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LessonsPlus are extended commentaries on previously written SmartLessons that provide additional lessons learned to the body of knowledge.

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LessonsPLUS

real experiences, real development

Training Entrepreneurs: More Lessons from Advising Small and Medium Enterprises in Mozambique and Angola

This LessonsPlus builds on the Lessons Learned documented by Mário Gomes in Managing Entrepreneurs.

Our advisory work with small and medium enterprises (SMEs) in Mozambique and Angola from 2006 through 2008 was designed to bolster the weak private sector in the two countries, each of which had emerged from a long civil war. One of the three components of our effort, called the Entrepreneurship Development Initiative, was providing professional training to the businesses.

IFC hired consultants to offer the training either through business membership organizations or financial institutions, or directly. The 2,285 trainees included several business associations in Mozambique, hotel staff in Angola, and accountants and businesswomen in both countries. We also provided instruction to clients of a Mozambique bank in how to use the various types of trade finance that the bank offered, and we offered training for consultants on how to work with SMEs.

IFC's budget for the training was \$567,000, and its cost recovery was 21.71 percent.

We picked up some additional lessons along the way which will contribute to improving our efforts to support SMEs.

Trainees must help pay for the instruction.

One of the first challenges IFC's team faced was business peoples' assumption that we would cover all the costs of the training provided. In Mozambique, donors and other players frequently subsidize training. In Angola, business people think that the government should cover the costs.

We organized several meetings with business people to explain the objectives of the Entrepreneurship Development Initiative and IFC's role.

Our conclusion was that we must require some cash contribution from the trainees to ensure that they were fully committed to the process and paid attention to what we were teaching. Also, we learned that we had to engage in tough negotiations with clients to ensure that they understood the process and that they would be required to contribute financially.

It takes time to organize training.

Organizing the training was not easy, because the business people were scattered in different areas of the cities and had varied schedules. The problem was exacerbated in Angola because of especially bad traffic in Luanda.

Our experience showed that between three and six months are required to organize training programs. That includes time to perform a training needs assessment, customize the training materials, and collect fees from the participants (which was a challenge for us, since the trainees typically registered at the last minute).

It's also wise to advertise the training in local newspapers and via e-mail, fax, and telephone, to reach as many potential trainees as possible.

A training needs assessment and impact assessment are a must.

Because of budget constraints, we didn't conduct a training needs assessment or an impact assessment in all cases, which was a mistake. Our priority was registering a large number of people for the training. Reducing this target would have allowed us to better design the program to include proper assessments.