims of the new approach**

There are several purposes behind this approach:

- to increase African responsibility for and ownership of education sector work;
- to strengthen national capacity in education sector analysis;
- to stimulate the dialogue between the three key constituencies of WGESA: the research community, the national government, and the international agencies, during the process of the review;

- to use the activity as a springboard for discussions and recommendations concerning future improved utilisation of education sector studies in the dialogue between national governments and international agencies;
- to increase the likelihood of increased involvement of the national research community in future education sector studies;
- to use the activity as an occasion to raise issues of attitudes and behaviour among international agencies which prevent African ownership of and participation in education sector studies; and
- to prepare the ground for the inclusion of nationally specific elements determined by national objectives, values, and context in future education sector studies.

## **5.2. Progress so far**

This work is still embryonic since the Zimbabwe team only recently began its work, the Burkina Faso case is at the launching stage, and the third case country still has to be selected. Even with the completion of three case countries, the work is likely to remain embryonic because of the immense nature of the task. However, in order to have a wider impact than the reviews themselves, it is planned to organise one or two regional workshops which would aim at representatives of the three WGESA constituencies (researchers, policymakers, and agency officials) in countries other than those of the case studies and with participation of representatives from the research networks (Educational Research Network in Eastern and Southern Africa (ERNESA) in Sub-Saharan Africa and Educational Research Network for West and Central Africa (ERNWACA/ROCARE) in West Africa) who are not directly involved in the reviews. Furthermore, it is planned to organise a presentation of the completed national reviews at meetings like the ADEA 1997 Biennial in Dakar which will gather virtually all African education ministers and a huge number of senior officials from technical and funding agencies active in the education sector in Africa. Finally, WGESA aims at regularly taking stock of the lessons learned in order to refine its approaches

and seek new ways of promoting the ownership, partnership, and coordination and cooperation which are accepted as rhetoric but still far from an achieved practice in international cooperation.

## **DELIVERING SUPPORT TO SKILLS DEVELOPMENT AND SMALL ENTERPRISE DEVELOPMENT: TOWARDS A COORDINATION OF APPROACHES?**

### **1. The current intellectual climate**

The overall international trend towards a focus on an increased role for the private sector; on the alleviation of poverty; and on basic education all combine to promote an interest in the links between skills development programmes broadly defined and small enterprise development strategies. This contextual shift is clearly reflected in summaries of both the French and the European Commission policies above. In West Africa, where France and Austria are particularly heavily involved, this increased emphasis on the inter-relatedness of skills development and small enterprise development also leads to a powerful interest in traditional apprenticeship systems.

### **2. Donor commitment to training for small enterprises**

Each of the donor policies reported here demonstrates an interest in training for small enterprises. Such a commitment is also apparent from each of those whose policies are contained in Discussion Paper 1 and from others present at working group meetings such as Canada and the International Labour Office.

Nonetheless, it is apparent that some have acted more radically on this commitment than others. In the case of the European Commission for instance, organisational problems seem to have hindered a thorough operationalisation of the, fairly recent, commitment to the informal sector. This statement must be a tentative one given that the Commission's current data collection and analysis mechanisms do not make it possible to quantify the extent of project commitment to small enterprise promotion activities. Given the newness of the Commission's informal sector interest and its lack of sectoral expert staff, it nevertheless appears likely that little of a practical nature has been done about this new-found interest.

As the Commission's policy commitment to donor coordination does show more signs of operationalisation, there does remain a strong likelihood that Commission practices will fall more into line with those of the member states.

### **3. Donor working group cooperation**

This meeting was intended to provide the first step towards understanding and cooperation between the agency working groups for skills development and small enterprise development. As such, there was no desire or expectation to achieve anything more than a first conversation and an informal commitment to future good relations. The meeting was highly successful in achieving these aims and has provided an excellent foundation upon which further work can be built.

Even without inter-working group cooperation, it is evident that agencies are already intimately concerned with the relationships between the two domains. This is apparent in a number of ways. As the Austrian policy (and the Swiss from Discussion Paper 1) makes explicit, a number of agencies view training both as a sector in its own right and as an instrument for the delivery of other sectoral programmes. Elsewhere, such as the United Kingdom (see Discussion Paper 1), mechanisms exist for sectoral groups to collaborate. Finally, in Germany the formerly distinct vocational training and small enterprise directorates have been merged.

This tendency to view training as both a sectoral and an instrumental concern appears to be one point of divergence between skills development and small enterprise development staff, at least in terms of the debate engendered in London. The small enterprise view seems to be that the instrumental function is paramount and that skills development should best be viewed as an aspect of the larger sectoral theme of small enterprise development. This lies behind a strongly expressed belief in the desirability of an integration between the two areas of activity.

However, against this argument must be placed a view of the wider context of training and skill development. In many agencies and national systems these form part of a larger educational domain. As a result they are subject to sectoral and institutional

logics which are clearly distinct from the small enterprise development area. Moreover, as international trends towards a further integration of education and training continue, so this reinforces further the need to coordinate TVET policy with other educational sub-sectors, rather than narrowing it simply to training and subsuming it under small enterprise development.

One issue which was not clearly addressed in these discussions was the extent to which the implications of a greater level of coordination between skills development and small enterprise development are complementary or contrary to those brought by the increasing convergence of education and training, as witnessed in partner countries such as South Africa and donor countries such as the United Kingdom and Australia. If there are conflicts in such implications then perhaps donors to skills development will need to reflect pragmatically the organisational decisions of their partners regarding the definitions of sectors and the relationships between them.

#### **4. Best practice**

One of the practical challenges for better collaboration between skills development and small enterprise development promoters is the problem of best practice. Whilst some would make claims to knowing what best practice in either field amounts to, there is a significant reluctance of many “experts” to claim that a strong body of best practice exists. This may perhaps be more the case on the side of the skills development working group than the donors to small enterprise. Certainly, there is considerable reluctance to talk in terms of best practice regarding practices which combine the two concerns.

What is apparent is that there is a need to develop stronger evidence on what works and doesn't work. Crucially, this requires both that the very significant methodological challenges be acknowledged and any data produced be critiqued rigorously. There are major reservations about the degree to which current practices are based fundamentally on beliefs or evidence.

Nonetheless, there are a couple of areas in which a degree of agreement between the two constituency seems both to be emerging and to be relatively uncontroversial.

#### **4.1. The need for changed relationships between providers and clients**

One of the many lessons offered by current donor thinking in the small enterprise development field is a focus on becoming more business-like. This can be seen as having a series of dimensions. First, it is used by the small enterprise development donors to indicate the need for more reciprocal and transactional relationships which avoid exploitation on the one hand and paternalism on the other. This is clearly related to the widely shared emphasis on a more demand-oriented focus which takes client needs as its point of departure. A business-like approach also incorporates the growing awareness of the need to be more rigorous regarding cost recovery. Equally, the agency interest in the development of private sector institutions is an element of a more business-like approach.

#### **4.2. New pedagogies**

From both the TVET and small enterprise development constituencies there is an emphasis on new pedagogies. Indeed they might be better described as andragogies, given that at their heart is a growing awareness that the clients/learners with whom programmes and systems are dealing are adults with valid learning experiences and styles to which provision delivery should be tailored closely. This trend can be seen as a rather slow adaptation of best practice from the field of adult education. There is perhaps a case for a more systematic learning from that field of activity.

### **5. Outstanding debates on the skills development side**

It is largely accepted that across much of the globe vocational training institutes (VTIs) are in crisis. This crisis, of relevance and cost of delivery and in terms of the equity dimension, is accompanied in many places with a crisis of work. In Africa in particular, the formal sector is in rapid decline, whilst for many of those who find themselves in the informal sector, the experience is one of underemployment and bare survival rather than opportunity and meaningful income-generation.

### **5.1. Delivering self-employment through vocational training institutions**

In many countries there has been a recent policy trend, often with donor encouragement, to attempt to address the challenges of VTI reform and self-employment promotion simultaneously. It is evident, however, that in the agency community, at least, there is still some uncertainty about the viability of such a strategy.

A range of options for effecting such a reorientation of VTI output exist. In some cases, VTIs have been transformed into enterprise development institutes (EDIs). In others, they have offered add-ons of enterprise preparation. These have included market-oriented technical skills, and enterprise skills and orientation, and have been offered either during existing courses or as separate programmes, both parallel and subsequent to existing provisions. In certain cases, the VTI has kept its concentration on its “core business” and has entered into alliances with other actors who are more equipped to deliver small enterprise development services. A particularly interesting recent aspect of this approach has been attempts to forge linkages between VTIs and informal sector entrepreneurs, either as individuals or through associations. This is apparent in both Austrian and French concerns in West Africa and is being explored there and elsewhere by other agencies.

It is still too early to judge the success of such approaches and more evidence will need to be produced before they can be considered to be best practice rather than simply a current fashion. Among the issues still to be resolved are:

- whether it is better to attempt to provide a training which is suitable for insertion into both the formal and informal sectors (as proposed for instance in the South African model of learnerships) or to orient selection and preparation entirely and consistently towards self-employment.
- whether a satisfactory balance can be found between the conflicting demands for VTIs to deliver on efficiency and equity.
- whether a policy of supporting self-employment through VTIs can overcome the gender biases inherent in both locations.
- whether a means can be found to capture the cost recovery benefits of training with production without resulting in either unacceptable losses in training efficiency or unfair competition with local enterprises.

## **5.2. Enhancing traditional apprenticeship**

Both the Austrian and French policies demonstrate a concern with the performance of conventional modalities of formal skill development. As noted above, this has led them to consider the possibility of promoting new relationships between formal institutions and informal enterprises. As well as indicating the necessity of dealing with the existing institutions of the formal sector, this also illustrates an increasing concern in the donor community to engage with the existing institutions of the informal sector.

At the heart of this interest is a focus on the possibilities for improving the quantity and quality of skills development provision through traditional apprenticeship mechanisms. The Austrian and French support for new models of alternance can be seen in this light, as can that of the Germans and Swiss (see Discussion Paper 1). Much is claimed currently for the potential of the informal sector to deliver on its own training needs. However, this is an area in which major reservations are still held by many academics and donors, as illustrated by debates in London. A few issues are worth flagging here:

- is it the case that traditional apprenticeship models exist, or can be easily replicated, in a far wider range of countries than has been previously thought?
- do such systems provide their graduates with the necessary knowledges, skills and attitudes to respond to the increasing pressures of internal competition arising from over supply and external competition as a result of trade liberalisation?
- if not, how can they be successfully upgraded without a weakening of their essential self-reliance?

### **5.3. The role of associations of the informal sector**

Both of these developing areas of skills development interventions have implications for the debates about the nature of stakeholders and their role which were raised in Discussion Paper 1 and continued to be of significance in the discussions during this meeting. During the 1990s there has been a growing agency fascination with associations of the informal sector, as part of the increased cross-sectoral concern with democratisation and the development of civil society. Both the Austrian and French policies would seem to point to an important role for these organisations in both the formulation and delivery of policies.

The problems of stakeholder involvement are widely acknowledged by agencies. In many important respects these problems are particularly acute in the case of such associations. Being an association of the informal sector is inherently problematic in many countries. Although there is an increasing interest in self-employment from the state, its relationship with the informality of the sector remains difficult. On their part, many enterprises are informal precisely for the advantages that invisibility brings.

In countries where political power resides largely in networks of patron-client relations, the increased agency interest in such associations brings both threats and opportunities to the political system. There is a considerable temptation for the state to attempt to control such associations, both in order to manage their political importance and to use donor funds allocated to them within state

systems of resource allocation. Thus, like women's leagues and youth councils, informal sector associations are often in reality quasi-governmental structures rather than autonomous stakeholder organisations.

Many agencies share a healthy realism about the potential power imbalance between themselves and their partners and a realisation that not all stakeholders have equal capacities to shape policy. In this respect, it is probable that associations of the informal sector, at least in short run, will be less able to shape policy than better established constituencies. This is said not to discourage their inclusion in policy dialogues but to stress the importance of supporting the capacity-building necessary for their effective inclusion.

## **6. Outstanding questions in the field of small enterprise development**

It has already been commented that there appears to be a greater degree of certainty about best practice in the small enterprise field than in that of skills development. Nevertheless, some of the apparent certainties do not seem to be universally held by small enterprise development experts or have the same degree of support from those working primarily in TVET.

### **6.1. The combination of financial and non-financial services**

The received wisdom from the donor committee on small enterprise development is that there should be a separation of the provision of financial and non-financial services to small enterprises. However, this appears to be an issue of some contention. In part this arises from a degree of misunderstanding in some quarters. The separation being advocated is fundamentally on the operational rather than institutional level. In other words,

the key thing is that the same section within an organisation should not try to deliver different services, but each business unit should focus on a core activity. This would not exclude in principle the delivery of credit and training by the same local agency.

However, there is more than a simple misunderstanding at work here. Many agencies, both international and national, and whether primarily in small enterprise or skills development, continue to operate and introduce programmes which stress the need to maximise the integration of services. If, as is claimed, the evidence against this is conclusive, then there is an apparent failure of dissemination. Nonetheless, there remains the possibility that a further review of the evidence is warranted.

## **6.2. Disaggregation of the small enterprise sector**

Small enterprise donor thinking currently tends towards the avoidance of disaggregation of the sector. However, given the uncertain and porous nature of its boundaries and the very different characteristics of those who potentially fall with the sector, there are considerable reservations about this in the skills development community. As programmes are increasingly supposed to be tightly focused on target populations, so the particular characteristics of client communities acquires greater significance for training planning and provision. Moreover, if provision of skills development services is to be done through formal sector institutions then the previous education and training background of potential students acquires great importance in order that they may be inserted into the routinised systems of the state education bureaucracy.

## **7. Outstanding issues in education**

The previous point highlights the need to see skills development systems in terms of their typical location within broader education and training systems. Although currently intellectually unfashionable, schools have long played a major role in technical skills development. Indeed, this involvement continues in many

countries in spite of the allegedly hard evidence against its suitability. Moreover, as the focus in skills development broadens to include “soft skills” such as problem-solving (see the Austrian policy) and even attitudes (for instance, towards enterprise) so new roles for schools emerge.

### **7.1. Questioning the role of schools**

Best practice regarding the role of education in skills and/or small enterprise development is far from apparent. Even where the emphasis is on the importance of a general education, there is a frequent emphasis on either fostering work-oriented soft skills or attitudinal changes. Many countries have adopted a wide range of interventions here but there has been very little examination of the performance of these programmes. Indeed, as was discussed at this meeting, the methodologies for doing so remain uncertain. Therefore, it is difficult to see on what basis agency decisions regarding support to such programmes are based.

### **7.2. Enterprise education**

The absence of best practice is particularly apparent in the case of enterprise education, which, nevertheless, continues to become increasingly fashionable. Indeed, there is a lack of even a common understanding of what the term means. For some, enterprise education is cross curricular and about processes of thinking and relating to other people requiring pedagogical transformation. Elsewhere it is taken to be a distinct subject comprised of knowledge and skills, with often unclear relations to older business courses. It may also be viewed, however, as a cross-curricular awareness to be fostered through means such as enterprise-related writing and comprehension exercises in language subjects.

## **8. Cross cutting themes**

There are themes cutting across the sectors which are also worth highlighting. These again point to the limitations of our knowledge and the need to continue to question practices and assumptions.

### **8.1. The equity-efficiency trade off**

Both skills development and small enterprise promotion activities bring with them the need to deal with the conflicting requirements of equity and efficiency. Provision in both skills and small enterprise development has often sought to transform the socio-economic status of disadvantaged groups. However, it has too frequently resulted in the reinforcement of existing patterns of segmentation. Moreover, a more business-like approach, focused on higher levels of cost recovery and increased outputs, can lead to a tendency towards downplaying equity considerations in favour of improved efficiency.

### **8.2. Selection**

A central element of the trade-off between equity and efficiency is the process of selection. Neither TVET institutions nor micro-credit funds have proved successful generally at reaching the poorest of the poor, in spite of many policy commitments to that effect. Equity and efficiency considerations point to potentially different student or client populations. Similarly, questions raised earlier, such as whether to reorient VTIs towards self-employment, or to focus on particular segments of the small enterprise/informal sector, have major implications for selection.

Considerations of appropriate target groups are evident from donor policies. France, for instance, sees the insertion of youth into the labour market as a fundamental objective of cooperation in the field of skills development. Many donors display a strong commitment to making both skills and small enterprise

development interventions support other target groups such as women and refugees.

### **8.3. Picking winners or pushing up losers?**

One of the most contentious debates regarding selection, and the equity-efficiency trade-off, is that regarding winners and losers. In line with equity arguments, some maintain that it is the duty of agencies to focus on the most disadvantaged and to seek to ameliorate their circumstances. Others, however, argue that projects and programmes of that kind tend to have very low success rates. Instead, they argue, interventions must seek to help those who have a reasonable chance of passing courses or repaying loans. Clearly both positions have their own logic. However, what these positions imply for actual policy and programme decisions remains unclear and agencies are left with difficult choices rather than simple answers.

## **9. Conclusion**

As the overall climate in which development cooperation has taken place has been transformed in the past decade, so sectoral policies and programmes in fields such as skills and small enterprise development have also undergone radical change. The discussions above point to the fact that this change is still proceeding and that there is still a long way to go before consensus on best practice is likely to become widespread. Many contentious issues remain but the process by which many of these were articulated in London bodes well for future work both within the membership of the Working Group and in its dealings with other networks and associations.

## **GETTING MORE INFORMATION**

More information on the work and policies of the agencies presented here can be obtained from the following persons:

Gerhard Dreschler, Österreichische Forschungsförderungsinstitut für Entwicklungshilfe, Berggasse 7, 1090 WIEN, Austria

Digby Swift, European Commission, Directorate General for Development, Bureau G12 1-11, Rue de la Loi 200, 1049 BRUXELLES, Belgium

Maurice Siveton, Ministère de la Coopération, Education, Recherche et Culture, 57 bd des Invalides, 75007 PARIS, France

Lene Buchert, UNESCO, Division for Reconstruction and Development of Education Systems, 7 Place de Fontenoy, 75352 PARIS 07 SP, France