

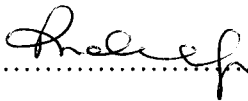
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&
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DEVELOPING A TRAINING MANUAL FOR AAIDRO'S COMMUNITIES
MICRO CREDIT SCHEME IN SOUTH MERU, ARUSHA,
NORTHERN TANZANIA.

ESTHER JOHN KAMALO

SUPERVISOR CERTIFICATION

I, Dr Richard Vitta Ndondi read the Project, and found it to be in a form acceptable for review.

Supervisors Signature.....

Date.....23.7.2005.....

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DECLARATION

I, Esther John Kamalo, do hereby declare to the Senate of Open University of Tanzania that this project is my own original work, and that it has not been submitted for the similar degree in any other University.

Signature.....Esther John Kamalo.....

Date.....20-07-2005.....

DEDICATION

This work is dedicated to my parents and to all those who took trouble of taking me to school.

ABSTRACT

Involvement in micro-enterprise self-employed activities is an important option for the low income, unemployed, disadvantaged society, in rural and urban areas of Tanzania. These low income people need to seek assistance from micro enterprise development programs because they cannot obtain technical skills, loans or credit from mainstream bank organizations. This research was conducted in four villages in Arumeru District namely: Majimoto, Karangai, Marurani and Nduruma with three objectives 1) to establish if there was a need to train the clients establishing new business 2) develop and outline the implementation strategies for clients 3) Identify and help alleviate barriers that exist to starting a micro enterprise.

For this research a household survey and group discussions with key informants were undertaken. A total of 30 households were interviewed. The results obtained indicate that 46 percent of interviewed people have not been exposed to any formal or informal training on micro-enterprise business programs.

The training need assessment in this study strongly supported the need to develop training manual that will facilitate training of clients in the study area and other parts of the country.

The training manual that provides regulations and procedures on how best clients can be handled is presented in chapter five.

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ACRONYMS

AAIDRO = Arusha Archdiocesan Integrated Development and Relief Office

ADD O = Arusha Diocesan Development Office

AIDS = Acquired Immune Deficiency Syndrome

CBO = Community-Based Organization

Et al = Et cetera (and others)

etc = and so on

HIV = Human Immunodeficiency Virus

NGO's = Non Governmental Organizations

OUT = Open University of Tanzania

PRIDE = Promotion of Rural Initiatives and Development Enterprises

SEDA = Small Enterprise Development Agency

SME = Small Micro Enterprise

US\$ = United States Dollars

WAWATA = Wanawake Wakatoliki Tanzania

WID/GAD = Women In Development/Gender and Development

% = Per cent

n = number

= = Equal

> = Greater than

CHAPTER ONE

1.0 COMMUNITY BASED ORGANIZATION BACKGROUND

1.1 Introduction

Tanzania remains one of the world's poorest countries with a per capita income estimated at US\$140 in 1994. Over 80 per cent of more than 30 million ethnically diverse populations live in rural areas, with considerable inequities in terms of living standards between rural and urban areas; 43 per cent of the rural population and 19 per cent of the urban population live below the poverty line (World Bank, 1995). Unemployment and poverty are major social problems in Tanzania, specifically in urban and rural areas (Helleiner, 1987; Kasera and Gupta, 1996; Sarris and Tinios, 1995; Silberschmit, 2001). In the rural Tanzanian areas, unemployment and poverty can be attributed to a general lack of economic growth, including little employment opportunities, especially with women and other groups with little skills (Lanjouw et al. 2001). These social economic conditions have resulted in unemployment, impoverishment and isolation of minority and disadvantaged groups that are not able to keep up with the shift because of lack of business education and money to invest (Silberschmidt, 2001). This project will develop training manual for the Arusha Archdiocesan Integrated Development and Relief Office (AAIDRO) micro-credit for low-income people in Arumeru district, in attempting to alleviate poverty. The major program areas covered under AAIDRO include; health: hospitals, dispensaries, HIV/AIDS prevention and handicapped. Education: pre schools, primary schools, seminaries and vocational training center. Development: Women In Development/Gender and Development (WID/GAD), Food security and nutritional improvement, Organic farming and water.

1.2 Overview of the AAIDRO

Arusha Archdiocesan Integrated Development and Relief Office (AAIDRO) formally as Arusha Diocesan Development Office (ADDO) is a church organization entrusted with empowering the marginalized and promoting sustainable development among the communities in the Archdiocese of Arusha. The Diocesan Development Office was started in 1985 to work together with local communities in identification and provision of development resources to the communities.

AAIDRO was officially established in August 2000 to perform functions of the Diocesan Development Office in six districts namely Arumeru, Arusha, Monduli, Ngorongoro, Kiteto and Simanjiro.

In an effort to alleviate poverty in some vulnerable communities in northern Tanzania, AAIDRO in conjunction with Mcknight Foundation's Africa Grants Program plans to introduce a micro enterprise package that is designed to assist and improve the social-economic situation of women, youth groups and other income generating groups through a marriage of workforce development and economic development. For these low-income families, self-employment is a significant source of jobs and income. AAIDRO wants to play an active role in micro-enterprise development and training, and to serve as mentors to new entrepreneurs. AAIDRO has a long experience on credit scheme for it has been providing loans to the needy (vulnerable) groups through her different department. Departments which deals with loans provision include WAWATA, Food Security and WID/GAD.

1.3 AAIDRO Vision and Mission

1.3.1 Vision of AAIDRO

“ Develop human beings spiritually, mentally and physically”’.

1.3.2 Mission statement of AAIDRO

To develop the human being through facilitation of processes or activities which enable him/her to meet or address his/her need in a sustainable way.

1.4 Objectives of AAIDRO

- To facilitate the provision of sustainable formal and informal education to all levels. The emphasis will be on technology and self reliance.
- To facilitate the establishment, strengthening and development of sustainable preventive and curative health services. The emphasis will be on empowerment of communities to own, manage and sustain community based health programmes.
- To support community based initiatives towards poverty alleviation. The focus will be on the marginalized group communities and sustainable approach.
- To prevent and address both natural and man made catastrophes.
- To facilitate public awareness on issues related to their basic and human rights and the importance of having and maintaining peace.
- To establish, strengthen and maintain communications, links, relationships and networking within and outside the country.
- To facilitate the growth of Tanzanian communities with good ethics, values and commitment to sustainable development.

1.5 AAIDRO's Structure and Activities

AAIDRO is headed by the Director who reports to the General Secretary and AAIDRO Advisory Board who assist the Archbishop. In planning and policy making the board is chaired by the Archbishop and is comprised of Religious and Lay Personnel.

Reporting to the Director are heads of Departments/ programmes who are incharge of planning, monitoring and evaluation of individual programmes. The financial controller is incharge of the finance department.

The major programme areas covered under AAIDRO include:

Heath: Hospitals, Dispensaries, HIV/AIDS prevention and Handicapped.

Education: Pre-schools, primary schools, Secondary Schools, Seminary and Vocational Training Centres.

Development: Women In Development/ Gender And Development (WID/GAD), Food Security and Nutrition Improvement, Organic Farming and water.

The AAIDRO's activities are as follows:

- Facilitating and coordinating education from pre school level to secondary school and vocational training centers.
- Providing curative community based health services and prevention of HIV/AIDS.
- Facilitate progress to minimize catastrophes and provide relief services.
- Empowering women to participate in development activities.
- Facilitating poverty alleviation through establishing and strengthening credit schemes.

- Improvement of agriculture and veterinary production.
- Working towards promotion of peace.

1.6 AAIDRO Credit Scheme

AAIDRO works in partnership with the Tanzania Economic Development Initiative (TEDI. The program credit scheme is targeted into four villages in Meru South, Arusha region. Villages earmarked are Majimoto, Karangai, Marurani and Nduruma. The credit scheme is implemented for three years, starting from 2004 to December 2006. The goal of the credit scheme for entrepreneurs is to improve the socio-economic situation of the women, youth and other income generating groups in the selected area. The credit schemes for entrepreneurs fulfil its objectives by focusing on the major areas of interest which are:

- creating awareness about the project among South Meru communities,
- carrying out Participatory Rural Appraisal (PRA) analysis to gather more data and relevant information from the women, youth and other income generating groups,
- assist the target groups to identify their training needs,
- building the capacities of the target groups on how to operate and maintaining their credit schemes facility,
- building the capacities of the target groups on how to operate and maintain their credit facility,
- network/ collaborate with the existing indigenous and other stake holders (beneficiaries),
- facilitate loan administration through frequent monitoring and evaluation (external and internal auditing),

The main project approach is to form groups and train them on business management and administrative skills, entrepreneurial skills, financial literacy, self-motivation, technical skills related to their specific business, simple accounting for ultimate group and individual sustainable development. The program projection is to have a repayment rate of 90%. To achieve this target, strategic approaches are important.

1.7 Assignment

Significant amount of income generating activities occurs in the informal sector. Poor people also have the capacity to improve their economic well-being provided that, the policy barriers on access to credits are removed and hence increased access to credit, business information, and support networks enhancing people's income generating abilities. From this background, and after consulting AAIDRO administration, it appeared necessary to develop a training manual that will provide instructions on techniques of setting up a new small business, and implement its credit scheme. In any micro enterprise development programs, training and technical assistance are greatly in demand. Such training is important as will provide the entrepreneurs and credit officers with business development and credit management skills.

In order to deliver new knowledge that enables poor people to improve their livelihoods, it is first necessary to understand the current nature of their livelihoods and the cause of their impoverishment. Currently, there is no any training manual

document that can support AAIDRO to implement its credit scheme strategies and hence this study. The program projection is to have a repayment rate of 90%. To achieve this target, strategic approaches are important.

1.7.1 Objectives

General objective

- To produce training manual that will be used to train AAIDRO's micro credit clients.

Specific objectives

- Establish if there is a need to train the clients
- Develop and outline the implementation strategies for clients
- Identify and help alleviate barriers that exist to starting a micro enterprise.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Theoretical Review

Many poor people are under-employed with low-wage, temporary, or seasonal work and want to patch income with self-employment to make ends meet. The poor rely on more than one source of income. Involvement in micro-enterprise self-employed activities is an important option for the low income, unemployed, disadvantaged society in rural and urban areas of Tanzania (Kaseva Gupta 1996; Lanjouw et al. 2001, Assefa and Matambalya 2002). In Tanzania about 75% of the household depend very much on micro enterprise and earn their living normally through this type of economic activity, though not comfortably (Omari, 1997). They generally have few assets and rarely qualify for traditional business loans. The main reasons why low income people seek self employment include their need for a job; secure an additional source of income, or creating a job for themselves and others in the community. Furthermore, low income persons in Tanzania seek micro enterprise development programs because they cannot obtain technical skills and assistance and loans/credit from mainstream bank organizations (Pinder, 2001). Self-employment also develops from the existing skills and people's love to the kind of work and business they want (Tinker, 1997). Working for oneself can also offer a more flexible work environment and hours, and accommodates individuals with health problems, that could not allow them to maintain employment in the mainstream work force. Therefore, any efforts aimed at promoting micro-enterprise self-employed activities are important option for the low income, unemployed, disadvantaged society, in rural and urban areas of Tanzania.

2.1.1 Historical perspective of micro-enterprise activities in Africa

It must be appreciated that whilst institutional finance for micro-entrepreneurs is fairly new, informal financing schemes have a long history in Africa. Several studies confirm that the most common source of enterprise start-up funds is usually from own savings which are supplemented by either gifts or informal flexible loans from friends and/or relatives (Webster and Fidler, 1996; Buckley, 1997). In addition, more institutionalized forms of financing, such as rotating savings and credit associations are observed widely throughout Africa (Balkenhol and Gueye, 1994; O'Reilly, 1996, Steel et al 1997). In Africa it is clear that rotating savings, group or family credit associations are popular among small entrepreneurs for they offer a 'self sufficient, voluntary-based organizational framework through which to save and borrow' (Buckley, 1997). The importance of rotating savings and credit associations is observed as particularly strong for supporting women's small enterprise initiatives (O'Reilly, 1996). Such historic records pave a way for successful re-introduction of credit schemes in Africa and Tanzania in this context.

2.1.2 Micro-enterprise programs as viable option for poverty alleviation in Tanzania

The microfinance industry has received much attention from the development community (practitioners, donors, policy makers, academics) for its ability to lend successfully to poor people, something development banks significantly failed to do during the 1960s and 70s (Gonzalez-Vega and Graham, 1995). Most of the people

think that microfinance holds much promise as a poverty alleviation strategy (Morduch, 1999). Many scholars have argued that microenterprise development can be an effective means of assisting the poor in developing countries (Bornstein, 1998; Johnson and Rogaly' 1997; Ziller and Sharma 2000). Despite of this fact, establishing a business in Tanzania especially in poor communities is constrained by many obstacles such as lack of access to capital from formal financial institutions, and hence impeding their development (Pinder, 2001). However, with recent emergence of micro enterprise development agencies in Tanzania, it is now acknowledged that, they have played a significant role in poverty alleviation (Maximambali et. al 1999; Mutesasira et al 1999; Pinder, 2001, Assefa and Matambalya 2002). According to one survey report on the impact of one small-scale micro enterprise program in northern Tanzania over the period of five years, it was found that clients who participated in the project improved their lives (Pinder, 2001). In another study by Assefa and Matambalya (2002) in Tanzania, they indicated that high levels of technical inefficiency in small micro-enterprises reduced their potential output levels significantly. They recommended that, assisting these firms to improve their technical efficiency through undertaking extensive infra-structural development and training could be important measures.

2.2 Empirical Review

2.2.1 Initiatives by donors, and NGOs to fight poverty in Tanzania.

Over the past few decades, a number of studies have been done as part of the process of identifying the poor in Tanzania, their livelihood patterns, their coping

mechanisms, as well as their perceptions of what should be done to deal with poverty in Tanzania (Bagachwa, 1994; Msambichaka et al., 1994; Kigoda and Mwisomba, 1995; Luisa and Goodhart, 1995; Kaseva and Gupta, 1996; Assefa and Matambalya, 2002; Randhawa and Gallardo, 2003). Several methods including participatory methods were used, in which important information on poverty in Tanzania were collected from all stakeholders. To-date donors, the NGO movement and other actors have used the results of such studies to intervene in poverty alleviation initiatives (Pinder, 2001; Maximambali et al., 1999). The majority of such interventions are in specific income generating activities, and the two groups, women (Bitende et al., 2001) and youth, have almost always been the targets. Wangwe (1996) compiled recent initiatives regarding specific projects, the beneficiaries, the source of funding, the executing agencies and specific remarks on operations. Many other initiatives are documented, including NGOs such as the Promotion of Rural Initiatives and Development Enterprises (PRIDE), the Tanzania Youth Development and Employment Foundation (TYDEF), Small Enterprise Development Agency (SEDA) and various specific Trust Funds such as Presidential Trust Fund for Self-Reliance, the National Enterprises Development Fund, the Women Development Fund and the Community Development Trust Fund. This list is not exhaustive, there are also community based organizations such as AAIDRO which has initiated similar programs in attempting to alleviate poverty in Tanzania. Bilateral donors active in poverty alleviation projects in Tanzania include Australia, Denmark, Sweden, Norway, Canada, the UK and the USA (Wangwe, 1996). It is clear from the above list that, there are several programs and initiatives that are targeted towards fighting against poverty in Tanzania.

2.2.2 Successful micro-enterprises empirical models in Tanzania

From the early 1990s, non formal; sector in a number of countries including Tanzania identified credit as a major constraint on poor people's ability to earn an income and became increasingly interested in the degree to which poverty-focussed credit programmes and credit cooperatives were actually being used by women. Many NGO's in Tanzania set up credit programmes as part of a multi-pronged strategy for an organization of informal sector workers (Temu and Hill, 1994). Since the 1990s, many organizations in Tanzania have included credit and savings, both as a way of increasing poor people's incomes and to bring them together to address wider poverty issues. The 1980s saw the emergence of poverty-targeted micro-finance institutions like SEDA, and PRIDE Tanzania and many others. Many of these programmes see themselves as empowerment-oriented. Here the main considerations of these organizations have been to address issue of poverty reduction among the poorest, increased well-being and community development (Temu and Hill, 1994). They have focused on small savings and loan provision for consumption and production, group formation, etc (Maximambali et al., 1999; Lanjouw et al 2001). These programmes have developed effective methodologies for poverty targeting and/or operating in remote areas, by increasing access to micro-finance and results in poverty alleviation and well being of the people. Evidence available so far suggests that there are high repayment rates in these organizations (Maximambali et al., 1999; Mutesasira et al., 1999; Pinder, 2001) and hence stimulating the initiation of other similar micro-finance organizations to alleviate poverty in other areas following similar empirical models.

2.2.3 Training on micro-enterprises and credit schemes as a model towards successful poverty alleviation

Research has shown that training is an important component in building an effective micro-enterprise program towards poverty alleviation (King, 1996; Honig, 1998; Silberschmidt, 2001; Tinker, 1997; Assefa and Matambalya, 2002). Proper knowledge on entrepreneurship and credit scheme management will provide good environment towards successful business and hence improving economic growth and well being of the poor. Training approach is important in delivering positive aspects and strengths of business knowledge to an individual, group or community. This model recognizes the ability of people to apply their individual talent, creativity, and hard work to improve their lives and work towards self-sufficiency with additional support by training on the basic credit scheme and business principles. Experience has shown that, this training model can work best at group level (Bhatt and Tang 1998; Maximambali et al., 1999; Mutesasira et al., 1999; Tinker, 1997; Assefa and Matambalya, 2002). Training will teach people principles of careful implementation of the micro enterprise programs through proper management of credits. This practice has demonstrated to improve human capital through an increase in income, assets, and hence providing foundation for economic gains (Pinder, 2001). Once the foundation of social and human capital is built through proper training, groups involved in micro enterprise also build economic capital by creating jobs and generating income, ultimately working towards community development in impoverished areas (Reardon, 2001; Tinker, 1997). Therefore, appropriate training document is a pre-requisite on establishing a micro enterprises project, and operating credit schemes.

2.3 Policy Review

In 1991 the Government initiated financial sector reforms in order to create an effective and efficient financial system. The lynchpin of those reforms was the Government's "commitment to allow banking institutions to operate on a commercial basis, making business and management decisions free from outside intervention within the norms of prudential supervision" (Financial Sector Reform: A Policy Statement). The policy articulates the vision and strategy for the development of a sustainable microfinance industry as an integral part of the financial sector, specifying the respective roles of the key stakeholders – the Government and its principal agencies in policy formulation and implementation, the different institutional providers of microfinance services, and the donor community (Randhawa, 2003). For the majority of Tanzanians, whose incomes are very low, access to financial services offers the possibility of managing scarce household and enterprise resources more efficiently, protection against risks, provision for the future, and taking advantage of investment opportunities, for economic returns. For households, financial services allow higher standards of living to be achieved with the same resource base, while for enterprises and farmers, financial services can facilitate the pursuit of income growth.

2.3.1 Policy prerequisites for successful micro-enterprise development

It is important to recognize that, appropriate policies are important while implementing SME programs in a way that will maximize its benefits in poverty alleviation. Therefore, it is necessary to have the right policy that will guide all

stakeholders towards achieving goals (Women's International Network News 1998; Okoli, 2003). Evidence suggests that, to enjoy the full benefits, the SMEs should be accompanied by sound policies (Harper, 1992) in areas such as credit and their procedures, saving, insurance, groups (personnel, governance), outreach programs and fight against corruption.

2.3.2 Credit policies and procedures

Experience has shown that, before initiating a SME business, it is important to have knowledge on policies that govern the credit scheme operations and the procedures to follow during implementation, management and administration of the credit activities (Harper, 1992; Hollis and Sweetman 1998). These policies will equip stakeholders with required knowledge about policies, which govern the implementation, management and administration of credit schemes. Such appropriate policies will allow for a more efficient and effective use of executing agency resources may facilitate enforcement of loan covenants by making the continued eligibility for assistance contingent on satisfactory compliance with loan covenants.

2.3.3 Savings policies

Before initiating any business measures must be taken to ensure that stakeholders are aware of savings policies. They should be equipped with the methodology on how savings would be conducted, recorded and maintained. It is important to ensure that members' savings are banked in the group account by the treasurer immediately after

receipt of such savings. Such policies have proved to help in solving the problems associated with risks in business (Maximambali et al 1999).

2.3.4 Financial insurance safety policy

Because of the central importance of SMEs to the functioning of the overall economy, the SMEs should establish some kind of safety net, designed to protect the overall system and promote consumer confidence. The safety net may consist of a deposit insurance scheme. Experience with other SMEs such as SEDA, PRIDE has shown great success through the use of such policies (Pinder, 2001). For example, experience has shown that, good insurance policy can help to solve the problems of risks and un-certainties that a poor household can face if something worse happens in their business (Zeller and Sharma 2000; Pinder, 2001).

2.3.5 Group policies

It is important to motivate people in SME to operate in small groups. This approach has proved to be very efficient (Bhatt and Tang, 1998; Maximambali et al., 1999; Mutesasira et al., 1999; Tinker, 1997; Assefa and Matambalya, 2002). Such group must be registered in accordance with the legal/government requirements. Groups must have a constitution that specifies objectives, activities, and leadership structure of the group. The group must have (at least) a chairperson, secretary, treasurer and must have a defined process of changing leaders and admitting members. Some microenterprises operating in Tanzania such as SEDA, PRIDE have adopted such group policies and they seem to have worked well (Pinder, 2001)

2.3.6 Policy on fight against corruption

Mismanagement of funds can obviously occur in groups formed in which few elites members of the groups or credit officers may use their dominant economic, social, and/or political position to appropriate for themselves the credit belonging to the group.

Any form of such corruption, will undermine the efforts to fight against poverty and results in the misuse of scarce resources (Bardhan, 1997). Training efforts may be one useful way of combating corruption. Experiences from other SMEs elsewhere shows that such policies have resulted into successful programs in poverty alleviation (Maximambali et al., 1999).

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 The Research Area

This research was conducted in four rural villages in Meru South. The earmarked villages were Majimoto, Karangai, Marurani and Nduruma. The area is a representative of highly poverty stricken areas due to high unemployment rates comprised of different ethnic groups and socio-economic conditions. These villages represent a reasonable coverage of rural areas covering agricultural, agro-pastoral and business communities. They cannot, however, be taken as representative at the district, region or country level. For this reason any relationships arising within this analysis should be taken as describing this particular sample. The estimated total population in the study area has a total of 10,316 (men 5,235 and women 5,081) inhabitants with an average annual growth rate of 2.8 per cent (Population and housing census, 2002). There are 317 households. The area has a bimodal rainfall pattern with an annual amount of rainfall ranging from 500-1000mm (Kaihura, 2002). The long rain season is from March to May and the short rain season from October to November.

The research area is characterized by a mixed-farming system, whereby farmers are involved in rain-fed agriculture, traditional furrow irrigation, livestock keeping and off-farm activities such as small micro-enterprise business. Among these activities, rain-fed agriculture is the most important, followed by irrigated agriculture, livestock keeping and off-farm activities. Major cropping systems are maize-bean intercrop, tomatoes, onions, cabbage and other vegetables. Different types of land tenure

systems exist in the study area. They include inheritance, purchase, borrowing, rent and public land. A majority of households own land under the inheritance system whereby the land belongs to a certain family and is passed from one generation to another by the head of the household.

3.2 Survey Methodology

Data collection was carried out in three main stages and involved both formal and informal survey methods (Chambers, 1992; Upton and Dixon, 1994). The first stage involved discussions with key informants from each village with the aim of obtaining information and views about micro-enterprise activities in the study area. The second stage consisted of a formal household survey using pre-designed survey forms. This survey was held to collect specific and quantitative information from the representative household members. The third stage was targeted to AAIDRO staff and was aimed at obtaining information on their level of understanding of the micro-enterprise related activities. Secondary data from various reports from AAIDRO and other micro-enterprises operating in Tanzania were also used as additional sources of information. The type of data collected at all three stages concerned: (i) household characteristics; (ii) farming system variables; (iii) farm household resource availability and resource use; (iv) any involvement in micro-enterprise related activities and (v) micro-enterprise training.

3.3 Sampling Procedure

For the household survey two-stage cluster sampling was applied: first villages were selected and subsequently farm households were selected within these villages. This

stratification by villages was undertaken, since it seemed likely that households in these locations would be affected in a different way by micro-enterprise activities, with its on-site and off-site effects.

The sampling frame at the second stage consisted of lists of heads of households obtained from the leaders of the villages. A sample of 30 people was picked, that was representative of the people living in each village.

3.4 Farm Household types and their Activities

Farm household types were distinguished on the basis of household characteristics, such as age, sex, education, marital status and family composition and also on the basis of resource availability, such as farm size, possession of livestock, income, and involvement in off-farm activities.

3.5 Knowledge on Micro-enterprise Activities

Households that had participated in any micro-enterprise programs were identified. They were further classified as having received any training on micro-enterprise or not.

3.6 Data Analysis

Data were analyzed in order to answer the following research questions: (i) what are the types of household that reside in study area? (ii) What were their major activities (both farming and commercial) (iii) Any previous participation in micro-enterprise activities? (iv) Any previous training on micro-enterprise activities (v) Other micro-

enterprise programmes operating in the study area? (vi) Any hindrance to their daily activities especially their business.

Collected information will form a foundation for preparing the training manual. The SPSS statistical package has been used to analyze data collected from the formal interviews. For ease of understanding and interpreting the information from the survey by AAIDRO staff and other stake-holders, quantitative means (percentage) was used to compare the collected information.

Through this work, the operational procedures manual including project-specific training components will be developed in close consultation to the experience from other NGOs with similar mission in Tanzania and from the literature. A final version of the manual will be approved and acknowledged by AAIDRO and finally submitted to OUT for examination.

CHAPTER FOUR

4.0 FINDINGS AND RECOMMENDATION

4.1 Findings

4.1.1 Location of the study area

The study area is approximately 10-20 kilometres from Arusha municipality. The geographical location of the four villages, may have both positive and negative effects on initiating any micro-enterprise project. An explanation for this observation is that, places such as Nduruma that are very close to Arusha municipality where market for their business will be available, will have no difficulties in travelling and transporting their products to Arusha. But other villages are quite far from the main road and the city centre.

4.1.2 Household characteristics

The type of households that reside in the study area are indicated in Table I. Based on household characteristics, farm-household categories can be distinguished in several ways, as shown in this section.

4.1.2.1 Male-headed household

Results indicate that 80 per cent of the heads of households are men (Table 2). This group includes both married and unmarried couples. Although it is important to consider these influential groups, care needs to be taken during planning of any micro-enterprise activities so that other groups are not marginalized.

4.1.2.2 Female-headed household

Survey results indicate that 20 per cent of the household heads are women (Table 2). These women heading the household are either widowed or divorced. This may have positive effects on the success to introducing micro-enterprise activities because females are the target cohort in the micro-enterprise projects in Tanzania and also women are more involved in petty business activities than men as in other parts of developing world (Rogaly, 1996). At present, women also have limited access to land and other resources. This suggests that if women were to be given an additional access to resources through credits and to information on micro-enterprise, they would make a better contribution to household economy like men.

Table 1. Household characteristics (n=30)

Indicator	
Average household size	2-12
Percentage of household with advanced age	23
Percentage of household with middle age	77
Mean percentage of dependants	2.7
Average of people capable of working in the family	1.3
Percentage of female-headed households	20
Percentage of male-headed households	80
Range of household size	2-12
Age range (years)	22-72

Source: Survey data 2004

The survey also revealed that the household size was between 2 and 12 with a mean of 2.7 members.

4.1.3 Age groups

The mean age of household heads was 30.17. The respondents' age varied from 22 to 72 years (Table 1). Seventy seven percent of the respondents were aged between 22 and 50 years. This is the active generation that can be involved in micro-enterprise business activities. With proper planning, possibilities of success are greater. Survey results also showed that 23 percent have a higher proportion of respondents aged over 50 years. This may imply a lower capability in participating in the anticipated micro-enterprise business activities in the village. Also, old people of this age tend to be conservative, sticking to their traditional way of doing things (Bull and Winter, 1991), and might not like to take new business innovations.

4.1.4 Education-level groups

Four education-level groups were distinguished in the study area. Illiterate group (not attended any formal school), primary education (4-7 years in school), ordinary secondary (8–12 years in school) and adult education. The household head's formal education level ranged from 0 to 12 years. About 72 per cent of the households have primary-school education. Only 10 per cent have secondary-school education, and 4 per cent is without any formal education. Although the sample collected in this study is small, the research shows that 82 per cent of households with combined primary and secondary-school education have some good business skills as compared to only 4 per cent of households with no formal education (Table 2). This is because

educated households have a better understanding of business related skills and have more access to information related to business. These results are also supported by King, and Abuodha,1995; World Bank, 1995b; King, 1996 and Moock and Addou, 1996 who also observed a positive influence of education on micro-enterprise activities. Households from Nduruma have relatively many households without formal education as compared to the rest. Educated households are expected to understand and implement the micro-enterprise programs easily as compared to those who are not educated. Classification of households into homogeneous groups is an important component of micro-enterprise research programs.

Table 2. Household education level (n=30)

Indicator	
Percentage of men with any education	80
Percentage of women with any education	20
Percentage without any education	4
Percentage with primary school education	72
Percentage with form four qualification	10
Percentage with form six qualification	-
Percentage with technical training	-
Percentage with university education	-
Percentage with adult education	14
Any other education	-

Source: Survey data 2004

It helps to investigate questions such as why certain categories of households are wealthier; why some categories of households are more successful at operating

business and what constraints each household category faces in terms of micro-enterprise development. Understanding these questions allows for solutions to be identified, which could help the poorer and/or the less technically able households.

4.1.5 Farming systems and resource use

4.1.5.1 Agricultural activities

Across household group, farm sizes varied between 0.5 and 30 acres (3.24 acres the average size). About 72 per cent of the households own between 0.5-5 acres, whereas 10 per cent owns between 6-10 acres and 17 per cent have areas > 10 acres. Most of the income in the study area has traditionally been generated from sale of food crops such as maize and beans. But due to poor market prices for these crops, farmers are diversifying by moving to out of farm activities to meet their family food and income requirement. 100 per cent of the households in the study area fall in this group (Table 3). The group grows maize and beans as its main cash and food crops. From this background, potential exists for stimulating people to initiate micro-enterprise business activities using resources from their farms. Proper planning is required to ensure that availability of markets and good prices are available. Maize and bean under rain-fed agriculture were identified as main food and cash crops.

Due to availability of these two resources, these factors may encourage farmers in investing in these crops and finally establish small business on maize and bean. It is interesting to acknowledge that, during the dry season some of the respondents grow horticultural crops (tomato, cabbage, carrots, etc.) where they are irrigated by traditional methods.

Table 3: Agricultural activities (n=30)

Indicator	
Percentage of adults whose primary activity is agriculture	100
Percentage growing maize	93
Percentage growing beans	93
Percentage growing other crops including vegetables	48
Mean area of land owned by rural households (acres)	3.24

Source: Survey data 2004

The key informants reported that, some people are capable of growing horticultural crops up to two times per year. These crops have always a reliable markets and good prices such that the return to labour is higher. This may have positive effects on introducing micro-enterprise business activities using horticultural crops from these villages like tomato, onions, cabbage, carrots etc.

4.1.5.2 Livestock keepers

It observed that all households in the study area are also involved in livestock keeping. Important types of livestock are cattle, goats, sheep and chicken (Table 4). The main purposes for keeping livestock are meat, milk, eggs, manure and cash income.

Farmers who live in Majimoto, Karangai and Marurani are more involved in livestock keeping than the others. This is due to their proximity to the grazing area near the lowlands. The average number of cattle, goats sheep and chicken per household varies from 2.4; 2.9; 1.1 and 3.9 respectively. This group can be

stimulated to participate in micro-enterprise business activities by initiating projects that will involve selling of animal products such as meat, milk, eggs and hides and skins.

Table 4: Livestock activities (n=30)

Indicator	
Percentage of adults whose primary activity is livestock	100
Percentage keeping Cattle	82
Percentage keeping goats	96
Percentage keeping sheep	71
Percentage Keeping Chicken/Ducks	85
Percentage keeping donkeys	22
Percentage keeping other animals	26

Source: Survey data 2004

4.1.6 Households with business activities

About 96 per cent of respondents are involved in business activities that include selling: grains, vegetable, used clothes, used shoes, mini-shops, mini-restaurants, etc.(Table 4). Other business projects are related to technical jobs such as carpentry, tailoring, and shoe making etc. For women, 20 per cent of households are involved in business activities. This indicates that females have relatively less economic options and hence their involvement in business activities may have a positive effect on their livelihood as this can be a good source of income. Key informants revealed that, respondents who live in Nduruma village are more involved in off-farm activities

than those from Majimoto, Karangai, and Marurani. Possible reasons are their proximity to the road, ensuring easy transport and market access to Arusha town.

The proportion of respondents for each business activity and the extent of participation are indicated in Table 5. Important business activities in order of their importance are: Selling goods other than agricultural products 32 per cent; activities dealing with sales of livestock products 16 per cent; selling cereals and other crops 13 per cent and business involving both crops and livestock 10 per cent. These results indicate that the micro-enterprise activities in the study area are multi-purpose in nature and were initiated to cater for different objectives.

Some people in this study (72 per cent) reported that at certain points they have been organized into small groups, through which they share experience in operating different business activities. The success of micro enterprise development in the developing world is known to rest mostly on the innovative use of joint-liability groups to make loans to people without traditional collateral (Morduch, 1999). By operating in groups, each group member will be liable for the debts of others. If one will not pay, the others must pay or else will lose access to future loans. The experience of operating informal group in the study area is an indication that, group formation for small business activities will not be a difficult task to promote. Majority (39 per cent) send their products in known market centres, whereas, 33 per cent and 10 per cent operate from sides of the road and their household respectively.

Table 5. Business activities (n=30)

Indicator	
Percentage belonging to business groups	72
Percentage of men doing business	80
Percentage of women doing business	20
Percentage operating market	39
Percentage operating from their households	10
Percentage operating from sides of the road	33
Percentage selling cereals and other crops	13
Percentage selling livestock products	16
Percentage selling other goods	32
Source of capital:	
from own saving	56
Loan from relative(s)	15
Capital given as gift	4
Loan from development agency	25

Source: Survey data 2004

The major source of capital to operate their business was from own saving (56%); loan from development agency (25%); capital given from relative(s) (15%) and capital given as gifts (4%) (Table 5). A training approach on micro-enterprise will provide more opportunities for making use of credit facility and hence achieving objectives related to poverty alleviation

4.1.7 Micro-enterprise training

The majority of households are aware about the existence of micro-enterprise programs such as SEDA, PRIDE and AAIDRO. Survey results (Table 6) shows that, 46 percent of interviewed people have not been exposed to any formal or informal training on micro-enterprise business programs. The research results also indicate that AAIDRO programs are already known in the study area, and people are ready to work in groups. 100% of respondents revealed that they are very willing to receive any formal training on micro-enterprise provided they do not exceed one week.

Table 6: Micro-enterprise training and other activities (n=30)

Indicator	
Percentage that received microenterprise training	54
Training from microenterprise agency	77
Training from other sources	-
Percentage operating business in groups	72
Percentage that received microenterprise training through seminars	61
Percentage that received microenterprise training through classroom	
Percentage that received microenterprise training through leaflets	13
Percentage that received microenterprise training through audio-visual	3

Source: Survey data 2004

Training will create a greater awareness among people on micro-enterprise activities and enhance their capacity to deal with business and repay loans. Training may also

help to screen potential borrowers. People who will attend training are more likely to be able to repay their loans (Schreiner, 2003).

These results suggest that in order for the micro-enterprise programmes to succeed in the study area, there is a need for collective action and support that will specifically target on the training component. The new knowledge on micro-enterprise would provide the platform from which to develop and enable poor people to adopt a range of livelihood enhancing options through the use of credit schemes. Microenterprise classes may have greater impacts on self esteem more than on skills or income (Rahem and Alter, 1998; Spalter-Roth; Soto, and Zandniapour, 1994).

4.1.8 AAIDRO staff

The number of credit officers interviewed was very small (n=3). Their ages were 30, 45 and 49 respectively. One respondent was female and she was married. The other two were male and also married. The female staff had an advanced secondary education certificate. She also had a first degree. Currently she is undertaking postgraduate studies at university of Dar es Salaam. Other training course she has attended is Gender Budget Initiative at Tanzania Gender Network project in Dar es Salaam. Concerning the knowledge on micro credit schemes, she reported to have not attended any, but at least she has little knowledge on record keeping, project/business feasibility and profitability. She has never facilitated any micro credit training.

Result from the first male staff respondent from AAIDRO showed that, had an advanced secondary education certificate. He also had a first professional degree in education. Other training he has attended included opportunity and obstacles to development, fund rising and micro entrepreneurship, rural and regional project planning, monitoring, evaluation and logical framework analysis. He also has some little knowledge on micro credit scheme. In addition, had some knowledge on share holding, entrepreneurship, business planning, book-keeping and marketing strategies. The second male respondent has an ordinary level secondary school education (form four) with professional qualification in education at diploma level. Other training courses he has attended are proposal writing and gender mainstreaming. He revealed to have not attended any course on micro credit scheme and has never been a facilitator.

Two of the respondents reported that they trained clients through participatory group approaches using seminars with support from posters.

All staff members interviewed in this study also reported that, the main problem facing the organization was bad repayment rate from the clients, and general lack of updated knowledge on micro credit programs.

The consensus emerging from this study seems to be that, at least two-third of all AAIDRO credit officers (COs) to-date have not pursued any courses on micro enterprise and obtained qualifications from full-time or short-time studies. In this study, among the various attributes examined, small enterprise managerial skills were

generally lacking. These skills seem important to AAIDRO credit officers as will improve their performance relatively to their daily activities and their contribution to the organization. These results have implications regarding the expected output and the training support to be given to credit officers operating in the AAIDRO organization. Given that, lack of small business managerial skills is one of the main barriers to the AAIDRO staff, the organization needs to provide the COs with appropriate business management training tools that will promote small business in the study area. Better-educated credit officers are known to make greater use of information (Banfield *et al* 1996; Weber and Tiemeyer 1981), advice and training clients to participate more in credit schemes projects and to be more proactive in adjusting to change and planning for the future of the business.

The shortage of qualified practitioners in this organization is well documented in this survey. More importantly, training of practitioners to meet the needs of this evolving micro enterprise business in the study area and the organization may be appropriate strategy.

4.2 Recommendation

Results from the training need assessment strongly support the need to develop training manual that will facilitate training of clients in the study area and other parts of the country. The training manual have to be developed to the level that will be suitable to the targeted clients and relevant to the users, the AAIDRO staffs.

CHAPTER FIVE

5.0 IMPLEMENTATION OF RECOMMENDATIONS

5.1 Training manual for AAIDRO's clients

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LESSON 1: KNOWING ME KNOWING YOU

BACKGROUND: The aim of this lesson is to make each participant and facilitator know one another. To get rid of tension amongst participants and participants and the facilitators who are strangers to them.

Additionally, this introduction helps facilitators reduce tension since some of them are new and it is their first time to facilitate learning among the adult learners.

When tension is not in the learning environment, it allows for the sharing of education, skills and experience among participants and also with their facilitators.

The facilitator is allowed to add some points after getting exhaustive contribution from the participants.

OBJECTIVE: To facilitate the process of introduction, making participants know each other, and their facilitator.

FACILITATION METHODS: Pre written guiding questions pre written on the flip chart (Refer Step Three [3] of this session) and Double face code.

MATERIAL: Flit chart with the questions on how participants should introduce one-self to other participants.

DURATION: 15 Minutes

STEP 1: Energizer

- Put a double code board or flip chart board for every participant to see.
- Ask each participant to by going around one by one. What do you see on the board?
- List answers on the black board or flip chart. Upon the completion of the round
- Ask with all the answers that are wrong? Then ask who is right?

CONCLUSION: That no body is wrong, ask them what is it so? The reason is due to the following

- Age
- Experience
- Educational background
- Culture differences and the like.

Therefore, this training on business skills, no participant is going to give a wrong answer to any question. All answers will be right as per age, experience, education background and cultural difference. Tell each participant to contribute as much as possible during class sessions.

STEP 2

Put pre written question on the board in front of participants. Let very participant introduce one self according to the guiding questions start introducing you first using the introduction format.

STEP 3: Facilitator introduce you first show participant how they should introduce themselves. Introduction should be as follows

- My name is
- I have been into this business for the past months or years
- During this training I am expecting

STEP 4: Now ask each participant to introduce oneself using the format you have used to introduce yourself.

STEP 5: List down each participant expectation on the board of flip board. In case of any repetition put (✓) instead of re writing the same expectation.

LESSON 2: BUSINESS ENVIRONMENT

OBJECTIVE: At the end of the session participants should be able to make a difference between them and their business, their businesses with their families, their relatives with their businesses.

Participants should be able to identify business environment surrounding their businesses and how some of these environment can affect or to make their businesses succeed.

FACILITATION METHODS: Group learning through questions. Using picture association.

MATERIALS: Picture (Business environment that surrounds businesses).

DURATION 40 minutes.

STEP 1: Put a picture on the board and then, Ask participants what do they see from the board? (record their answers on the board).

STEP 2: Ask

- (a) What have you learnt from the picture?
- (b) Does this type of situation happen to your businesses?
- (c) Which one is good scenario for business?
- (d) What need to be done to your business and what you can do for your family and relatives?

List answers on the board.

STEP 3: Ask participants “What type of services are essential for the business to succeed?”

List answers on the board.

FACILITATORS NOTES

Business and the entrepreneur

Business is an activity, which is done by an entrepreneur in order to raise revenue and give him profit in addition. An entrepreneur is a person who is engaged in doing business transactions as a means of living and sustains his business.

The relationship between an entrepreneur and the business

Just imagine, if the business is a living creature (Human being) and if you ask the business “‘who provides security, maintenance, and service to you?’” The answer is obvious, is an entrepreneur. This shows a reflection that the business has a relationship with the owner (entrepreneur). A business does not have any direct relationship with the family, friend or any other relative.

An entrepreneur is responsible for his or her business, like what the livestock keep does to his or her livestock or like a farmer, how he or she kept on nurturing her crops till the time for harvesting comes. No farmer can harvest crops when they are not ripe. If a livestock keeper fails to give food and concentrates to his animals, he is going to loose his animals or get poor quality products. Therefore an entrepreneur have to make sure that he or she controls expenditures which are not directly related with the business, failure to do so he is going to kill the business.

An entrepreneur and the family

An entrepreneur is located between his family and the business, in between his friend/relatives and the business. The habit of dishing out money in order to take care of his family without adding more stocks and not to eat capital he is going to kill the business.

The business and business support institutions

The business gets support from various support institutions some are governmental and some are non governmental. Example of such institution includes: product suppliers, your business customer, Bankers and government departments

In order to make sure that this relationship is maintained, an entrepreneur has to maintain good public relations with the above and other related institutions. In addition, an entrepreneur should be trustworthy and should always meet the deadlines and promises.

LESSON 3: STARTING-UP A BUSINESS

BACKGROUND: Most people living in rural and urban areas such as women and youth groups have some experience in business, although they might not recognize it as such. Any income-generating activities require many of the same skills as the larger projects that we think of as businesses. One of the main aims of the training is to build upon existing groups informal experience and skills and help them to translate these skills into good business practice.

OBJECTIVES: The objective of this lesson is to introduce some basic factors that must be considered when starting a business. At the end of the lesson participants should be able to generate new business idea and hence change from the traditional and copy cat businesses.

FACILITATION METHODS: Questions, discussions, exercise to screen and generate new business idea, brainstorming.

MATERIAL: Flip charts, flip board, marker pens of different colours, tape, start-up framework chart

DURATION: 2 hours

STEP 1: Ask participants to close their eyes and imagine that they are free to do whatever business activity they choose. Each person should imagine that she/he must pursue a business activity to earn income. If each woman/man had her/his choice, which business would she/he choose? List the responses.

STEP 2: Review the list with participants. Ask 4 or 5 participants the following questions:

- Why did you choose that particular business?
- What would you need to start the business?
- Is there anything else you would need to do or know first?
- Are there anything else you would need to do or know first?
- Are there any that you would not or could not do? Why not?

On large paper (flip chart) write any important points that are made, i.e. those which will fit in the start-up frame work (step 3).

STEP 3: Present the start-up framework to the participants. Explain that this framework is like a chair with 4 legs. If one leg is missing, then the chair will not stand properly. If two are missing then it will fall over right away. Give each leg a name as indicated by the framework.

STEP 4: Select 2-3 participants to apply the start-up framework to the business they chose during the imagination exercise (STEP 1).

STEP 5: Ask participants to think about the businesses they know. Does anyone know of a group that started a business without such a plan? What happened? Did they have problems?

CONCLUSION: What have you learned from this lesson?

How will this lesson help you with your own business activity or that of your group?

What will you do differently?

LESSON 4: PROFIT AND LOSS

BACKGROUND: The goal of a business is to make a profit. However, in rural households, economic decisions are sometimes influenced by social obligations. The same thing can be true for group businesses – where members distribute some goods and services without payment in order to meet obligations to family and community. In addition, group members may be tempted by the short-term gains they can make for their own families from the business. Both cases will reduce the profits of the group business.

OBJECTIVES: To introduced the concepts of profit and loss, and illustrate the good and bad practices that may lead to one or the other.

MATERIAL: Flip charts, flip board, pens, tape, a set of profit and loss exercises for each participant

DURATION: 2 hours

STEP 1: Open the session by asking participants the following questions:

- Why does anyone operate a business?
- What is profit?
- Can you give an example of making a profit?
- How do you make a profit?

STEP 2: Ask participants to decide whether the following statement is true or false:

“A business person has to spend money to make money”

Ask a volunteer to explain why she/he chose her/his answer

STEP 3: Choose a sample business that is familiar to participants (i.e. Selling grain cereals, poultry raising, a vegetable kiosk, or one of the business mentioned during the imagination exercise from LESSON 3). Brainstorm with participants the expenses for that business. List their responses.

STEP 4: Using the same business example, ask participants:

- What is the source of income for this business?
- Is this income the same as profit?
- What is the difference between income and profit?
- How can we know our profit?

STEP 5: Present the following formula and ask participants to explain it:

$$\text{Income} - \text{Expenses} = \text{Profit}$$

STEP 6: Divided participants into small groups of 2 or 3. Give each group the profit and loss exercises to solve. Review answers with the whole group.

(Note to trainer: If participants are mostly non-literate, present these exercises verbally. They may need to be simplified or you may want to provide each group with “pretend” money to help them figure the answers).

STEP 7: Explain that sometimes business owners act in ways that can reduce or increase their profit without realizing it. Ask participants to consider each of the following situations and decide whether the person is increasing profit or loss.

SITUATION 1

A kiosk owner sells cold drinks, but he also gives them free to his relatives, neighbors, and friends. Whenever his father visits the kiosk he gives him a few shillings from his sales money.

SITUATION 2

Ask participants to think about a privately-owned bus service and ask them to tell you whether or not the following actions will bring a profit or loss to the business:

- The driver lets his family ride for free.
- The bus is rented to carry a corpse to the mortuary.
- Police are paid a bribe by the driver.
- The village chairman pays for himself but not for the goods he carries.
- Tourists hire the bus to go on a safari.
- The driver siphons petrol from the tank and takes it home with him.
- The conductor buys a newspaper every morning with fare money.
- The bus breaks down and is mended for free by the owner's brother-in-law.

SITUATION 3

While baking bread for their group, some members deliberately drop the loaves on the ground so that they can buy the soiled loaves cheaply. Other members pretend that they have baked fewer loaves than they actually have, so that they can take some home with them.

SITUATION 4

Group members were given money to buy some goats. When they return, they report that they bought the goats at a high price and that the goats were lost on the way back. They actually hid them.

CONCLUSION: Conclude with the following questions:

- Do you know any business owners or groups who do similar things?
- How do you increase your business profits?
- How will you know if your business is making a profit or a loss?
- What have you learned from this exercise?
- Does it apply to your work?

LESSON 5: CASH CONTROL

BACKGROUND: The careful control of business money is important for several reasons. It helps check un-authorized (or unwise) withdrawals of money from the business. It saves groups from the accusations and conflict which inevitably follow from poor business performance or suspicion of incorrect use of money. Cash control also guarantees a record of business performance that will help the group members make good business decisions. As such, cash control is an essential tool in increasing business profits and guarding against unnecessary losses.

OBJECTIVES: Is to improve the efficiency of participants in the management of cash.

MATERIAL: Flip charts flip board, pens, tape, 2 case stories, handout of cash control tips for participants

DURATION: 2 hours

STEP 1: Begin by brainstorming using the following questions:

- How is the cash managed in your group?
- At home do you manage money in the same way?
- Who should control group money?
- What problems might arise over money?
- List all the main points raised

STEP 2: Ask for 10 volunteers to act out a case story. Take them aside and help them decide how to present the first story.

STEP 3: Lead a short discussion focusing on the following questions:

- What did you see in this role play?
- Is this the right way to control money?
- Will it lead to profit or loss?
- Can you suggest any changes?

STEP 4: Repeat steps 2 and 3 using the second case story

STEP 5: Go through the handout of cash control tips with participants. Check which of these tips participants' groups already follow.

CONCLUSION: Does your group resemble the group in the first story or the second story?

Why is controlling cash important?

Who will control cash affect the business?

Has this lesson suggested any changes you can introduce in your business?

LESSON 6: STRENGTH, WEAKNESS, OPPORTUNITY, THREAT (SWOT) ANALYSIS

BACKGROUND: When analysing business performance, group members naturally focus upon factors internal to the business. Some examples of internal strengths and weaknesses have already been given in LESSON 2 and 3. It is also important, however, to consider the external environment of a business. Understanding external opportunities and threats, and acting upon them can increase profits and reduce losses.

OBJECTIVES: To provide a simple and effective means to understand overall business performance and improve it.

MATERIALS: Flip charts, flip board, pens, large SWOT chart, enough charts for small groups, list of examples for SWOT analysis (see Step 1)

DURATION: 2 hours

STEP 1: Ask participants to imagine a group that makes baskets and sells them from a rented kiosk by the beach. Present the following list to participants on flipchart. Ask which of the following is good, and which is bad for this business?

(Note to trainer: the letter in parentheses indicates the correct SWOT category for each item and is for your reference when you get to Step 3. If you put these examples on large paper for display, do not include this letter)

- The sales boy sells baskets to his friends at half price (W)
- A new tourist hotel is being built near the kiosk (O)
- The secretary records sales every day in the group's cash book (S)
- Three other groups in the area have started handcraft businesses (T)
- Some group members are careless in making their baskets which are poor in quality (W)
- The sales boy always smiles and is friendly to customers (S)
- Next door to the group's kiosk there is a shop which sells clothes and a variety of handcrafts as well as attractively decorated baskets (T)
- The group has fallen behind in paying rent for its kiosk (W)
- The chairperson has visited handcraft shops in town and secured a number of orders for baskets (S)
- A non-government organization in the area has a program of business training and loans for all groups (O)
- A businessman wants to build a restaurant on the site of the group's kiosk (T)

STEP 2: Go through the list again and ask participants which of these situations is part of the business and the way it is run (internal) and which belongs to the outside

environment of the business (external). On a flipchart, group their answers on two lists, one marked “external” and the other “internal”.

STEP 3: Explain to participants that you are going to show them a method that they can use to analyse and think about group businesses in their totality. Present the SWOT chart and explain the categories using the examples just discussed. Look at the items on the “internal” list again and decide which are strengths and which are weaknesses.

Discuss which items on the “external” list are opportunities and which are threats

STEP 4: Present a story in picture. The picture should show a business and its environment which participants can identify and be able to analyze. Together analyze the business in the picture and fill in the SWOT chart, starting with ‘strengths’ and ending with ‘threats’.

STEP 5: For each strength, weakness, opportunity and threat listed in STEP 4, ask participants to think about the steps the members operating that business could take.

- Does the list of weaknesses suggest any changes that could be made?
- How can the group build on its strengths?
- What can the group do to take advantage of the new opportunities?
- How can the group protect itself from the threats?

STEP 6: Divide participants into small groups and ask them to analyze one of their businesses using the SWOT chart.

STEP 7: After 30 minutes ask each group in turn to present its SWOT analysis to the other participants. Allow for discussion

CONCLUSION: What have you learned from this lesson?

How can use the SWOT analysis to help you increase profits?

SWOT ANALYSIS CHART

(INTERNAL)		(EXTERNAL)	
STRENGTH	WEAKNESS	OPPORTUN ITY	THREAT

LESSON 7: MARKETING (PRODUCT, PLACE, PEOPLE, PRICE, PROMOTION AND THE PLAN)

BACKGROUND: The art of marketing is determining how to satisfy people's needs at a profit. Household enterprises are generally production oriented: household members work and produce primarily to survive, and not to satisfy the needs of any customers but themselves. Group businesses often operate in a similar way; groups tend to produce or sell what they can without giving much thought to customers' needs. The following LESSON will introduce participants to the different aspects of marketing.

OBJECTIVES: Enable participants understand the importance and potential of marketing and learn how to work with the 6 "P": product, place, people, price, promotion, and the plan for their business

MATERIAL: Flip charts, flip board, pens, case stories, chart of the 6 "P"

DURATION: 2 hours

STEP 1: Put up the list of the businesses chosen during the imagination exercise of LESSON 3. Ask participants the following questions about their imagined businesses:

- Do you have a market for your product?
- What are your customers?

- How will you set the price of your product?
- Did you think about these things before you chose this business?

STEP 2: Give the story containing answers to the questions below and then ask the following questions:

- What is my product?
- Where will I sell it?
- Who will I sell it to?
- How will I set the price for my product?
- How will I attract customers?
- How did I play my work? Where did I get my idea for selling this product?

STEP 3: Give the second story and follow up with the same questions

STEP 4: Discuss which business is preferable. List on flip chart the advantages and disadvantages of each business

STEP 5: Present the 6 “Ps” chart and explain each of the “Ps” in turn. Go over each story one at a time and identify each of the “Ps” in the story

STEP 6: Now compare each “P” in the two stories. The following questions can serve as discussion guides

- What is the difference between the two products?
- Which of these products will be more popular?

- How will each location affect the business?
- How will each salesperson affect the business?
- How has each owner determined the price of her product? How will the prices affect the business?
- How will each person promote their business? Which will have greater impact? Why?
- Each of these business owners has a plan for her business. How did each develop her plan?

STEP 7: Divide the participants into groups and ask them to analyse a group business that they know using the 6 “Ps”

STEP 8: Ask each group to present their results

CONCLUSION: What did you learn from this lesson?

Which of the “Ps” are you already familiar with?

Are there some that you haven’t really thought about before?

How could you use this lesson to help your own group increase its income and profits?

LESSON 8: FEASIBILITY ANALYSIS

BACKGROUND: Feasibility analysis is often presented as an intricate exercise requiring technical skills which only experts often. In the case of any group businesses this approach can cause more problems that it solves. For example, it may not take into account group's own knowledge of local conditions and practices. If carried out by an outside specialist, the feasibility analysis might not be understood or accepted by the participants. Many aspects of feasibility analysis have already been covered in preceding LESSONs, especially LESSON 3, 6 and 7.

OBJECTIVES: This LESSON will provide participants with an opportunity to review and build upon what they have learned so far.

MATERIALS: Flip charts, flip board, pens, tape, case story, Start-up Framework Chart, SWOT chart, and 6 "Ps" charts.

DURATION: 2 hours

STEP 1: Open the session by reminding participants of the four legs of the chair and the business start-up framework used in LESSON 3. Ask them the following questions:

- Why does anyone start a business in the first place? To help the family? The community?
- How can a business help the family? How can it help the community?

- What did each leg of the chair represent?
- What do you need to start a business?

STEP 2: Divide participants into small groups and give each group a copy of the case story to read and discuss. What are the choices facing the group? How would you help the members make their choice?

STEP 3: Ask for 10 volunteers to act out the case story. Act out the play

STEP 4: After the role play, take a vote on which business the participants would choose.

STEP 5: Display the SWOT chart and use it to analyze the group's dilemma together with the participants. Go through each business idea in turn, filling in the categories in the chart.

STEP 6: Vote again on which business they would choose. Then divide the participants into small groups on the basis of their vote. Ask each group to prepare a plan for the business they have chosen using the 6 "P".

How will they ensure that it makes a profit?

STEP 7: Have each group present its plan. Allow time for discussion and comparison

CONCLUSION: Think again about the businesses you imagined in LESSON 3.

Would any of you choose a different business now? Why?

Would any of you plan your business in a different way?

How?

LESSON 9: INTRODUCTION TO BOOKKEEPING

BACKGROUND: This LESSON will reinforce idea already introduced in LESSON 4 and 5: the profit equation and the importance of cash control. The lesson does not cover actual bookkeeping skills which can be taught on generally accepted lines and should be directed at the book-keepers themselves and not all members of a group. For such group businesses a simple single entry system is recommended, with careful emphasis on the need to reconcile the bookkeeping record with the bank account on a monthly basis.

OBJECTIVES: Enable trainees to understand the basic need for bookkeeping, including the importance of keeping track of bank transactions and balances.

MATERIAL: Flip charts, flip board, manila paper, pens, tape, 2 large size bookkeeping sheets (income and expenses)

TIME: 2 hours

STEP 1: Begin by asking the following questions:

- What do you think bookkeeping is?
- Why does a business need bookkeeping?
- What happens to a business without books?
- Who should keep a group's books?

STEP 2: Guide your participants to identify the main reasons for bookkeeping. 1) to provide basic financial information, 2) to ensure financial control, 3) to assist in the management of the business, and 4) to help increase profits and reduce losses.

STEP 3: Ask participants if they know what a simple bookkeeping record looks like? What should it show? Present 2 sample bookkeeping sheets on manila sheet, one for income and one for expenses. Ask participants to give examples of a shop business income and expenses and fill in the sample sheets as they do so.

At the end of the month how would group members know whether they had made a profit or loss? Refer back to the profit equation:

Income – expenses = profit (or loss?)

STEP 4: Return to the sample bookkeeping, sheets used in Step 3. Tell the participants that the treasurer now wants to make a deposit in the group bank account (pick a figure for the deposit that is realistic based on the sample figures already on the sheets).

- When money is deposited in the bank should it be recorded in the cash book?

Where? (answer: on the expenses side)

- Why does it go on this side? (answer: because cash is being removed from the business to be deposited in the bank).

- Where should we record a withdrawal from the bank? (answer: on the income side)

- Why is a cash withdrawal from the bank considered income? (answer: because a withdrawal brings cash back into the daily transactions of the business).

CONCLUSION: What kind of information do bookkeeping help you keep track of?

How will this help your business?

What can happen if you don't keep books?

Review the cash control tips (LESSON 5) again with participants.

[illegible]

LESSON 10: MONEY SYMBOLS

BACKGROUND: Most people are used to handling and counting money in their everyday lives. But making or understanding a record of financial transactions can be a different matter. Even literate group members may be intimidated by a formal bookkeeping record. This can be a stumbling block when a group is trying to follow the basic rules of cash control, which give great importance to financial information and openness. Experience shows that both literate and non-literate group members can easily use and understand financial information presented in this way.

OBJECTIVES: This LESSON will introduce a simple visual method for representing sums of money.

MATERIAL: Flip charts, flip board, coloured pens, tape, samples of local currency, large drawing of several sums of money that combine different symbols (see STEP 5)

TIME: 1 hours

STEP 1: Introduce the session to participants by brainstorming using the following questions:

- Do you know the different colours of our Tanzanian money?
- Can you mention them one by one?

STEP 2: Demonstrate the colours of the currency notes and compare them with the coloured pens. Do this on flip chart, attaching the coins/notes in order of their value.

The colours are as given below.

STEP 3: Draw the coloured symbol for each note, with the amount represented written in the middle of the symbol. Then add the symbols for local coins and any very large notes, explaining them in turn.

The symbols are:

Black circle for one shilling 1/=

Brown circle for five shillings 5/=

Green circle for ten shillings 10/=

Pink circle for twenty shillings 20/=

Blue circle for fifty shillings 50/=

Red circle for hundred shillings 100/=

Yellow circle for two hundred shillings 200/=

Gray rectangle for five hundred shillings 500/=

Black rectangle for 1,000 shillings 1000/=

Violate rectangle 5,000 shillings 5000/=

Pink rectangle for 10,000 shillings 10,0000/=

STEP 4: Remove the chart and ask participants if they can remember the colours and shapes. Divide the participants into groups and give them 10 minutes to draw the different money symbols. Let each group report on the exercise and allow comments

STEP 5: Show participants the drawing of several sums of money that combine different symbols. Then ask all the participants to count each sum aloud

STEP 6: Divide the participants into groups again and give them coloured pens and 5 different sums of money to draw. Go through the results with all the participants together

STEP 7: Demonstrate simple addition using the symbols on flip chart. Give the exercise some real life context (imagine, for example, a group adding up its expenses) and work through them together with participants

CONCLUSION: What is the advantage of displaying money sums in this way?

Will non-literate group members understand this method?

What do you do now to help non-literate members understand the group finances?

Why is it important for them to understand group finances?

LESSON 11: FINANCIAL SYMBOLS

BACKGROUND: This LESSON is divided into two parts: Part 1 introduces the distinction between different kinds of business expenses, in Part II participants will learn financial symbols to represent business income, expenses and profit. Together with the money symbols (LESSON 10), these can be used.

OBJECTIVES: To provide literate and non-literate group members with a basic pictorial image of the financial performance of their business.

PART I:

MATERIAL: Flip charts, flip board, manila sheet, coloured pens, tape, poster showing financial symbols, a set of flash cards (with one symbol per card) for each participants.

TIME: 2½ hours

STEP 1: Begin by brainstorming with participants using the following questions:

- How does a business generate income?
- What kinds of expenses do a group and its business have?
- How do you know how much profit the business is making?

STEP 2: Explain that each business has different kinds of expenses. Direct costs are these materials or items that are needed to make the final product for sale. Ask participants for 3 sample businesses and brainstorm the direct costs for each. Record their responses on 3 lists. Your lists might look like this:

Poultry Raising	Dress- making	Vegetable- production
Chicks	cloth	seeds
Feed	thread	fertilizer
Kerosene	buttons	pesticides

STEP 3: Ask participants if these lists of expenses are complete. Are there other costs or expenses each of these businesses might have to pay? List these responses below the direct costs for each business. Explain that those expenses not directly related to the product for sale are “indirect expenses”.

- Are indirect expenses necessary for the business to operate?

STEP 4: Explain that we now know of two kinds of business expenses. Both are necessary for the business to function. Now ask participants, “Can you think of any occasions when the business spends money for things that are not necessary for the business to operate?” (In Tanzania, a common form of this kind of “non-business” expense is entertaining visitors.)

STEP 5: Review the different kinds of expenses with the following questions:

- What is the difference between a direct cost and an indirect cost?
- What is the difference between business income and profit?
- What will happen to profits if the direct costs go up?
- What will happen to profits if the indirect costs go up?
- What will happen to profits if the non-business expenses go up?

- When figuring out how much profit you have made, which of these three kinds of expenses must be included in the calculation?

PART II:

STEP 1: Introduce the financial symbols to participants one by one. Ask them to describe what they see in each picture before explaining its meaning. Give examples of specific businesses and ask participants to think of examples that belong in that category.

STEP 2: Give each participant a set of financial symbol cards. One by one, name the five components and ask them to raise the appropriate card. Then ask different participants to pick a financial symbol card and name what it represents. Test their understanding by asking who can name all five components.

STEP 3: Ask participants to imagine a group which runs a beer kiosk business. Give the following examples of their business (and non-business) activities and ask participants to show the appropriate card for each:

- The group buys crates of beer from a wholesaler store in town
- It costs them 1000 shillings to transport the crates to their kiosk
- At the end of the month they have made 20,000 shillings profit
- They pay their sales assistant a monthly wage
- They buy and slaughter a goat to entertain themselves.

- Monthly sales total 100,000 shillings
- Beer glasses cost them 2000 shillings
- They have spent 500 shilling on kerosene for their lamps

STEP 4: Demonstrate how the financial and money symbols can be used together.

Show participants a simple financial statement that has specific amounts of money for each financial category. The “colours of money” symbols from LESSON 8 should be used to show these amounts

STEP 5: Divide the participants into small groups with manila sheets and coloured pens. Ask them to draw the set of financial symbols down the left hand side of the manila sheet. Check to make sure that each group has done this correctly. Then read the following set of business figures and ask them to fill in the statement using the coloured money symbols.

Go over the results with all the participants together, and let them complete the following assignment.

Income.....

Cost of goods sold (direct costs).....

Operating expenses (indirect costs).....

Non-business expenses.....

Profit.....

CONCLUSION: What have you learned that you did not know before?

Why can it be helpful to separate the different kinds of expenses the business has?

Why use financial symbols to show the financial information of the business?

How can this help your group?

LESSON 12: REDUCING COSTS

BACKGROUND: One way to increase profitability is to reduce business and non-business expenses. Under the pressure of diverse social obligations majority of SME business groups typically have greater non-business expenses than they need to (see LESSON 4). At the same time they often fail to take advantage of wholesale and bulk purchasing in supplying and operating their business, which increases their direct and indirect costs. There is a simple reason for this. Group members' primary experience is in running small-scale household enterprises which provide few opportunities for saving money in this way, especially where cash is in short supply and the enterprise is conducted on a day-to-day basis.

OBJECTIVES: To demonstrate the importance of reducing costs in a group business, and reviews the different kinds of costs in business.

MATERIAL: Flip charts, flip board, coloured pens, tape, case story.

TIME: 1½ hours

STEP 1: Begin by brainstorming with participants using the following questions:

- What happens to profits in a business if you increase expenses?
- How can you increase business profits?
- How can you reduce expenses?
- What kinds of expenses can you cut?

STEP 2: On a large sheet of paper draw the symbols for costs of goods sold (direct costs), operating expenses (indirect costs) and non-business expenses. Ask participants to explain what each symbol stands for and what the differences between the different kinds of expenses are.

STEP 3: Tell the participants you will read a case story. Ask them to pay attention to the different kinds of business expenses that occur in the story. Read the story.

STEP 4: Ask participants to cite examples of the different business expenses from the story and list them under the appropriate symbol presented in STEP 2.

STEP 5: Ask if participants can think of any ways that the group in the story can reduce its costs. Go through each example in turn. Discussion should lead to the advantage of (a) buying in bulk, (b) buying wholesale, (c) cutting down on travel and transport costs, and (d) minimizing non-business expenses.

STEP 6: Ask participants to imagine the following two situations and discuss the long and short term consequences that each will have for the hotel group's expenses:

- The group stops buying candles every day and buys a kerosene lamp instead.
- They buy a bicycle and pay a young man to ride it to town and back to buy supplies.

Elaborate the examples with real sums of money using the money symbols if required.

STEP 7: Divide the participants into small groups and ask them to draw up a plan for reducing costs in a business which they know

(Note to trainer: If participants are not familiar with a business, you may have to develop short case stories for the small group work described in this step.)

STEP 8: Each small group should report on its plan to the entire group. Make sure each group understands how their plan affects the profit equation.

CONCLUSION: What have you learned in this LESSON?

What changes can you think about introducing in your business?

When advising any business group about increasing profits, what kinds of questions will you ask?

LESSON 13: WAGES

BACKGROUND: Wages are a form of business expense which deserves special consideration. SMEs business groups often pay outsiders who perform services for them, but neglect to pay their own members. Individuals in a group may work for their groups for long periods without receiving any payment for their labour. In the long run this can hurt the performance of a group business. Payment (in whatever form) for daily labour is an effective incentive to work; without it, groups are often reduced to a small core of active members and are plagued with arguments about the past and present contributions of individual members to their business.

OBJECTIVES: To help participants understand the importance of paying wages to group members for the different kinds of labour they perform

MATERIAL: Flip charts, flip board, coloured pens, tape, 2 case stories, list of examples written on large paper for display (see STEP 2).

TIME: 1½ hours

STEP 1: Begin the session by asking participants the following questions:

- Have you ever received money from your group business?
- If yes, how were you paid? How often?
- If no, how long have you worked without receiving anything?
- Does your group pay wages to anyone else? Who?

STEP 2: Explain to the participants that you will give them examples of people doing different kinds of work. Show the following list written on flip chart. Ask them to decide who should and who should not be paid wages. Read the examples and take a vote on each. Record each vote next to the example.

- Ali is a carpenter who works every day
- Jane helps her mother with the housework
- Eva serves tea in her group's hotel
- Mwajuma bakes bread for her children
- Mary sells vegetables from her house
- Faith sells charcoal for her women's group
- Halima is a member of Umoja group, but never comes to meetings or to work in the group's bakery
- Eveline is her group's bookkeeper
- Rose sews school uniforms for her group's business
- Anita comes to all the group's meetings, but forgets to carry out her duties
- Edwina cooks porridge for her children every morning
- Amina cooks porridge for the group's nursery school
- Jamila is chosen by the members to manage her group's tailoring business
- Diana works at the group's chicken house
- Zainab is the chairperson of Umoja group

STEP 3: Discuss what are the differences for service offered in step 2 between individuals?

Is it important to pay wages to members working in a group business? Why?

CONCLUSION: Ask participants to review the wage policies of their own group businesses:

- Is there anyone being paid who should not be?
- Is there anyone not being paid who should be?
- Should every group member be paid a wage?
- What are the criteria for who should get paid?
- How should these criteria be decided?
- What happens among members if no wages are paid.

LESSON 14: FINANCIAL STATEMENTS

BACKGROUND: LESSON 10 and 11 introduced the use of money and financial symbols as a way to present financial information to literate and non-literate group members. This lesson focuses on using these symbols members typically have no more than a hazy idea of the financial position for their group business. The presentation of pictorial financial statements, ideally at the end of every month, overcomes the many problems which might otherwise arise. It also provides group members with clear information for analysing and reaching collective decisions about their businesses and business affairs.

OBJECTIVES: Open up group members on what is the important information for analyzing and reaching collective decisions about their businesses and business affairs.

MATERIAL: Flip charts, manila sheet, flip board, coloured pens, tape, sample financial statement written on large paper

TIME: 2 hours

STEP 1: Prepare a sample financial statement on flip chart using the 5 financial symbols already introduced. Go through it together with participants, asking what each symbol represents and counting the sums of money aloud.

STEP 2: Divide the participants into small groups and give each a manila sheet and a set of coloured pens. Give each group a different set of business figures to draw. Make the examples varied in terms of profit and loss and the different sums to be represented. Give them the amounts for income and the different expenses, but ask participants to calculate and fill in the profit themselves.

STEP 3: When they are finished, ask each group in turn to present its financial statement to the rest of the participants. Have them ask the whole group to count through the sums aloud, as they might do in a group meeting. What do these figures tell us about each imaginary group business?

(Note to trainer: If participants come from separate business groups, repeat steps 2 and 3 using real sets of business figures drawn from the participants' own group businesses. Afterwards allow for a full discussion and analysis of each statement,

pointing out where business performance might be improved by increasing income or reducing expenses.)

CONCLUSION: Does your group or the groups you work with prepare financial statements now?

Why are they important?

What kinds of information do financial statements provide us?

What can happen in a group and among group members if no financial statement is prepared?

Who should prepare the financial statement?

How often should it be prepared?

LESSON 15: DIVIDENDS

BACKGROUND: When SME's group businesses earn a profit, groups tend to retain and/or reinvest all of their earnings. In some cases they go to the opposite extreme and divide all of their profits (and sometimes more) among their members. In general, groups are often only partially aware of their financial position and lack the information to make proper decisions one way or the other. The practice of drawing up monthly financial statements provides this information and helps the group decide on a sound dividend policy. Dividends are a portion of the profits paid to group members. Like wages, they are important as a form of payment to group members for their work and investment in the business.

OBJECTIVES: To help participants to understand how to use profits from their business and the importance of giving members dividends on the basis of profits.

MATERIAL: Flip charts, manila sheet, flip board, coloured pens, tape, list of examples written on large paper, (see STEP 2) a financial statement drawn on large paper for display (see STEP 3), 4 hypothetical cases.

TIME: 2 hours

STEP 1: Introduce the concept of dividends with the following questions:

- What is the purpose of a business?
- Why do we want to make a profit?
- What should we do with the profit? Keep it in the bank? Spend it all? Divide it among group members?
- What is a dividend?
- Is it important to pay dividends? Why?
- When should dividends be paid?
- Can you think of situations when a dividend should not be paid?

STEP 2: Explain the dividends should be paid at the end of the month on the basis of profit earned. Display the list below and ask participants which of the situations merit dividends:

- Ujamaa women's bakery made a profit of 75000 shillings in January.

- Furaha women's group lost 45000 shillings in February.
- Juhudi women's group lost all of their chicks in the first week of March.
- Baraka women's group sold more beans in April than any other month.
- Furaha women's group sold goats in May for the same price that they paid for them.
- Neema women's group made a profit of 300000 shillings from their posho mill in June.
- Fikiri women's group got a grant of 4000000 shillings in July.
- Masumbuko women's group built a rental house in August but found no tenants.
- Jitegemee women's group made a profit of 20000 shillings in September.
- Angaza women's group members contributed 50000 shillings each to their project in October.
- Mchaka-Mchaka women's group made no profit in December, but they had 500000 shillings in the bank.

STEP 3: Present a simple financial statement on Manila sheet from a group of 30 members that made a profit of 60000 shillings. Add the new symbols for total dividend, retained earnings, and dividend per member. Explain what each means.

STEP 4: Discuss each of the three following alternatives that the group has for its 60000 shillings profit. Use the money symbols to illustrate the financial results of each alternative. Discuss the advantages and disadvantages of each choice.

- The group keeps all of its profit in the bank and gives no dividends to members
- The group divides all of its profit among members

- The group divides half of its profit among members and keeps half in the bank

Which of these is the best course of action for both the members and their business?

Why?

STEP 5: Divide the participants into 4 groups, each with manila sheet and coloured pens. Ask each group to draw the full set of financial symbols. Check that they have done this correctly and that they understand the new symbols introduced in this LESSON. Then give each group one of the hypothetical business cases. Ask them to fill in the financial statement and to decide what to do with the profit in each case.

STEP 6: Go over the results with all the participants together, encouraging discussion

CONCLUSION: Review the importance of giving dividends on the basis of profits.

- How can dividends be good for members?
- How can they benefit the business?
- Does your own group ever give dividends?
- How did this lesson help you?

LESSON 16: BUSINESS PLANNING

BACKGROUND: This LESSON brings us to actually planning a business. It will provide an opportunity to review what participants have learned and to use tools from previous lessons. Business planning is important at all stages of the business cycle. Even groups which have profitable businesses can run into difficulties if they neglect to plan for the future. This is often the case, for example, when groups decide to invest their business profits in ambitious new ventures for which they have little experience.

OBJECTIVES: Help participants to acquire the basic knowledge and skill for business planning.

MATERIALS: Flip charts, flip board, manila sheet, coloured pens, tape, planning chart copied on large paper

TIME: 2-3 hours

STEP 1: Introduce the session by asking participants how they get their work done at home:

- Do you know what you have to do during the day when you get up in the morning?
- When do you think about it?
- Does a plan for the day naturally fall into place?

STEP 2: Ask participants to think of occasions or activities that require special planning. List these on large paper. Select one of these activities and brainstorm with the group the steps needed to plan and organize the event.

STEP 3: Review the Business Start-up Ingredients from LESSON 3. Ask participants if they can remember what the four legs of the chair are. Display the poster from Lesson 1 to refresh everyone's memory.

- What do we do when we have a business idea but not all of the startup ingredients are in place? Should we abandon the idea?
- How can we try to get those ingredients we need to start our business? Can we go to the nearest shop and buy what we need?

STEP 4: Divide participants into four groups and give each group one “leg of the chair” to work on. Each group should develop a plan for acquiring or organizing whatever is needed to meet the requirements of its assigned “leg”. (Each group will need to determine what questions to ask and how they are going to go about finding the answers to those questions.)

STEP 5: Each group presents its plan for discussion

- Was anything forgotten in this plan?
- Will the group have the necessary skills to run the business if it follows the “Ability and Experience” group plan?
- Has the “Resources” group considered all of the needed resources?

- Do they have a plan for acquiring these?
- Has the “Motivation and Determination” group; come up with a realistic plan for how the business will run? Do you agree with their plan?
- Are there any overlaps between the plans?

STEP 6: From the four plans, formulate one plan and put this on a planning chart like the sample one. What should be done first? Can different members be working on gathering different pieces of information at the same time?

CONCLUSION: How does your group plan its work?

Will you do anything differently now?

Why is planning important?

How can it help your group? What tools do we have to help us plan our business?

PLANNING CHART

TASK	WHO	WHEN	DONE

LESSON 17: TRAINING EVALUATION

BACKGROUND: You can find out how the training is going through evaluation. An evaluation can give you different kinds of information. You might want to know how well participants have understood a particular lesson. Or you might be interested in finding out more generally how everyone is feeling during the training like if they are enthusiastic or tired and over worked. So, evaluation will help you, the trainer. It can also give the workshop participants the opportunity to express their feelings to you. An evaluation that is done at the end of the workshop sums up for you how the program went, how successful it was in achieving its goals and might give you ideas about what to do differently the next time. All types of evaluation are helpful tools. Both can be simple and fun to do.

OBJECTIVES: To know how well participants have understood a Particular lesson and can also give the workshop participants the opportunity to express their feelings to the trainer.

METHODOLOGY: You should plan on conducting an evaluation regularly during the training program after every LESSON, at the end of every day, or once every few days. The information you get will help you make decisions about the rest of the program. If you discover that participants are having trouble with a certain idea, you may want to schedule an extra session or plan on reviewing that idea several times in the coming days. Maybe you will learn that people need a break in afternoons and can adjust the daily schedule.

You can do a written evaluation by giving participants a set of questions to answer or a “complete the sentence” exercise. Or, you can carry out an evaluation verbally with every one. Use one of the evaluation techniques explained here, or, make up your own!

A: Sample Questionnaire

Use these questions to evaluate each lesson. For each question, add up all the scores and divide by the number of completed questionnaires to get an average score.

1. How well did you understand the lesson?

5	4	3	2	1
Excellent	Very Good	Good	Fair	Poor

2. Which ideas need further explanation or clarification?

3. How helpful was the lesson for your work?

5	4	3	2	1
Excellent	Very Good	Good	Fair	Poor

4. How well did the lesson relate to the objectives of the workshop?

5	4	3	2	1
Excellent	Very Good	Good	Fair	Poor

5. Comments, suggestions?

B: Open-ended sentences:

Choose one or more of the following sentences and ask each participant to finish it. You can do this either in writing or aloud. If you decide to do it aloud, have someone record the responses.

- a. Right now, I am feeling
- b. The most useful thing we did today was
- c. The most difficult thing about today’s activities was
- d. I need to understand more about
- e. I feel I really understand

C: Participant dialogue:

This verbal evaluation technique is helpful when you are working with a large group of 15 or more participants. Ask participants to arrange themselves in a large circle. Then ask for 6-8 volunteers to form a smaller circle in the middle. Give this small group one or two evaluation-type questions to discuss (Or, ask participants to suggest a couple of discussion questions). During this discussion, those in the outer circle listen in. After a few minutes if anyone from the outer circle has something to say, she can join the discussion by replacing a person in the inner circle. She can approach the inner circle, tap someone on the shoulder and ask to switch places.

You should ask someone to take notes of the discussion so that you have a record of the important points raised.