
Working Paper No.

InFocus Programme on Skills, Knowledge and Employability

Informal Economy Series

Training and Skills Acquisition

in the Informal Sector:

A Literature Review

Marjo-Riitta Liimatainen

INTERNATIONAL LABOUR OFFICE - GENEVA

FOREWORD

The phenomenal growth of the informal economy during the past three decades poses a major challenge for the ILO's decent work agenda. The development of skills and knowledge is undeniably a major instrument for promoting decent work in the informal economy.

This paper is one of a series of papers on skills development in the informal economy that were prepared in the framework of the InFocus Programme on Skills, Knowledge and Employability. At the same time this series also fits into the preparatory work for the general discussion on the informal economy to be held at the 90th International Labour Conference (ILC) in Geneva in June 2002.

The papers in this series include literature surveys and case studies reviewing various experiences with regards to skills development in the informal economies of developing and transition countries.

The present paper reviews available literature research produced in the 1990s and about experience in the 1990s in Asia and Africa and, to a lesser extent, Eastern Europe, with regard to skills development in the informal sector. It complements a similar exercise focused on Latin America, entitled *Habilidades y competencias para el sector informal en América Latina: Una revisión de la literatura sobre programas y metodologías de formación*, by María Antonia Gallart. The present literature review attempts to: (a) identify approaches and methodologies developed and applied by government and non-government institutions in order to facilitate skills development (delivery, acquisition and assessment) of workers and producers in the informal sector, and document the impact of these approaches and methodologies wherever this has been evaluated and documented; (b) identify and examine the policy, institutional and operational issues which have emerged from these experiences and have been addressed; (c) document the methodologies that have been developed and used to measure the impact of skills training on employment, incomes and working conditions, and the practical experience with these methodologies; and (d) map the main institutional actors at international level and their main perspectives.

The reader will observe that nearly all of the papers in this series attempt to tackle the problem of conceptualizing the 'informal sector'. The development of a conceptual framework for the International Labour Conference report was carried out at the same time as the production and finalization of the papers included in this series. As such, it was not possible to advance a single concept for use by the authors of these papers.

This literature review was prepared by Marjo-Riitta Liimatainen, Associate Expert, InFocus Programme on Skills, Knowledge and Employability (IFP/SKILLS).

TABLE OF CONTENTS

Foreword	i
1. Introduction.....	1
2. The informal sector and the question of training.....	1
2.1 The concept of “informal sector”.....	1
2.2 Informal sector workers’ profile.....	3
2.3 Why training for the informal sector?.....	4
2.4 Education, training and skills in the informal sector.....	6
2.5 Training needs in the informal sector.....	7
3. Training delivery.....	8
3.1 Formal education and training.....	8
3.2 Non-formal training.....	10
3.3 Informal training.....	12
3.4 Towards market-driven training.....	15
4. Developing a coherent approach to training.....	18
4.1 At the macro level.....	18
4.2 At the micro level.....	19
5. Conclusions.....	20
References.....	22

“The lack of jobs in the formal sector of the economy as well as the lack of skills in a large part of the labour force has resulted in the growth of a substantial informal sector in which most workers are in low-paid employment under unregulated and poor working conditions.”

World Employment Report 1998-1999, ILO

1. Introduction

This paper presents a review of literature and research conducted in the last decade on training, skills development and acquisition in the informal sector. Studies that were relevant and representative were identified through several means including a computer search of the Labordoc as well as the Educational Resources Information Center (ERIC)¹, PsychLit² and ProQuest³ databases. Selected search terms and descriptors such as "informal sector", "training", "skills development", "business development" and "education" were used. Several searches were run on the Internet and an ancestral search of the reference lists from the sources identified in the above mentioned means was performed in order to identify additional resources.

The structure of the paper is as follows: firstly, the concept of informal sector is discussed with reference to training. Secondly, the profile of informal sector workers and their educational levels is shortly summarised. Thirdly, the formal, informal and non-formal means of delivering and providing training are discussed, followed by an introduction of the trend to move towards more market-driven training. Fourthly, suggestions rising from the literature for macro and micro-level action are explained. Finally, the conclusions are an attempt to reflect the issues that should be taken into account in delivering skills and improving the knowledge levels of the growing number of informal sector workers.

2. The informal sector and the question of training

2.1 The concept of “informal sector”

The term “informal sector” was used for the first time in the reports on Ghana and Kenya prepared under the ILO World Employment Programme at the beginning of the 1970s. The term is commonly used to refer to that segment of labour market in the developing countries that has absorbed significant numbers of jobseekers, mostly in self-employment, and to workers in very small production units (ILO, 2000). Informal activities are often characterized by low levels of capital, skills, access to organized markets and technology; low and unstable incomes and poor and unpredictable working conditions. Informal activities are often outside the scope of official

¹ ERIC is the world’s largest source of education information, with more than 1 million abstracts of documents and journal articles on education research and practice. See <http://askeric.org/Eric/>

² PSYCLIT covers the professional and academic field of psychology and related disciplines including medicine, psychiatry, nursing, sociology, education, pharmacology, physiology, linguistics, and other areas worldwide from 1887. See <http://milton.mse.jhu.edu/dbases/psychlit.html>

³ ProQuest is Bell & Howell Information and Learning’s online information service providing summaries of articles from over 8,000 publications, with many in full text. See <http://www.umi.com/proquest/>

statistical enumeration and government regulations, and beyond formal systems of labour and social protection (ILO, 2000). Some studies suggest that the smallest enterprises are the most likely to be informal (Anand, 1999).

The use of the term “informal sector” has remained controversial. Lautier (2000) argues that the word “informal” is inadequate and that the so-called informal sector has its forms and rules, and follows standardized practices. The informal sector is often organized along strong hierarchical family, ethnic and religious relationships. Codes of conduct between entrepreneurs and workers, customers and suppliers, and also between competitors are widespread. In addition, it is not possible to clearly distinguish a formal sector and an informal one. There is a constant intermixing of activities classed as formal and informal in all the sectors of the economy. This holds true from large-scale drug-trafficking feeding cash to formal banks through money laundering to the corruption, nepotism and false declarations in public administration. Sometimes people are engaged in informal activities in addition to their primary occupations in the formal sector. Therefore, as Lautier (2000) concludes, “the prevailing force is hybridization, not sectorisation”. In addition, the distinction between formal and informal sector jobs does not reveal the social processes which in the end play a major part in determining labour market opportunities and labour market divisions. Social processes do not only refer to material issues such as low income and lack of access to credit, but to a wider multidimensional social exclusion characterized by growing inequalities in access to training, increased unemployment, the weakening of family ties, diminishing participation in society and community etc. (Develtere and Van Durme, 2000).

Due to the informal sector’s heterogeneity and vastness, the concept of informal sector is difficult to operationalise and its magnitude is not easy to quantify. Informal sector is not a uniform sector and huge differences exist not only between countries and regions but also between trades and even within particular trades (King and Abuodha, 1995). The literature on informal sector also points out the need to distinguish between enterprises at the survival level requiring for example poverty alleviation efforts, and enterprises with more dynamic features that could benefit from business development policies (see ILO, 2001).

The informal sector is often portrayed as a primarily urban or semi-urban phenomenon which is conceptually distinct from informal agricultural or non-agricultural activities in the rural areas. Rural and urban informal activities are rarely conceived within the same single economy. The reason for this might be that the urban informal sector tends to be more accessible to researchers and thus gains more prominence in the literature. It would, however, not be accurate to claim that research findings concerning either urban or rural informal settings are applicable in both contexts (Easton et al. 1997). This paper does not specifically focus on either urban or rural activities but aims for a comprehensive view while recognizing the diversity in the informal economy.

Although it is not possible to present exact figures concerning the extent of the informal sector, it is widely accepted that the informal sector is gaining in importance worldwide (see ILO 2002a and 2002b). As the ILO report on Employment and Social Protection in the Informal Sector (2000) stresses, 'it is not so much that the informal sector exists, but that its magnitude has remained at high levels in developing countries, that it has exploded in transition economies and that it has also emerged, contrary to predominant thinking, in advanced countries'.

The limited availability of formal sector employment is, however, particularly problematic in the Third World countries' struggle with the interconnected problems of employment creation, poverty alleviation and income distribution. In Africa, informal employment accounts for over 60 per cent of total urban employment. Among those countries for which statistics are available, the figures reach 57 per cent in Bolivia and Madagascar, 56 per cent in Tanzania, 53 per cent in Colombia, 48 per cent in Thailand and 46 per cent in Venezuela (ILO 1998). In Uganda, the informal sector employs about 90 per cent of the total non-farm private sector and its contribution to the GDP is more than 20 per cent (see Haan 2002). In the Pacific Island countries the labour force is growing more rapidly than formal sector employment (House and Paramanathan 1994). In Mexico, according to the Organisation for Economic Cooperation and Development (OECD), the informal economy accounts for 44 per cent of urban jobs, and moves as much as 146 billion dollars a year, 12.3 per cent more than Mexican exports (see Franco 1999).

An OECD report describes the boom in the informal economy to be a consequence of widespread poverty associated with low educational levels among a significant part of the population and the absence of social safety nets (Franco, 1999). However, as earlier mentioned, the informal sector is not only an issue for the developing countries. It has been estimated that about 20 million workers operate in the informal sector in the European Union (Karl 2000). In the OECD countries the informal sector accounts approximately for 15 per cent of the GDP (Karl 2000). As the informal sector is gaining more importance in the northern industrial countries with well-established education and training systems, the question that needs to be asked is whether the North can learn from the experience of the developing countries in providing alternative means of training for the informal sector labour force. (Bakke -Seeck, Boehm, Bövers, Görgens, Hopfer, Karcher, Lohrenscheit, Mergner, Overwien, Singh, Specht and Wojtasik, 1998).

2.2 Informal sector workers' profile

In order to design and plan training measures for the informal sector, it is essential to know who the informal sector workers are, what they do and what their specific needs are. An international trade union symposium organized by the ILO in 1999 categorized informal sector workers into three broad categories:

1. owner-employers of micro-enterprises, who employ a few paid workers, with or without apprentices;
2. own-account workers, who own and operate one-person businesses, who work alone or with the help of unpaid workers, often family members and apprentices;
3. dependent workers, paid or unpaid. These include wage workers in micro-enterprises, unpaid family workers, apprentices, contract labour, home-workers and paid domestic workers.

While discussing the informal sector, the gender perspective cannot be ignored. In some countries it is estimated that two-thirds of informal sector workers are women. Women are often driven to the informal sector by lack of education and skills and their subsequent exclusion from more lucrative jobs where more sophisticated technical skills are needed (ILO 1995). In Manila, Philippines, the majority (61.5 percent) of informal sector workers are women. Overall, women

face more significant barriers than men in struggling with their livelihood: lower pay, lack of access to adequate education, training and capital, and exclusion from the policy making process (Bakke-Seeck, et al.).

Street food vending is the main source of income for large numbers of informal sector workers and, in some parts of the world, an important provider of daily food. In the Philippines, approximately one-third of the dietary intake originates from street foods. Often the food, however, is not up to acceptable standards and safe for consumption. This is mainly because the street vendors have little knowledge of basic hygiene and sanitation measures required in food handling, preparation and storage. In addition, the street vendors are often lacking business skills that would help them to expand the business and improve their income (ILO 1995).

In addition to women, young people constitute another group of informal sector workers that requires special attention. For young people the main problems do not necessarily lie in the acquisition of relevant competence, skills and knowledge but rather in finding suitable offers of employment following education and training. It is unrealistic to assume that young people can quickly establish themselves as entrepreneurs and start business following their education. Apart from lacking necessary experience, young people are affected by factors integral to being young: it is a phase of searching their place in the society and personal issues such as finding friends or a partner etc... may interfere with their plans regarding work (Overwien, 1997).

2.3 Why training for the informal sector?

The development of relevant skills and knowledge is a major instrument for improved productivity, better working conditions, and the promotion of decent work in the informal economy. Better, less work-intensive and safer technologies can raise productivity and income, reduce work drudgery and occupational risks to health and safety, and improve products. New skills and knowledge can open doors to more economically and socially rewarding jobs.

Basic life skills, such as numeracy and literacy, problem-solving and management, communication and negotiation skills, improve confidence and capacity to explore and try new income-earning opportunities (ILO 2000). In addition, better-educated entrepreneurs are generally also more responsive to policy measures, which is important for the sector's development. Higher education levels mean more stable income generating enterprises in the informal sector as a whole (King and Abuodha 1995). Improving productivity is essential to the survival and growth of informal units. It is also a prerequisite to their gradual formalization. The improvement of productivity requires, among other things, easier access to training, which has often been lagging behind other interventions such as credit. But as Nelson (1997) points out, the need to go beyond credit in order to stimulate business development in the informal sector is emerging as a priority among researchers, practitioners and policy makers. The positive impact of training on productivity in both the formal and informal sectors has been clearly demonstrated in the literature. As Fretwell and Colombano (2000) point out, there is a considerable body of research that shows that skills and education have a positive rate of return and are essential to increased earnings and productivity.

Informal sector jobs are not always synonymous with urban poverty. On the contrary, they can offer opportunities for development both in terms of skills development as well as income generation. In Verner and Verner's (2000) analysis of the economic impact of a training programme in the informal sector in Côte d'Ivoire, some particular groups clearly benefited economically from the training. These groups included women, workers from the agricultural and electronics sectors and workers of firms employing 1 to 3 persons or more than 10 persons. The authors of the study do not however give any reasons for this.

Burki and Ubaidullah (1992) refer to research conducted in Pakistan demonstrating that returns to investments in human capital in the informal sector are very similar to returns in the formal sector: human capital investments are rewarded in the form of higher earnings. King and Abuodha (1995) found in their survey on training needs of 100 informal sector entrepreneurs in Kenya a correlation between the level of education and the performance of the enterprise (see table 1). Combined formal and informal training seemed to strive for the best firm performance whereas neither formal nor informal training alone led to good performance. But at the same time, it was noted that some entrepreneurs who participated in the study had no training at all and yet reached high income levels. This finding, as the authors point out, challenges the conventional wisdom of the correlation between the level of training and income. However, as the sample size was small and the study focused on particular trades, generalizations cannot be made.

**Table 1: Relationship between training and income (in K. SHS)
adapted from King & Abuodha 1995**

Training type	All Trades	Metalwork	Woodwork	Tailoring	Candlework
No training	21 022	38 975	19 225	-	1 300
Informal on the job training	7 144	9 594	11 501	6 254	2 112
Vocational training	29 723	22 891	25 600	14 533	-
Formal on the job training	10 777	14 354	9 200	-	-
Combined informal and formal training	30 508	36 666	27 430	-	-
Highly trained in other fields not similar to current trade	27 978	14 000	48933	11 683	-
Sample size	100	26	38	22	14

It is undeniable that overall income levels are low for the majority of people employed in the informal economy although some workers may earn more in the informal sector than they would in the formal sector. In particular, unskilled workers and micro-entrepreneurs may find themselves better off in the informal sector than in the formal sector. Surveys in the Pacific Islands show that the informal self-employed perform as well as or even better than those working in the formal sector. In urban Juba, in southern Sudan, the majority of entrepreneurs and

one third of the wage earners in the informal sector earn more than the minimum wage in government service (Lautier, 2000). In Bangkok, the average earnings of vendors, brick-haulers and carriers in the informal sector are found to be higher than those of unskilled workers in the formal sector (House and Paramanathan, 1994). In Pakistan, the earnings in the informal sector are favourably compared to the earnings in the formal sector. But even if the level of income may be acceptable for some in the informal sector, the issues of social protection and working conditions remain problematic.

2.4 Education, training and skills in the informal sector

People who work in the informal sector mostly have limited access to formal education; profiles in terms of the years spent in education suggest quite low levels of training (Fluitman 1989; Lautier 2000). For instance, a recent survey of informal sector employment in Mali reveals that 76 percent of informal sector workers, that is 900,000 people, did not receive any education at all (Lautier, 2000). The West African Economic and Monetary Union states that this figure reflects the situation in other countries in the Western parts of Africa (see Gomez, 2000). Lubell's and Zarour's study (1990) shows that only 21 percent of the apprentices in Dakar had attended primary school. World Bank statistics (1995) for the informal sector in Ghana indicate that 36 per cent of the informal sector workers in Ghana had completed the 10th grade and 10 per cent had some tertiary education. In Tanzania, according to a National Informal Sector Survey of 1991, 80 per cent of the informal sector workers are unskilled, 10 per cent are trained on the job and only 5 per cent are skilled (Kent and Mushi, 1995). In Kenya, a total of 85 per cent of all informal sector operators have not received any training at all and the situation might be even worse in the rural areas and amongst women. The situation in Uganda is similar; national micro and small enterprise surveys show that the majority of all workers in the micro and small enterprises are without skills (Haan, 2002).

Nonetheless many of the informal sector workers do manage to acquire most of the basic skills and competencies that are necessary to carry out their activities (Overwien 1997). In some North and West African countries, informal sector workers have more years of training behind them than those in formal sector employment, given the time spent in getting trained informally. There is also a trend in some countries for increasing numbers of recent graduates going straight to the informal sector, as formal sector employment opportunities are so limited. In Senegal, for instance, the State provides some financial incentives for informal sector workers that attract recent graduates (Lautier, 2000).

King and Abuodha (1995) also observe in their Kenyan study on the educational levels of micro-entrepreneurs in the informal sector, the occurrence of a small number of highly educated persons, a new phenomenon in the informal sector. They also note that the educational levels of informal sector workers in Kenya have risen considerably during the past two decades. They see this as a trend that will continue because skilled workers who would normally work in the formal sector are looking for work in the informal sector. This is due to weakening employment prospects in the formal sector: the lack of jobs, falling real wages as well as poor career development and advancement prospects. Informal sector activities are also more accepted, encouraged and have gained more publicity than before. In fact, some informal economy prospects may even attract successful and well-educated people away from stable jobs in the formal sector.

Most informal sector workers who possess skills have acquired them through non-formal training or traditional education/informal training outside the state schemes of formal education. Often these are the “better off” workers, because poorer candidates simply cannot afford the training or the time it takes. Informal training and learning-by-doing often play the most significant role in providing workers of the informal sector with skills (Overwien, 1997). In Latin America, informal sector workers acquire most of their competencies through practical, informal work. Formal and non-formal education also play a part, with varying significance depending on the region. Non-formal and formal education do not often reach the same level of significance as learning-by-doing (Overwien 1997). However, King's and Abuodha's study (1995) of 100 Kenyan micro-entrepreneurs in the informal sector shows that those who receive both formal and informal training are better off. King and Abuodha conclude that a combination of informal and formal sector training is the most effective as a formal sector exposure improves the entrepreneurial and technical capabilities of the entrepreneurs.

2.5 Training needs in the informal sector

What kinds of skills are needed in the informal sector? A World Bank study of 1993 (see Fretwell and Colombano, 2000) on vocational education and training in developing countries shows that entry to the informal sector requires very few skills that can easily be learned on the job. Ganghnon (1997) shows in his study in Chad that the perception of training needs differs considerably between the informal entrepreneurs and the outside observers. While most informal sector workers are able to explain what they need to do, they are uncertain about what they need to know in order to accomplish the task efficiently. The process of completing a task is carried out more often by trial and error rather than any conceptual or technical mastery.

Baden (1997) found in her study on employment, income generating activities and skills training in post-conflict Mozambique that the women interviewees, mostly traders, expressed a willingness to participate in training, but did not know what kind of training they should take or of what benefit it would be to them. Some of the women mentioned sewing courses which may reflect the dominant perceptions of what is suitable for women rather than what will actually provide better incomes. Some women expressed their interest in training in accounting, business and marketing skills. Older and illiterate women were most negative about training, because they believe they can not get any training without basic literacy.

Abdelkader (see Easton, Gushee & Liebert, 1997) found in his study on the training needs of workers and apprentices in Chad that the most frequently expressed training needs concern technical skills (cited by 81percent of the respondents) and management skills (67 per cent). In Kenya, half of the micro and small enterprise owners indicated that their workers did not need any training, while 23 per cent suggested management training and 10 per cent technical training. The situation was the same in Uganda: less than half of the informal sector operators indicated no need for training and the majority of those who were interested in training indicated a need for management training rather than for technical skills (Haan 2002). Kent and Mushi (1995) found in their study on the education and training of artisans in Tanzania that only 13 percent of the young male respondents considered education and training important for achieving their work-related goals. Both male and female respondents identified access to credit as the principal requisite for fulfilling their ambitions.

Siddiqui and Nyagura (1992) undertook a survey on the training needs of entrepreneurs in the informal sector in Tanzania by interviewing a sample of heads of training centres, trainers, and small-scale and self-employed entrepreneurs. Their study shows that the majority of entrepreneurs prefer workshops and organized classes as means of receiving training. On-the-job training was preferred by only 17 per cent of the respondents.

3. Training delivery

Informal sector workers can acquire their skills through formal, non-formal and informal training. However, the distinction between formal and non-formal training is not clear-cut. Fretwell and Colombano (2000) point out that the concept that some education is formal and some informal contradicts with the concept of life-long learning which promotes the idea that all learning taking place in a variety of settings should be equally recognised and that 'formal credits' can and should be obtained from a variety of institutional and non-institutional programmes. In addition, the concept of non-formal education and training often incorrectly connotes short-term and somewhat lower quality education and training even if they are often delivered by formal institutions.

As House and Paramanathan (1994) point out, no single model or form of training can alone overcome problems associated with training in the informal sector. But certain principles are common. Karcher (1998) emphasizes that 'a person-centred learning concept has to be established in which the interests of the learners and their opportunities for active acquisition of a particular set of skills is at the centre stage'. Appropriate approaches to training in the informal sector have to be therefore designed differently according to the situation of each particular group of workers in a particular region.

3.1 Formal education and training

Formal education often refers to education which occurs in formal institutional settings, both as compulsory basic education (primary) as well as in secondary and tertiary education. Education is seen as activities aimed at acquiring general knowledge, attitudes and values, and training is defined as the acquisition of occupational or job-related skills. However, as Singh (2000) points out, the 'division [of education and training] needs to be seen as a purely analytical one as the two are interrelated dimensions within the domain of learning'.

Formal education

Investing in expanding access to basic education in the formal education system - which in its current status is full of gaps in many countries - is crucial. Formal education and training play a significant role in career development and advancement in working life in both formal and informal sectors. House and Paramanathan (1994) argue that formal education affects occupational success of informal sector workers to a greater extent than is usually realized. Many studies have found that the rate of return to basic education is higher than that of higher levels of education (see e.g. Mbaya and Streiffeler 1999). Birks, Fluitman, Oudin and Sinclair (1994) show

in their study that in West Africa children from farming families have very limited access to primary education, which diminishes their career and income opportunities later on. Individuals who lack basic education often end up working as family helpers in unattractive trades. Furthermore, the lack of these basic skills often impedes informal sector workers from participating in training later on during their working life. Mergner (1998) adds that including teaching of a “global” language would be a great advantage for informal sector workers in multilingual cultures; people who only speak a minority language are often at a disadvantage.

Special attention should be paid to enhance girls' access to basic education in order to improve their vocational prospects. For instance Baden (1997) shows in her research on employment, income generating activities and skills training in post-conflict Mozambique that even if the share of girls in primary education was 48 per cent, the female drop-out rate is high, in particular in the rural areas. This is attributed to pressures of domestic and productive work, early marriage and pregnancy, slow educational progress and poor quality of education, gender-biased curriculum and limited relevance of schooling to adult life. The female literacy rate was 30 per cent compared to 58 per cent for men in 1995. In addition, school fees and payments are a major household expense and may lead boys' education to be prioritized. Similar trends are reported around the globe, for instance in Turkey (UNCDF, 1997), Ghana (Muntemba, 1999) and Western African countries (Easton, Gushee & Liebert, 1997).

The occupational success of individuals as well as upgrading of technical skills are closely linked to the possession of basic formal education - basic education is the key for further vocational training. For instance, individuals with basic education are more likely to enter apprenticeship programmes, which again open up the quickest path to self-employment. In some regions completion of primary education has even become a necessary condition of apprenticeship (Birks, Fluitman, Oudin and Sinclair, 1994). In addition, experience from Mali shows that those with basic education complete their apprenticeship and learn the necessary skills quicker than those without (see Mauro, Gerard and Parodi, 1999).

Formal training

Formal secondary and tertiary training is often not well adapted to the acquisition of skills necessary in the informal sector. Singh (2000) points out that a consensus has emerged from the implementation of training projects and programmes in the informal economy that currently non-formal and informal training seem to best respond to the needs of informal sector workers. Formal training is often too general and theoretical in focus and biased towards white-collar jobs in its value system. Often the entry requirements and fees are too high, the training methods are suitable for the literate population only and courses are inflexible and standardised (House and Paramanathan 1994). Basically, formal training is not responsive enough to the market demand outside the modern formal sector. Furthermore, people in the informal sector are often distrustful of authority and formal organisations and therefore reluctant to enter formal training programmes (Singh, 2000).

Even if the answer to the issues and problems related to training and skills development in the informal economy does not solely lie in improved access to basic education or training in the formal education and training system, much can be done to enhance training opportunities in the domain of formal education and training. In order to bring formal training closer to informal

sector needs, the formal training systems require reforming. This implies reallocation of resources. Resources should not be taken away from formal training but rather be allocated differently in order to cater for the diversity of training needs. The content of training must be made more relevant to the needs of informal sector workers and apprentices and the facilities more accessible to them. Overwien (1997) recommends for instance linking vocational training with the promotion of small enterprise development by involving small enterprise owners in the formal training processes. This would help to design a curriculum that links theory and practice and that is relevant in the context of the local labour market situation. This, however, requires that the formal institutions are given more autonomy to deliver training that is responsive to local needs.

3.2 Non-formal training

Non-formal training refers to training outside the formal education system. It is provided mainly by various voluntary or non-governmental organizations. Also many governmental agencies as well as private institutions are involved in non-financial promotional programmes related to training in the informal sector. Non-formal education normally has an identifiable clientele and its learning objectives are clear. It is often seen as an effective means of education of specific target groups in terms of costs, accessibility and participation. It can help deliver education in those regions which governments are unable to reach through formal education measures. Also governments are increasingly interested in non-formal education that is mainly organized by non-governmental and voluntary organizations. For instance, non-formal educational programmes play a significant role in UNESCO's Education for All framework which commits governments to guarantee that all children, young people and adults have the human right to benefit from an education that will meet their basic needs, including learning to know, to do, to live together and to be (Wojtasik, 1998; The Dakar Framework for Action, 2000).

Non-formal training programmes targeting the informal sector can be described as follows (see Singh, 2000):

- Vocational training for those who are already working, in the framework of a trade boosting programme.
- Training for young people to facilitate access to formal vocational training.
- Improving the training abilities of entrepreneurs as masters.
- Training measures within community development schemes (counselling, women's groups, youth activities etc.)

The strength of non-formal training lies in its flexibility and organizational form. Non-formal education strives to provide education at the grassroots level, from the grassroots level with the help of people familiar with the conditions and situation in question. This is in contrast to formal education stemming from the principle of 'from the top downwards' and predetermined curriculum same for all. One innovative training approach used in the informal sector mainly by government departments and NGOs is mobile teams, which provide training in immediate work contexts and assist individuals and small groups on-site at the workplace. For instance in Haiti,

the government has launched a mobile team to reach the working poor that are unable to attend training because of the timing of the courses, the cost of leaving their job for training, or because they are reluctant to participate in structured classes. The mobile teams are running three cycles a year giving training in basic subjects. This mobile team model is based on encouraging results from ongoing mobile training by a public centre in Haiti (Inter-American Development Bank, 1998).

The Department of Labour (DOL), South Africa has organized courses for the informal sector workers under its programme for training the unemployed. The courses aim at equipping unemployed persons with appropriate skills for informal sector employment or to operate as independent entrepreneurs. The results, however, have been poor. Only a quarter of the persons who participated in the training actually found jobs in the informal sector, and of them a third started their own business. Courses targeting groups with special needs, such as persons with disabilities or retrenched workers are limited in coverage and poorly responsive to the needs of the market. One of the problems is that the DOL disburses funding to private and public training contractors on a cost basis rather than on the basis of outcomes, such as acquired qualifications, finding a job or starting a business. All in all, the placement rate of the courses funded by DOL is around 20 percent (Dar and Gill, 2000).

Non-formal education has its limits, though. Most non-governmental organizations tend to provide very specific training and are able to reach only a limited number of potential beneficiaries. Training services are often provided by inexperienced staff who are not necessarily familiar with the needs of informal sector workers. The scope of the training depends completely on the organization in question and often the focus is on civics/development education and literacy programmes with limited involvement in vocational training. Given the diversity of the NGOs, the focus and extent of NGO involvement tends to vary radically between countries (Fretwell & Colombano, 2000). Also co-ordination between various programmes is frequently lacking and duplicated activities are common (House and Paramanathan, 1994).

The experience in West African countries (Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo) shows that the impact of non-governmental training arrangements on qualifications of informal sector workers has been marginal. This is due to various reasons, including the scale of requirements, the inability of training organizations to identify the training needs and to develop training contents in line with the specific nature of the sector, and the poor coordination of training activities (Godiho Gomez, 2000). However, in Ethiopia, as Bissrat (1993) reports based on an assessment of the work of eleven NGOs, the NGOs have had a clear impact on the working conditions, productivity and skills acquisition in the informal sector. In addition to credit, the NGOs have provided training on various topics ranging from how to keep records of income and expenditure to how to operate small businesses to training in crafts and in agricultural activities. Yet, the duplication of training courses and lack of coordination also characterize the non-formal training provided by the Ethiopian NGOs. As a result too many workers are trained in certain trades, such as crafts, whereas other trades are lacking skilled workers.

3.3 Informal training

While both formal and non-formal training typically imply the involvement of training experts to design training, set training goals, and decide on training methods, informal training is characterized by its lack of structure, the absence of underlying curriculum and the fact that no particular time is set aside for the learning. Normally, the theoretical aspect of the training is missing or minimal, and training and learning mainly take place within the family or neighbourhood, in the streets, or during the working processes. Informal training includes informal on-the-job training, community-based training and mentoring. Many of the 'training methods' are so common that they are not considered to be training methods at all. Probably the most prominent form of informal training is learning on-the-job. In the following section informal apprenticeship which is a commonly used method of training in the developing countries is viewed in more detail.

Informal apprenticeship

As a concept, informal apprenticeship is contradictory: apprenticeship as such refers to a structured learning process whereas informal learning processes are not planned. Informal learning is through imitation and identification (Overwien, 1997; Mauro, Gerard and Parodi, 1999). The requirement to produce a product or provide a service while learning the skills that are necessary to complete the task is the formative cornerstone of the informal apprenticeship. Therefore, the learning and the skills developed are very specific to the job, context and person in question and do not stem from a standardized curriculum like in the formal education. The tension between the economic and pedagogical orientation often remains strong. If the economic interest prevails, little is learnt. In turn, if the learning interest dominates, the master/entrepreneur is losing too much of her/his productive time. In addition to learning technical skills, learning related to socialization of the apprentices is a significant part of apprenticeship (Overwien, 1997).

More young people acquire competence through informal apprenticeship than it would be possible through more formal educational schemes (Overwien, 1997). Informal apprenticeship can in the ideal case allow for flexible and dynamic skills transmission that is self-regulating and costs the government virtually nothing. Apprenticeship does not require much initial skills or experience from the apprentice, but willingness to undertake the training and an agreement with a willing master, who often is a relative (House and Paramanathan 1994). In West Africa up to 60 per cent of workers in micro-enterprises have acquired their technical and generic skills through traditional apprenticeship. In Ghana the figure is 55 per cent according to the World Bank (1995). In Kenya an estimated 67 to 76 per cent of entrepreneurs in the informal sector has been trained through the traditional apprenticeship system (see Nelson 1997). All in all it is estimated that 70 per cent of the urban informal sector workers in Africa have been trained through apprenticeship. (See Mauro, Gerard and Parodi 1999.)

USTAD – SHAGIRD – system

Informal apprenticeship training in Pakistan

The *ustad-shagird* system is a centuries old system of transferring skills from generation to generation and which is mutually beneficial for both *ustads* (masters) and *shagirds* (apprentices). Nowadays the nature of the relationship between an *ustad* and a *shagird* is irrespective of kinship or family ties which in the old times used to rule the apprenticeship.

For an *ustad* the primary purpose of having a *shagird* is to have somebody to help in minor tasks or look after the work and business when s/he is away at minimum cost. For *shagirds* the benefit of the system is that it allows them to acquire skills at low cost. In a highly competitive labour market the apprenticeship does not only advance employment opportunities but gives valuable experience for setting up an independent business after training. Most of the *shagirds* are unpaid during their training, especially at the beginning. A vast majority of them prefer unpaid training rather than unskilled paid jobs as they wish to later start their own business (Anand, 1999).

Regardless of its many advantages, the informal apprenticeship has several limitations. As traditional apprenticeships are based on the technologies and ideas of the previous generations, the quality of the training is just as good as the skills of the master and her or his willingness and ability to pass on the knowledge and skills to the next generation. The theoretical aspect of the learning is weak or absent, only the simplest skills are learnt and these result in low quality products. The apprentices often lack exposure to modern training systems and technologies as well as the innovative aspect of learning. The range of skills tends to be narrow, limited to a particular product or phase in production; these skills may easily become useless in the fast changing labour markets (Overwien, 1997; Mauro, Gerard and Parodi, 1999). These observations are supported by case studies in Mali, Senegal, Mauritania and Benin, even if in some countries, like Benin, the informal apprenticeship training is relatively well organized (Mauro, Gerard and Parodi, 1999).

Due to the traditional gender division of labour, fewer informal and traditional apprenticeship opportunities are available for women. In addition, the danger of exploiting the apprentices as cheap labour is inherent in the model of informal apprenticeship (House, Birks, Fluitman, Oudin and Sinclair, 1994). Also, as Burki and Ubaidullah (1992) point out, there is no denying that the exploitation of child labour takes place in the guise of apprenticeship training in the informal sector. Their study shows that the time children should spend at school is being wasted in contributing to their respective family incomes. Another study of 898 apprentices in Dakar, Senegal, shows that 27 per cent of them had started their apprenticeship between the ages of 7 and 14. These children are therefore engaged in productive work as part of the training (Mauro et al., 1999). The issue of child labour should be addressed both in terms of regulating the protection of young people as well as providing support for the entrepreneurs.

Reforming informal apprenticeship

The measures to support and develop the informal apprenticeship must start from its weaknesses: in the informal apprenticeship the learning is limited to the knowledge and experience of the 'master', whether it is the owner of the firm or an employee. The limits of learning by imitation and trial and error could be lifted by combining formal forms of instruction and informal training and by offering well-integrated training with a strong element of theoretical knowledge about the field concerned. The strategy to minimize the mismatch between an overly academic focus and a production focused training by combining elements of formal academic education and practical on-the-job training has been successful in countries like Germany. However, it remains unclear how this could be implemented in the informal settings in less developed countries. The skills possessed by the entrants entering the informal sector training as well as the needs of the various sub sectors vary a lot. This makes it difficult to plan coherent training that would combine the academic and practical streams (Easton, Gushee & Liebert, 1997).

The literature on informal apprenticeship refers to many ideas on how to improve the informal apprenticeship system. Apprenticeship can be extended by including a training component of specific training for instance on technical skills that could be provided at the workplace or in a supporting centre. Technical learning on the job and theoretical learning could be combined. Furthermore, training should not be provided in isolation from the general socio-economic conditions of the region in question in order to ensure the relevance of skills learned. The content of learning should have a strong practical and productive component, bridging theoretical and practical knowledge and allowing the participants not only to earn some money while completing their training but also to apply what they have learnt immediately. The training should combine technical and business management skills (Overwien, 1997).

Formal training can be offered at the workplace through mobile units or trucks equipped with complete workshops that regularly visit workplaces and provide instructions on problems at hand. Alternatively, an apprentice may also be released for a day once a week or for longer periods from their on-the-job training to attend classes. Close collaboration with a training centre would be essential for success in such arrangements. In order to acquire a broader array of skills, apprentices could sometimes "swap" roles within a pool of small enterprises (Overwien, 1997). However, this may be difficult to put into practice, as generally small enterprises in the informal sector are in competition with each other and not willing to spread their knowledge and skills to other entrepreneurs.

Combining elements of formal and informal training can obviously improve the content of learning. Karcher (1998) suggests that this can also make the learning process a more interesting proposition. The combination of formal and informal options could also enhance the learning process outside the formal education system and open up formal learning opportunities for those in the informal sector. In addition, a formally recognized certificate on training completion is definitely attractive for the trainees.

Informal apprenticeship training can also be improved by enhancing the skills of the entrepreneurs who provide training. Overwien (1997) suggests incentives in order to motivate and encourage enterprise owners to take apprentices on board and provide quality training.

However, the issue of incentives has to be carefully considered. As Overwien points out, based on experience from Costa Rica, the reluctance to train cannot always be countered simply through incentives. Instead, encouragement can be offered through increased availability and accessibility of new means of production or new premises. Incentives too can be integrated into a general package for the promotion of small enterprises. This "package " could include the following: access to loans and cheaper raw materials, access to new skills such as financial management and technical skills for the owner-operators.

Ferej (1996) suggests that the receipt of fees motivates the masters to train: his observation is supported by his analysis of informal apprenticeship in Kenya, which shows that the apprenticeship fees are an important motivator for the employers. The apprenticeship fees do not necessarily form a barrier for all informal sector workers entering training even if they stop some informal sector workers, usually the most vulnerable and poorest, from applying for training. Siddiqui's and Nyagura's survey (1992) on training needs of the entrepreneurs in the informal sector in Zimbabwe shows that 72 percent of the entrepreneurs would be willing to pay for training which would respond to their needs and which they would see beneficial and relevant. Also Nelson's (1997) analysis of two market-driven training programmes in Kenya shows that fees were not a problem for the informal sector workers who entered training.

3.4 Towards market-driven training

The core issue in providing relevant training is to identify what the real training needs are. A related issue is the gap between perceived and real needs. Entrepreneurs and informal sector workers are clients of the training providers, and as such, their needs must be transformed into demands for services. However, entrepreneurs themselves do not necessarily recognize the needs that are identified by various service providers. Demand must often be stimulated, which requires investing in marketing, demonstrating the benefits and opportunities that the training will help to gain and access, maintaining proximity to the clients in order to respond to their emerging needs, and linking training to tangible benefits (Nelson, 1997). Boehm (1998) adds that a market-driven system which allows the consumer to choose education and training courses offered by competing suppliers might tailor training programmes more closely to the world of work than an exclusively public sector based education and training system.

A survey by the Donor Committee on Small Enterprise Development (1997), drawing from experience around the globe, identified the following emerging principles of good practice that facilitate market driven training:

- Training must respond to client's demands rather than the demands of the donors, NGOs or other suppliers of training.
- Training must address clients' immediate needs to ensure a high degree of relevance.
- The supplier of the training must know his/her clientele and the training must be provided in a participatory manner.
- Programmes should charge fees for their services. Clients' willingness to pay is an indicator of the training's relevance to real needs and demands.

In her study, Nelson (1997) tested these principles of demand driven services and compared two demand-led training programmes, AKILI (Advancing Kenyan Industry through Local Innovation, 1995-97), and the Skills Development Project, in Kenya. She concluded that it is difficult to identify the “real” training needs and the gap between the real and perceived training needs remains persistent. Many entrepreneurs do not think that they need training, or at best, they are hesitant to admit their needs.

AKILI was a program of ApproTEC, an NGO that works on technology development and dissemination. The Skills Development Project (1996 - 1998) was run by another NGO, SITE (Strengthening Informal Sector Training and Enterprise). Both programmes aimed at increasing income and stimulating enterprise growth through improved skills, new and higher quality products as well as better marketing within the sub sectors of metal, wood and textiles.

In both AKILI and the Skills Development Project, training was delinked from credit and offered to clients for a fee. The Skills Development Project stimulated the demand by its close link with the informal sector's apprenticeship system. It attracted entrepreneurs to participate in the training as this would build their reputation as good trainers and attract more fee-paying apprentices. The principle of collecting fees for the training has multiple benefits, including the establishment of a business relationship between the provider of the training and the clients. Yet the fees that AKILI and the Skill Development Project collected barely covered their costs. Also the extent of the effort required to achieve the impact that would be essential to sustain the demand for the services raised the doubts of the evaluator concerning the programmes' prospect for financial sustainability.

Skills Development Project by SITE (Strengthening Informal Sector Training and Enterprise)

The main emphasis of the Skills Development Project was to make the traditional informal apprenticeship more innovative, of higher quality and more market responsive. It aimed at doing this through upgrading entrepreneurs' skills and strengthening their capacity to provide high quality training. It also aimed at enabling Kenyan's vocational training centres to interact more effectively with informal sector entrepreneurs.

The Skills Development Project was highly participatory and turned out to be effective in terms of addressing barriers that hinder client demand for training. At the beginning the project involved the participants (239 entrepreneurs of whom 66 were women and who each had an average of two apprentices) in planning the training content, scheduling and costs. The clients were recruited by literally going from door to door - SITE staff went from business to business asking entrepreneurs about their products, quality, price, etc. Apart from having direct contact with the participants, the direct contact was designed to avoid "the survey fatigue" that the informal sector workers in Nairobi express. After the identification of interested entrepreneurs, a meeting was held to find out what the entrepreneurs wanted and needed to learn. The training started quickly after the initial meetings and it took place as close to participants' workshops as possible and at convenient times in order to minimize the costs involved in participating in the training.

SITE trained altogether 419 clients in 1996 - 1998, and the majority of courses dealt with product-specific training combined with business management topics. SITE also recognized that

training alone was not sufficient to achieve the project goals related to increased income and productivity and job creation in the informal sector. Therefore SITE also provided loans and introduced and disseminated technology. Loans were granted for some participants to purchase necessary equipment but they were neither widely advertised nor used to attract clients. Technology, such as a new design for a hammer mill was introduced to replace the more expensive and less practical old model that was in use in Kenya at that time.

The clients of the Skills Development Project of SITE were very satisfied with the training. The participants wanted the courses to be extended. One group organized a second course for which they paid a higher fee and the clients reported that the skills they had acquired during the course enabled them to expand their business in a number of ways, e.g. by introducing new products. As a result of the project, the entrepreneurs were able to improve the quality and content of the training of their apprentices, cut down the time and costs of training as well as increase the number of apprentices by 15 to 20 per cent.

AKILI training programme

At the outset of the project, AKILI conducted a two-tiered survey of informal sector businesses across Nairobi to identify potential entrepreneurs as clients and their training needs. The results of the survey showed that the entrepreneurs did not value training very highly but gave high priority to access to capital. However, some training needs were identified from the following problems that surfaced during the survey: low incidence of innovation, passive attitudes towards marketing, low product quality, poor tool maintenance, poorly kept business records and errors in product costing. The needs assessment surveys initially created enthusiasm, but the client demand for the project was low from the outset and the recruitment of trainees required more work and energy than the other aspects of the training. In the first phase, AKILI reached 103 clients of whom 30 per cent were women. However, fewer remained active throughout the programme.

Several reasons were identified for this sluggish demand. Many of the entrepreneurs initially expected that access to credit would follow the training. The opportunity cost of leaving the business for training was a major barrier for many entrepreneurs' attendance. Most of the entrepreneurs were school dropouts, and proud of their success in the informal sector without any training - they viewed training as a waste of money and time. Previous fraudulent offers from various training providers may have created mistrust against outside organizations interfering with the informal sector. Furthermore, it is common for unknown programmes to experience difficulties in stimulating latent demand among a target group that is to a great extent unaware of the business knowledge that it lacks.

The actual programme activities of AKILI included training in product design, training in business skills such as marketing and market research for new products. Training was designed in three modules and the participants cycled through each module in small groups. AKILI involved its participants' motivation, ideas and skills to determine the direction of the programme.

Despite the disappointment with the low demand for the training, AKILI's evaluation indicates that the training yielded tangible results in terms of new products, increased income and access to new markets. After 15 months, 85 clients who had remained in the training had

increased their income by 35 per cent and all the participants endorsed the training. The majority of those clients who had dropped out from the training were considered very poor. Among those who followed the training, the success of AKILI's interventions led to new identified needs, such as the need to learn about mass production and a need to learn how to ensure quality and finance product development.

4. Developing a coherent approach to training

4.1 At the macro level

The development and improvement of training systems for the informal sector require coherence between both the micro and macro levels. The heterogeneity of the sector requires the formulation of different training responses in order to meet the range of training needs within the informal sector. The assistance to the informal sector has to go beyond helping to provide minimum livelihood. The survival and livelihood related informal sector activities have to be transformed into entrepreneurial activities that would generate income beyond survival and jobs beyond the livelihood of the entrepreneur him/herself. Some informal sector businesses have the potential to turn into enterprises which can eventually assimilate in and link up with the formal economy. However, for this transition to take place inputs of productive resources like credit, raw materials, technology and training have to be accessible for the workers of the informal sector (ILO, 2000; ILO, 1995).

According to Fluitman (1989), macro-level interventions should primarily aim at building or strengthening the institutional framework and creating an enabling environment that permits the transfer of skills and competencies and link training to other interventions. The ILO stresses the importance of sensitizing national training authorities to the training needs of the informal sector as well as adopting national training policies to reflect these needs (ILO, 2000). However, it is difficult to formulate a training policy for the informal sector if the prospects for securing funding for the implementation of such training policy are not bright (House and Paramanathan, 1994). Direct, organized, and long-term interventions to provide training on a large scale demand significant government funding and commitment, whereas the costs of informal sector training are most often borne by the trainee or her/his family. Boehm (1998) argues that the states alone are not capable for catering for the variety of the training needs. Perhaps closer cooperation and coordination between private, non-governmental and public suppliers who provide formal, non-formal and informal training would enhance the chances of reaching as many informal sector workers as possible. However, any intervention has to be well designed: poorly planned efforts can disrupt the informal training systems and perhaps also the whole informal economy that does function, even if at low levels of innovation and productivity.

Training for the informal sector should depart from the conventional formal training design in which training is planned and developed externally and then transmitted to the participants. It should rather stem from the local strengths and long-established means of skills transmission. The transmission and acquisition of skills is often subject to the socio-cultural mechanisms in the workplace, for instance between master and apprentices, and therefore outside interventions must be negotiated within this context (Singh, 1998). Training might at the same

time have to move away from traditional occupations and division of labour and provide women with better opportunities. Therefore, there is a need for a strong link between the macro and micro levels of action in order to create sustainable but flexible and responsive measures.

4.2 At the micro level

Any improvements in the micro level can only be effective and sustained if they are integrated into a wider national training policy framework. It is also crucial to ensure that training projects are not designed in isolation from other inputs necessary to the informal sector, such as access to credit, infrastructure and legislative or policy support, which are required for the successful utilization of the acquired skills.

It is not easy to capture in general terms what should be done at micro level in order to enhance training opportunities and skills development in the informal sector. The main 'micro concerns' focus on the development of methodologies to assess training needs, motivating workers to participate in training, financing the training, delivering the training as well as improving access to sources of training. It is important to identify the needs of the larger target group, and then move on to assess more specific individual needs. Other issues at micro level concern selecting the appropriate training methods, instructional technologies and training materials as well as recruiting qualified trainers. In addition, the relationship between costs and benefits and the quality of training have to be considered (Fluitman 1989).

While appropriate training activities can and should be decided case by case, training that is accessible to large numbers in the informal sector remains a challenge. Poor literacy and numeracy often prevent informal sector workers from participating successfully in conventional training programmes. Training can also be prohibitive in terms of costs. Even token fees for the training together with transportation costs and expenses for instructional supplies can form a real barrier for participating in training. Working hours are often long and any time off from the productive work means less income. It is unlikely that informal sector entrepreneurs will provide their workers time off for training. On the contrary, skilling workers may appear threatening for the entrepreneurs: skilled and trained workers may demand higher pay, leave to work for competitors or establish enterprises themselves (House and Paramanathan 1994).

House and Paramanathan (1994) point out that: "in the most effective training projects, programme inputs reflect the plans and desires of the clients and stay close to the level of skills and knowledge in the community." Programmes that are developed on these principles tend to be simple, low cost and participatory, involving closely the community groups in planning and execution. House and Paramanathan state that informal sector projects which combine vocational skills training with management training and intensive follow-up, are the most effective forms of training. Also appreciated is training which comes in the form of practical tips given informally and on-site e.g. on how to open a bank account and where to purchase supplies.

5. Conclusions

Literature on training in the informal sector points consistently to the lack of an explicit policy for training and skills development for the informal sector. This is despite the growing interest in and importance of the informal economy. The lack of explicit policy, as it is pointed out in the literature, may reflect the lack of appreciation concerning the role and growing size of the informal sector. However, as the literature also points out, there is great diversity in the informal sector between different regions and trades (and even within trades). Policies therefore should encourage a multifaceted, flexible and coherent approach to skills development in the informal sector.

Given the number of suggestions on the improvement and development of training policy as well as the delivery of training for the informal sector, several authors have come to the conclusion that there is no one formula on how to proceed. It is also recognized that traditional training focusing on technical skills and managerial competencies is not sufficient for overcoming economic vulnerability; a much wider set of skills such as social and political awareness, life skills and above all, basic literacy and numeracy, are needed (Bennell 1999). However, there is growing concern over issues of training for informal sector workers - a change after years of priority to minimalist credit schemes.

A lot of literature and research on the informal sector points out to the importance of thinking locally and starting from the needs of the defined target group. The commitment and support of all parties is needed: support of those at the very top who have the power to create the financial, institutional and policy framework, and of those actually delivering training. This requires a flexible and open system and an array of tools to suit different demands.

In conclusion, the literature points to the following recommendations for action to achieve tangible results on a broad scale:

- Sensitize national authorities to the role of the informal sector in employment generation; the right of access to basic education (with special attention to the access of girls and children from rural areas); and the importance of training for informal sector workers in order to improve the productivity of informal micro-enterprises and eventually enable them to become formal.
- Urge national authorities and training providers at the local level to be responsive to the training needs of informal sector workers and to use multiple methods in addressing these needs in the most efficient manner.
- Bring the authorities and social partners together in order to formulate a coherent but flexible policy, to avoid duplication of activities and to achieve a common understanding of the goals and means of training.
- Develop means to assess training needs.

- Document good practice that demonstrate the benefits of training. A great deal of the information on training in the informal sector is in the form of suggestions without being systematically studied. At the same time it needs to be recognized that due to the heterogeneity of the sector, the studies on the informal sector will always be 'case-studies' with observations that cannot always be generalized.
- Create tools to promote skills development and combine various forms of training. Fluitman's comments from 1989 are still valid: 'training for work in the informal sector should be broadly conceived to apply to any organized transfer of knowledge or skills which people use in earning an income; as an investment therefore. Training need not remind one of schools, nor always be called training, it may escape government control, involve illiterate people, ignore borderlines such as those between technical and entrepreneurial skills, it may come early or late in life, but it is training'.

A comprehensive and diversified approach will recognize the potential of formal education and training as well as non-formal and informal training and utilize this potential towards a commonly agreed goal. Training and skills development in the informal sector clearly leave us faced with the challenge of 'thinking globally but acting locally'. As training is becoming more important as a source of success, and lack of access to training as a source of failure, it is clear that the skills development and training for the informal sector is an urgent matter.

REFERENCES

Abdelkader, K. 1997. Etude sur les besoins en formation, la formation et les associations dans les secteurs informel et privé au Tchad. N'Djamena: SOGEC International and World Bank.

Anand, V. K. 1999. Informal sector and its role in employment creation in developing countries. *The Asian Economic Review*. Journal of the Indian Institute of Economics. 41 (3).

Baden, S. 1997. Post-conflict Mozambique: Women's special situation, Population issues and gender perspectives; a Report of a consultancy for the Action Programme on Skills and Entrepreneurship in countries emerging from armed conflict of the International Labour Office. BRIDGE (Development - Gender). Report No. 44. Brighton: Institute of Development Studies, University of Sussex, Brighton.

Bakke-Seeck, S., Boehm, U., Bövers, B., Görgens, S., Hopfer, C., Karcher, W. Lohrenscheit, C., Mergner, G., Overwien, B., Singh, M., Specht, G., Wojtasik, G. 1998. Adult learning and vocational training in the informal sector in developing countries. Committee on Educational Research in Co-operation with Third World Countries, within the German Educational Research Association. In Singh M. (ed.). *Adult education and the changing world of work*. Hamburg:UNESCO Institute for Education.

Bennell, P. 1999. Learning to change: Skills development among the economically vulnerable and socially excluded in developing countries. Geneva: Employment and Training Department. International Labour Office.

Bissrat, Z. 1993. The role of non-governmental organizations (NGOs) in the development of the informal sector in Ethiopia. *Africa Update*. I (1).

Birks, S., Fluitman, F., Oudin, X. and Sinclair, C. 1994. Skills acquisition in micro-enterprises. Evidence from West Africa. Development Centre Documents. Organisation for Economic Co-operation and Development, International Labour Office and World Bank.

Burki A.A. Ubaidullah. 1992. Earnings, training and employment in Gujranwala's urban informal sector: Evolution or Involution. *Pakistan Economic & Social Review*. 30 : 49 - 66.

The Dakar framework for action. Education for all: meeting our collective commitment. World Education Forum. Dakar, Senegal, 26 - 28 April 2000.

Dar, A. & Gill, I. 2000. Based on reforming the training systems in South Africa: Constraints and Innovations. World Bank and International Labour Office study on Constraints and Innovations in Reform of VET.

Develtere, P. and van Durme, P. 2000. Social exclusion, the informal sector and the social economy. Dossier. europa.eu.int/comm/development/publicat/courier/courier-178/en/en-053-ni.pdf

Donor Committee on Small Enterprise Development. 1997. Business Development Services for SMEs: a Preliminary Guideline for Donor-Funded Interventions A report to the Donor Committee on Small Enterprise Development. First Revision October 1997.

Easton, Gushee & Liebert 1997. Informal educational strategies for skill acquisition in West Africa: A Review of the literature and of recent significant research results. Association for the Development of Education in Africa Working Group on Non-Formal Education. Florida State University.

Ferej, A. 1996. The use of traditional apprenticeship in training for self-employment by vocational training institutes (VTIs) in Kenya. In Grierson, P. and McKenzie: Training for self employment through vocational training institutions. ILO, Turin Centre.

Fluitman, F. 1989 Training for work in the informal sector; an agenda item for the 1990's. Discussion Paper no. 16. Vocational Training Branch. International Labour Office.

Franco, P. 1999. Informal sector - A billion dollar lifebelt Latin American Report. See: <http://www.converge.org.nz/lac/articles/news990523a.htm>

Fretwell D.H. and Colombano J.E. 2000. Adult continuing education: An integral part of lifelong learning. Emerging policies and programs for the 21st century in upper and middle income countries. World Bank. Human Development Network, Education Department, Human Development Sector Unit - Europe and Central Asia Region.

Ganghnon, M. 1997. Les besoins en formation au Tchad. N'Djamena: SOGEC International and World Bank.

Gomez Godiho, P. 2000. Measuring activity at a regional level: The Work of the UEMOA. Dossier. europa.eu.int/comm/development/publicat/courier/courier-178/en/en-053-ni.pdf

Haan, H.C. 2002. Training for Work in the Informal Sector: New Evidence from Kenya, Tanzania and Uganda. ILO. InFocus Programme on Skills, Knowledge and Employability. Series on the Informal Economy.

House, W.J. & Paramanathan, K. 1994. Promotion and training issues in the informal sector in the context of rapid population change. UNFPA Country Support Team. Office for the South Pacific. Discussion Paper No. 4.

Inter-American Development Bank. 1998. Vocational and Technical Training Reform Program. Project Document. HA - 0017.

International Labour Office, 2002. ILO Compendium of official statistics on employment in the informal sector. STAT Working Paper No.1. Geneva, ILO.

International Labour Office, 2002. Women and men in the informal economy: A statistical picture. Geneva, ILO.

International Labour Office, 2001. Report of the Technical Workshop on Old and New Facets of Informality. Geneva, March 2.

International Labour Office. 2000. Employment and social protection in the informal sector. GB.277/ESP/1/2.

International Labour Office. 1998. World Employment report 1998-99. Employability in the global economy: how training matters. Geneva: International Labour Office.

International Labour Office. 1995. New challenges and opportunities for the informal sector. A seminar on the informal sector in Metro Manila. 28 - 29 November 1995. Background papers. International Labour Organization. South-East Asia and the Pacific Multidisciplinary Advisory Team (SEAPAT).

Karcher, W. 1998. Vocational competencies in the informal sector. In Singh, M. (ed.). Adult education and the changing world of work. Hamburg: UNESCO Institute for Education.

Karl, K. 2000. The Informal sector. Dossier.
Europa.eu.int/comm/development/publicat/courier/courier-178/en/en-053-ni.pdf

Kent, D.W. and Mushi P.S.D. 1995. The education and training of artisans for the informal sector in Tanzania. Serial. NO. 18. Education Research. Overseas Development Administration.

King, K. and Abuodha, C. 1995. Education, training and technological development in the informal sector of Kenya. Journal of Third World Science, Technology & Development. 13 (2).

Lautier, B. 2000. Received and debatable ideas on the informal sector. Dossier.
Europa.eu.int/comm/development/publicat/courier/courier-178/en/en-053-ni.pdf

Lubell, H. and Zarour, C. 1990. Resilience amidst crisis: The informal sector of Dakar. International Labour Review, 129 (3): 387 - 396.

Mauro Huyghe A., Gerard E. and Parodi E. 1999. Les apprentissages en milieu urbain. Formation professionnelle dans le secteur informel en Afrique. Analyse par pays: Mali, Sénégal, Bénin et Mauritanie. Direction Générale de la Coopération Internationale et du Développement. Ministère des Affaires Etrangères.

Mbaya M. and Streiffeler, F. 1999. Secteur informel au Congo-Kinshasa. Stratégies pour un développement endogène. Editions Universitaires Africaines. Kinshasa. Institut Africain d'Etudes Prospectives.

Mergner, G. 1998. The relationship of mother tongue to the language of communication in basic education. In Singh, M. (ed.). Adult education and the changing world of work. Hamburg: UNESCO Institute for Education.

Muntemba, S. 1999. Ghana: Financial services for women entrepreneurs in the informal sector. The World Bank Group. Africa Region Findings. No. 136.

Nelson, C. 1997. Training goes to market : a comparative study of two Kenyan training programs. U.S. Agency for International Development. Global Bureau. Economic Growth Section, Microenterprise Development Office.

Overwien, B. 1997. Employment-oriented non-formal training for young people in the informal sector in Latin America. Education. Volume 55/56. 1997. Tubingen:Institute for Scientific Co-operation.

Siddiqui F. and Nyagura L. M. 1992. Training needs of entrepreneurs in the informal sector in Zimbabwe. International Labour Office. Employment and Manpower Planning Project. Ministry of Labour, Manpower Planning and Social Welfare. Department of Manpower Planning and Employment.

Singh M. 2000. Combining work and learning in the informal economy: implications for education, training and skills development. International Review of Education. 6 (6): 599 - 620.

United Nations Capital Development Fund. 1997. UNDP Microfinance assessment report. Turkey.

Verner, D. & Verner, M. 2000. Economic impacts of professional training in the informal sector of Cote d'Ivoire: Evaluation of the PAFPA. Preliminary version of the report. World Bank, FDDP, CIM, CLS and University of Aarhus.

Wojtasik, G. 1998. Government and non-formal education. In Singh, M. (ed.). Adult education and the changing world of work. UNESCO Institute for Education. Hamburg, Germany.

World Bank 1995. Republic of Ghana, Vocational skills and informal sector support project (Report No. 13691-GH). Summary. Washington, DC.