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Participatory action research for a small industries promotion programme

Torsten Striepke

• Introduction

In June 1995, the Swiss Agency for Development and Co-operation (SDC) embarked upon a new Small Industries Promotion Programme in Nepal. This focused on meso-level interventions designed to favour Small Business Membership Organisations (SBMOs) in various sectors. The long-term strategy aims at capacity and institutional building through participatory action research methods.

The preparatory phase

For over a year prior to practical implementation, SDC explored the potential for launching a programme supporting SBMOs, and thus micro- and small enterprises in Nepal. Six small business membership organisations were selected as entry points for the Small Industries Promotion Programme (see Table 1). These had links to existing Swiss projects.

A three-tier strategy was developed for the preparatory phase. This was expected to provide planners with the key data and experiences necessary to plan a long-term programme. The strategy comprised:

- action research activities within the six SBMOs;
- detailed sub-sector studies; and,
- an overview study.

• Participatory action research activities

The three activities also aimed to familiarise the SBMOs with the Swiss project. The participatory action research approach was introduced to highlight the key features of the project to the SBMOs:

- that the financing of all activities was to be raised jointly by the SBMOs and SDC;
- that stakeholders would participate actively;
- that all exercises would be planned jointly; and,
- that all activities would be realistically budgeted.

This partnership approach to project development was rare in a Nepalese donor-recipient situation. Normally, the donors dictate the budget and pace of the 'development'. Participants frequently attended trainings to gain *per diems* for themselves, rather than making contributions to the project. Yet 'over-financing' by donors can be one of the factors that reduces the sustainability of projects in the long term.

Agreeing to the participatory action research approach, the six SBMOs discussed their problems and identified activities that could bring about positive changes. In a number of rounds of discussions with individual SBMOs, small, concrete and practice-relevant ideas were developed. This was promoted because SDC stipulated that a 30% financial contribution towards each project should come from the participating SBMOs.

Table 1. Participating SBMOs and activities planned

SBMO	ACTIVITY PLANNED
Auto-mechanics Association of Nepal	Engine Overhauling Training Programme; Literacy Classes for illiterate Members
Women's Entrepreneurs Association of Nepal	Bamboo Product Training
Association of Nepal Cottage and Small Industries	Sheet Metal Fabrication Training Programme
Nepal Micro Hydro Power Development Association	Promotional Exhibition
Federation of Nepalese Industries	Training on Tax Assessment and Accounting
Federation of Nepalese Transport Entrepreneurs	Training on Correct Behaviour of Bus Personnel

Table 1 shows the activities that were agreed upon between SDC and the SBMOs. All SBMOs reached or even exceeded the 30% contribution that was required. Much emphasis was placed on training activities being demand-driven. All trainings were preceded by a workshop at which the participants expressed their specific training needs. This enabled planners and trainers to tailor-make the curricula.

Sub-sector studies

The participatory action research activities were supported by sub-sector studies, which focused on the enterprises at the micro-level. They explored the entrepreneurs' economic problems and their views about their representative bodies, the SBMOs. The sub-sector studies were undertaken to get direct contact with small entrepreneurs struggling for daily survival. These studies enabled the entrepreneurs to analyse their own situation. A large number of entrepreneurs were met from each of the following sub-sectors: transport, metal works, electrical apparatus and appliances, food-based technologies, and auto-mechanics.

To the best of my knowledge, participatory appraisal methods had not previously been used for investigating small industries promotion. Thus, a number of innovations needed to be introduced in order to make the approach a viable one. An intensive two-day workshop was undertaken with about twenty local interviewers to adapt the key method, the semi-structured interview, to the local situation. The interviewers worked with local entrepreneurs. In total, 24 interviewers visited three locations: Kathmandu, Pokhara and the

Terai Belt, which were identified as having the highest number of entrepreneurs per sub-sectoral cluster. Their role was to identify key informants in each sub-sector. The key informants acted as 'door-openers' to find entrepreneurs who were members of the SBMOs. Through the entrepreneurs' networks, entrepreneurs who were not members of the SBMOs could be easily located and visited.

Each interviewer paired with one of the key informants so that teams were formed for each location. A date for a feedback meeting was fixed at the beginning of the study. In this way, the entrepreneurs were sure that the information provided to the research teams was fed back to them. This differs from a more traditional research approach which can leave the 'object' of the research without any clear understanding of the role of the researcher and the utility or application of the information they provided.

On average, the feedback meetings were attended by more than 50% of the entrepreneurs interviewed. This is a positive finding and demonstrates the interest generated by the study. The main findings centred on bottlenecks and ideas to overcome these problems. In most cases, the entrepreneurs highlighted the need for unity and for greater representation of their demands in the SBMOs.

The reports filed by the local interviewers featured the basic information gained during the semi-structured interviews, together with a photograph of the entrepreneur in front of his/her workshop, signboard, or with his/her machinery. The locations of the entrepreneurs were marked on a city map so that they could be retraced. The report, photos and map

provide a baseline survey which can be used for reference purposes at a later stage of the Programme.

Overview study

The overview study provided a range of information which could not have been obtained by means of pure action research. This information included:

- the sub-sectors' present growth potential;
- the future prospects from an economic perspective, and,
- a compilation of existing written reports and project documents from other donors' interventions.

The study included an overview of the existing structure of the SBMOs. This was complex, comprising different chambers and federations, as well as individual associations affiliated with different organisations.

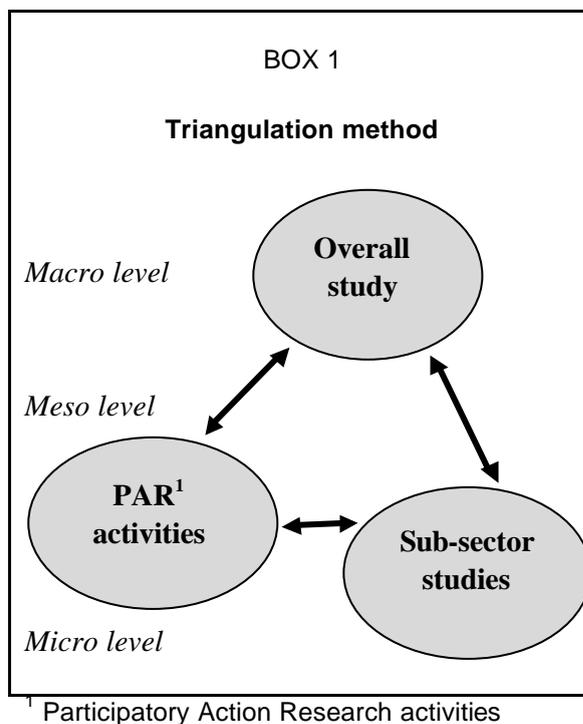
The information gathered in the overview study provided a framework for the two activities described above. For example, the overview study confirmed that the manufacturing industry achieved the highest growth rate during the past seven years when compared to other sectors, such as agriculture, construction work and services. The study revealed that all the sub-sectors selected, with the exception of agro- and forest-based industries, fell under the category of 'potential for growth'.

The present system of SBMOs is marked by an expansion in new, mainly commodity-based, associations, trying to position themselves in a 'jungle' of other organisations. The Federation of Nepalese Chambers of Commerce and Industry is at the helm of the entrepreneurs' movement, due to its historical roots and its influence on government politics. However, the lines of command are far from being clearly structured. The fees paid by different enterprises vary widely, as do the services provided to the member enterprises. This occurs because many SBMOs have been created for political and lobbying purposes, without an intention to deliver services to their members.

Triangulation

The findings of all three activities were compiled, analysed and fed into a Planning Workshop (see Box 1). This was attended by representatives from the collaborating SBMOs, the Nepalese Government and other donor projects, the local interviewers, and Swiss delegates.

The qualitative and quantitative data obtained from the three activities were compiled to develop the starting scenario of the Small Industries Promotion Programme. Discussions regarding the final selection of partner SBMOs revolved around three clusters of criteria: the different sub-sectors' *growth potential*, the *performance* of the SBMOs during the preparatory phase, and their *geographic distribution*.



- **Key features**

At a policy level, and prior to the official start of the Small Industries Programme, broad guidelines were defined to maintain and enhance the participatory nature of the project. All practical decisions were left to the participating SBMOs and the project staff.

The guidelines included the following:

- **Long-term commitment:** The donors committed themselves to a four year Orientation Phase prior to the Implementation Phases that will follow.
- **Facilitating functions:** The Programme will concentrate on facilitating, mediating and linking SBMOs with institutions, in Nepal and abroad, for the provision of services. These might include the attendance of entrepreneurs on training courses, access to credit and information or technical and market know-how, or the organisation of fairs and exhibitions.
- **Participatory action research** has been identified as the guiding strategy. This reflects the need for development that is based on the perspectives of key actors in the SBMOs and their member-entrepreneurs, rather than on the views of external planners.
- **Institution building and organisational development** at the meso-level are primary objectives. The economic development of member-enterprises, through the provision of a comprehensive service and policy package, is an overall goal of the Programme. This was identified by the collaborating SBMOs.
- **Operational guidelines:** The focus of the project is on the meso-level member organisations. However, to facilitate their development, the project requires complementary activities aimed at the regulatory bodies at the macro-level. These should aim to bring about a more conducive policy environment for small enterprises, by simplifying and harmonising taxation, import and export regulations and employment law etc..

Gender and environmental issues must also be given due consideration.

- **Lean Management:** The facilitating nature of the Programme requires a lean management structure based on a 'learning institution' approach. This institutional set-up is thought to be the best guarantor for democratic changes within the SBMOs that will ultimately lead to the provision of better services to the entrepreneurs.

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| <ul style="list-style-type: none"> • Torsten Striepke, Contor Consulting, Grosser Feldbergweg 29, D-65510 Idstein, Germany. |
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