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STRENGTHENING MICRO-BUSINESSES IN TANZANIA

SUBMITTED IN PARTIAL FULFILLMENT OF REQUIREMENTS FOR

THE M.S. IN COMMUNITY ECONOMIC DEVELOPMENT

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SUPERVISOR CERTIFICATION

I, the undersigned, certify that I have read and hereby recommend for acceptance by the Southern New Hampshire University at Open University of Tanzania the Project Report entitled "Strengthening Micro Businesses in Tanzania" in partial fulfilment of the requirements for the Master Degree of Science in Community Economic Development of the Southern New Hampshire University.

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Date: _____

DECLARATION

I, Patrick Cyr, declare to the Southern New Hampshire University and the Open University of Tanzania that this project paper has not been submitted for a Master Degree award in any other university.

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Date: May 20th 2007

This work is dedicated to my wife Veronique, for all the support and contribution…

ABBREVIATIONS

CBO	Community Based Organization
CED	Community Economic Development
CNA	Community Needs Assessment
ILO	International Labor Organization
SME	Small and Medium Enterprises
MSME	Micro, Small and Medium Enterprises
PRSP	Poverty Reduction Strategy Paper
PSSP	Private Sector Support Program
SACCOS	Savings and Credits Cooperative Society
SIDO	Small Industries Development Organization
UNDO	United Nation Development Organization
WAT	Women Advancement Trust

ABSTRACT

Like many countries, Tanzania sees cooperatives as an important tool for economic and social development. SACCOS (Savings and Credit Cooperative Societies) are actually identified as a major actor for the development of Tanzania but important challenges are facing their business members. During this project, a community needs assessment was conducted among the WAT SACCOS community, a Savings and Credit Cooperative Society located in Dar es Salaam, Tanzania, and it was identified that their business members lack business management knowledge and skills.

A group of business people, members of WAT SACCOS, was chosen as a partner for the project design and implementation: the Zalirotage Group. The solution identified by the stakeholders consists of developing a training tool in a specific element of the business management, the marketing activities, and to train business people.

This project ended in December 2006 with a successful demonstration of the effectiveness of the participatory approach in project design and implementation. A training tool was developed and is now operational, the Zalirotage group members are trained, their management skills are improved, they have put to good use the knowledge acquired by starting a small group business, a strategy for the replication of the training to other members of WAT SACCOS is actually in planning, and the Zalirotage Group members have started to support the management of a small dispensary of their community, also member of WAT SACCOS.

EXECUTIVE SUMMARY

This project focused on a specialized training for small business owners in order to improve their knowledge and skills in business management: namely the marketing activities. The targeted community was the 900 small business members of WAT SACCOS, a Savings and Credit Cooperative Society located in Dar es Salaam, Tanzania. One of its business members, the community based organization Zalirotage group, was chosen to participate in all steps of the project. As a result, the replication of the project will allow reaching all targeted community.

Using a structured needs assessment through focus group meetings, survey among WAT SACCOS' members and discussions with its employees, the problem statement was defined: *"Small business people, members of WAT SACCOS, lack knowledge and skills in business management, especially in marketing."* The members of Zalirotage are slowed down in the development of their business and miss opportunities because of their limited knowledge and skills in marketing. Thus, a specific project was defined with the stakeholders in order to give to the community members the tool needed to solve the problem identified by themselves. The goal of this project was to *"improve the knowledge and skills in business management of the Zalirotage group"*. The strategy focused on the development of a training tool, and on the training of the five Zalirotage group members to test the methodology and its effectiveness in order to provide WAT SACCOS with a tool that they can replicate in the future for training with other members. Clearly, the results have demonstrated the success of this approach. The objectives fully achieved

are: A training tool in business management adapted to Tanzanian micro-enterprise is available in Swahili language; The members of Zalirotage group are trained in marketing activities; The members of Zalirotage group have written a business plan and expect to start a new business in year 2007; WAT SACCOS representatives are qualified to replicate the project with other small business members. Some objectives remain partially achieved: The planning for the replication of the project is ongoing slowly because of major changes that occurred in the structure of WAT SACCOS; nevertheless, the Zalirotage Group members have undertaken the replication by supporting the management of a small dispensary of their community.

It was found, during the various steps of the project's life, that sharing knowledge among the community members enable them to build on their strengths and willingness and to drive their own development. It is recommended to valorize exchange of information and to consider training as a complement of knowledge. Nevertheless, in order to be effective and sustainable, such project must be at the centre of the CBO preoccupation and of the CBO capacity and mission. In the case of the WAT SACCOS, its mission of providing financial services imposes restriction for the replication of the project in the future. Training the management of its business members and granting to them loans at a same time can generate inappropriate tensions between the member and the SACCOS in case of business difficulties. WAT SACCOS should avoid such situation that can lead borrowers to eventually default. In order to sustain the project, an independent member like the Zalirotage Group should take the lead in the replication of the project, or WAT SACCOS should develop a partnership with an external expert.

ACKNOWLEDGMENT

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CHAPTER 1: COMMUNITY NEEDS ASSESSMENT

This project started with a meeting with the manager and a credit officer of the Community Based Organization "WAT SACCOS", a Savings and Credit Cooperative Society located in Dar es Salaam. They identified together a group of business people, member of WAT SACCOS, which could be the starting point for a Community Need Assessment.

1.1 Community Profile

WAT SACCOS is a cooperative which offer savings and credit facilities to its members. Its mission is to contribute to the improvement of the quality of life of all the local community through offering financial facilities. WAT SACCOS' development is directly dependant of the good results and development of its members. WAT SACCOS is controlled by its members through three annual general assemblies. The general assembly elects a board of directors composed by 10 members among which seven are actually women. The chairperson is Mrs. Tabitha Siwale; she got a strong personality and has a good leadership for the SACCOS since she maintains a good level of transparency and honesty in the management and she stimulates the SACCOS' activities as demonstrated in the figure 1.

At the moment the project started, the management of the SACCOS was operated by Mr Joseph Mwita. He is qualified, he succeeded many technical trainings and he was an employee of the SACCOS for several years. At the moment to write this report, Mr. Mwita graduated to another position and WAT SACCOS was in the process to hire a new manager. WAT SACCOS' members also adopted a Memorandum of

Understanding in which the SACCOS affiliates itself to Dunduliza, a Tanzanian network of SACCOS, and accepts to operate within the Dunduliza rules and procedures. Since the collaboration with the Dunduliza network in July 2004, the growth rate of savings and loan is phenomenal, as shown in the following figure.

Figure 1: WAT SACCOS Savings and Loans Evolution
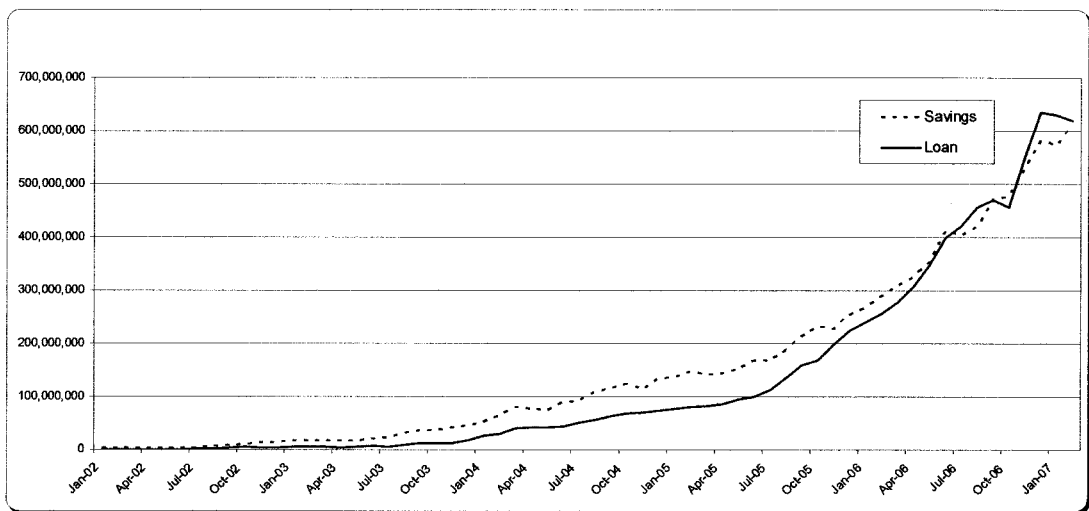
The business group chosen for the intervention project is a community based organization (CBO) named Zalirotage Group that consists in a group of five business women whom are members of WAT SACCOS. The creation of this group at the beginning was done in a social approach to help the members during personal difficulties (death of a family member, health problem, and money for emergency); this type of community based organization (CBO) is called "upatu" in Swahili language. In April 2002, the group joined WAT SACCOS and adopted a new mission more economically oriented: "to share their business experience, improve their management capacity, and increase the incomes of their respective business".

1.2 Research Methodology

The Community Need Assessment was performed through focus group discussions and an exploratory survey. The different objectives of this research were:

1. Defining the social and economical profile of the community;

2. Identify the concerns and problems among the community;

3. Identifying the root cause of the problem and defining a solution to be implemented through the project.

In October 2005, a first Focus Group Interview was performed with the chosen group: the Zalirotage group. The five women have expressed the need to increase their business' incomes in order to fulfill their responsibilities:

1. Taking care of their direct family (husband, children, parents, cousins);

2. Having access to housing facilities;

3. Improving health medication and prevention;

4. Ensuring food accessibility;

5. Saving money for future and emergency.

In order to support the project definition, an exploratory survey was developed in November 2005 to conduct a need assessment among the WAT SACCOS' members.

The objectives of the survey were:

1. Identify the most important concern of the WAT SACCOS' members among some major social problems of the country that the project can address;

2. Discover if the lack of money is a main factor regarding this concern;

3. Identify the main problem that have caused this lack of money, if any;

4. Quantify the average net income of the members;

5. Identify the level of education of the members;

6. Prepare for the focus group discussions.

Since the Zalirotage group is composed by five business women members of WAT SACCOS that have similar concerns, problems and profile than the average member, the additional focus group discussions that occurred monthly during 2006 aimed to:

1. Validate the similarities between the survey's results and the Zalirotage group profile;

2. Analyze deeper the concerns of the Zalirotage group members, understand it, and document it;

3. Analyze deeper the root causes of the problems, understand it, and document it;

4. Initiate a community economic development project in involving the Zalirotage group as the first beneficiaries.

1.3 Survey method

The type of survey used for the exploratory needs assessment was descriptive (observational) since its aim was to collect information that was already existing among the WAT SACCOS' members in order to characterize and to define this group of people. Information gathered through this observation led to the identification of their needs and allowed the definition of the project.

The choice for this survey was a cross-sectional design. The survey required to be done quickly because the completion date for the needs assessment of the CBO was set to January 2006. The information gathered vary obviously with time, but not much on a short term basis; and considering that the CED project is implemented over a maximum period of 18 months, the cross-sectional design was a more practical and relevant choice.

Some comparisons were made between the answers provided by the survey and the answer gathered through the discussion group. Nevertheless, the design of the survey is not considered "comparison group design" since the questions were not the same; the survey was done only one time while the discussion group is repeated monthly upon the completion of the project; and also, the aim of the survey was not the same as the discussion group since this last one has been chosen to implement the CBO project.

1.4 Survey Administration

The questionnaire was created by the CED facilitator and a WAT SACCOS employee (see questionnaire on appendix 3). The survey was designed to be self-administrated and doesn't require a qualified or experimented administrator for its diffusion.

1.4.1 Training activities and quality assurance methods

A short training was given to the staffs of WAT SACCOS in order for them to distribute systematically the questionnaire at every member who is presenting himself to the counter for a transaction. This short training was focused on:

1. The importance for the employees to distribute the questionnaire systematically at the beginning of the transaction without omission;

2. Importance to sensitize the members on the importance to complete the survey and to answer at every question;

3. Importance of not influencing the member during the completion.

1.4.2 Length of time

Questionnaire has been designed to be completed by the members within its counter's transaction time estimated at four minutes. It doesn't constitute a limitation and the member can take all the time that he considers required.

The entire survey was expected to be completed within 2 months: from November 2005 to December 2005. The time-frame was respected.

1.4.3 Characteristics of the survey

The survey was a self-administrated questionnaire in Swahili language. The population targeted by the survey is composed by all the 1 495 active members of WAT SACCOS. It was found that majority of the membership files kept by WAT SACCOS were incomplete; often, address and phone number of the members were missing. Thus, it was very difficult to reach all the members or to determine randomly a sample.

1.4.4 Sample

The sample was defined as "all the active members that are coming to the SACCOS counter for a transaction purpose between November 1st and December 20th 2005".

From the statistics provided by WAT SACCOS when the project started, there were 68% of active members in the total membership of 2,300. So the sample size was 1,495 people. Statistics from WAT SACCOS demonstrate that active members show at the SACCOS' counter at an average of one presence per month. The survey was designed using a non probability sampling method: the "accidental sample". People were surveyed when they showed to the SACCOS' counter, so in function of their availability between November and December 2005.

This type of survey was adopted considering the facility of administration, the absence of cost, the availability of the staffs of the SACCOS to distribute the questionnaire, and the waiting time available during a counter transaction that allows enough time to the member to fill the questionnaire with a minimum of effort: no displacement or time investment required.

1.4.5 Contents of the survey

The questionnaire is composed by 12 closed-ended questions. Since this exploratory survey aimed to identify some social concerns of the WAT SACCOS' members and status if those concerns are related with their level of incomes, the content of the survey refers to the need of collecting information regarding:

1. Their source of revenue;
2. The number of business owned by the business people;
3. The sector of activity of their business;
4. Their average incomes;
5. The number of dependent relatives;

6. If they own a plot or a house: to size the wealth;

7. Their scholarship;

8. Their most important social concern that this CBO project can address;

9. If the lack of money is the principal problem source of this concern;

10. The major obstacle in resolving this problem;

11. The satisfaction toward WAT SACCOS regarding financial services.

In order to respect the time-frame for the questionnaire administration established at four minutes by respondent, only one question per information required was adopted, and there was no uniform rating for the response. Each question developed was: meaningful to respondents, written in simple Swahili language for good comprehension, concrete to the respondent in order for them to be close to their personal experience, and without any biased words or phrases. Each question measured only one thought.

1.4.6 Reliability

The reliability refers to the precision and accuracy of the information gathered by the questionnaire. It is essentially a statistical measure of the reproducibility or stability of the information. The survey was reliable enough for the use it was designed and its level of reliability satisfies the people who are using its conclusions. The questions were clear, easy to answer, and translated in Swahili. The survey was convenient for the participants as no traveling was required, and it was simple enough to ensure its completion within the time expected.

Comparisons techniques were utilized to validate the similarity between the composition of the people who answered to the survey and the total population. The survey is considered representative and useful since 120 members (8% of the active members) responded to it when they visited the SACCOS during November and December 2005. It was systematically offered to all members who came at the SACCOS during this period.

The members who participated represent well the total membership proportions in WAT SACCOS. For example, respondents have shown almost the same percentage of women and the same percentage of business people that the total WAT SACCOS' population. (See Table 1). Nevertheless, eventual users of this survey must avoid generalizing the results outside the population surveyed.

Table 1: Participation rate to the survey

	Participants to survey	WAT SACCOS active members
Number of people	120 (8 %)	1 495 (100 %)
Percentage of women	64 %	60 %
Percentage of business owners	63 %	60 %

1.4.7 Validity

The validity is another measure of the precision and accuracy of the information gathered by the questionnaire. A high level of validity means that the survey items, scales and instruments measure what they are intended to measure. The tool can be reliable, but this reliability must measure the truth.

The survey was valid for the purpose for which it was designed. The survey gave an overall and general appreciation of the concerns and problems of the members, with some precision regarding incomes and scholarship, in keeping the identity of the respondents confidential. Comparison with the literature review allowed confirming that the results were in line with researches already documented. Also, the focus group discussions brought more details on all issues, allowed validation of information and provided a better picture of the situation regarding the root causes of the problems identified. More complex information was gathered during focus group, especially on social issues, feelings and preferences.

In addition, the sample gave characteristics which are similar to the total population and the responses shown concentration in certain elements. But we keep in mind that personal concerns, feelings and interpretation were asked to the people surveyed, and those answers can vary a lot from one day to another in function of their fatigue, mood, mind-set, etc. Nevertheless, considering the specific needs of the survey users, the combination of the survey and the focus group discussions constitutes a reliable and valid instrument for useful and credible results at a low cost.

1.4.8 Potential biases

By distributing the questionnaire only to the people who are coming at the SACCOS for a transaction, information and opinion of other members will be missing and can differ from the sample. Nevertheless, the project stakeholders were mainly interested in the opinion of the "active members": those who actually use the services of the SACCOS, since the project focused on them. In addition, no specific bias is linked to

the questions wording. Words and phrases were chosen to avoid any emotion or position of the survey writers.

A possible bias is the behavior of the WAT SACCOS' staffs which have maybe not offered and explained the questionnaire properly to all potential respondents as they were supposed to do. 1 495 active members were expected to come at the SACCOS during the survey administration; but following the calculation of the remaining questionnaires after the administration period, we found that 1 300 questionnaires were actually remaining in the hand of the survey administrators (the tellers). Considering the real number of questionnaires distributed, we are satisfied with the response rate of 62% (120 out of 195).

1.5 Survey results and Graphical Content

120 people responded to the survey between November and December 2005. It represents 5% of the total population, including inactive members. An inactive member is a member who has not done any transaction at the SACCOS' counter for at least 6 months. All respondents who have started to answer the questionnaire have completed it.

The survey found that the majority of the members surveyed were getting their revenues from a business they own. Also, majority of those business people were exploiting only one business (See figures 2 and 3):

Figure 2: Source of revenues
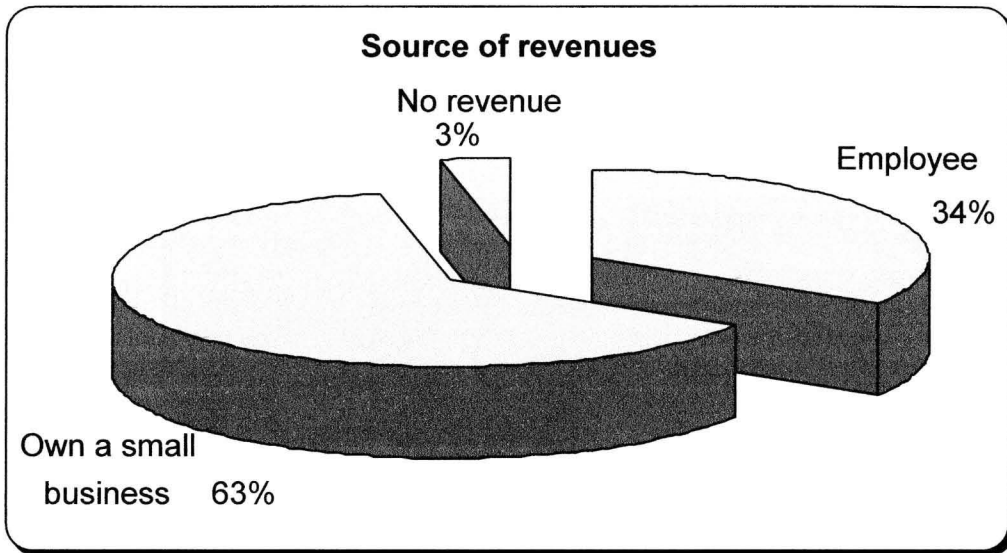
Figure 3: Businesses owned by business people
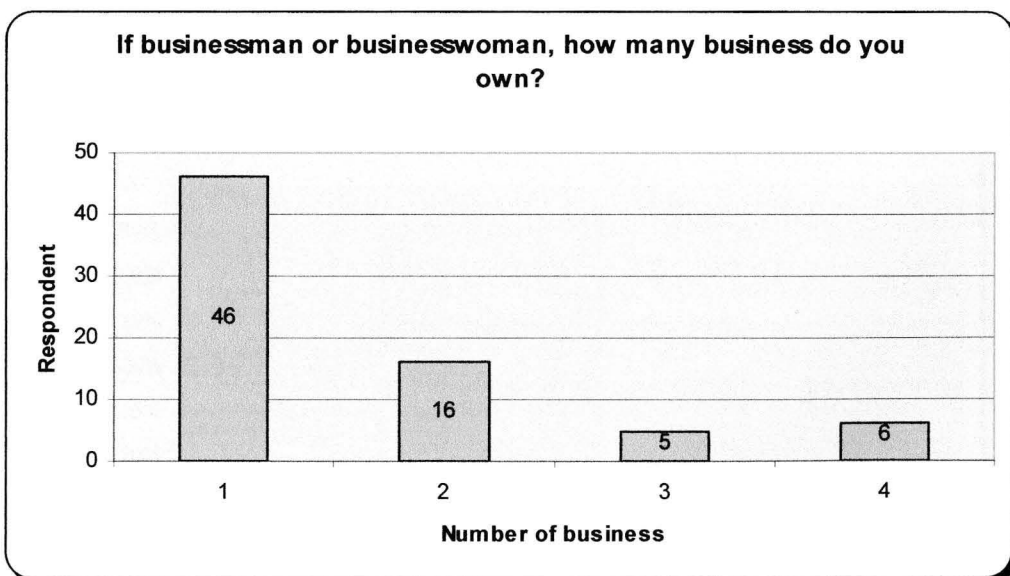
The survey found that 66% of the respondent have monthly net incomes of more than 100 000 Tshs. It is also interesting that 47% of the respondents already own a plot or a house. Perhaps, the relatively high net incomes presented by the survey (Figure 4) can be partially explained by the good education base of the respondents (Figure 5):

Figure 4: Average net monthly incomes
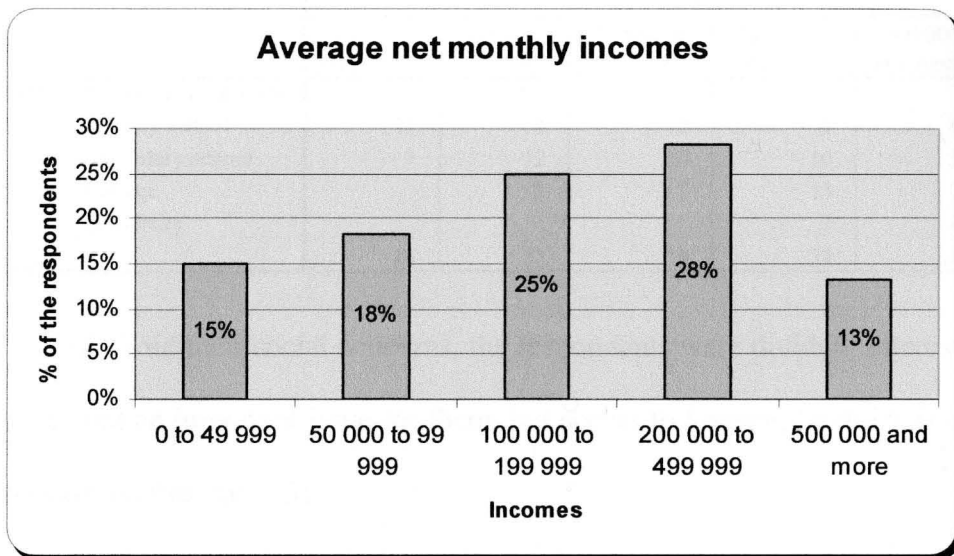
Figure 5: Scholarship
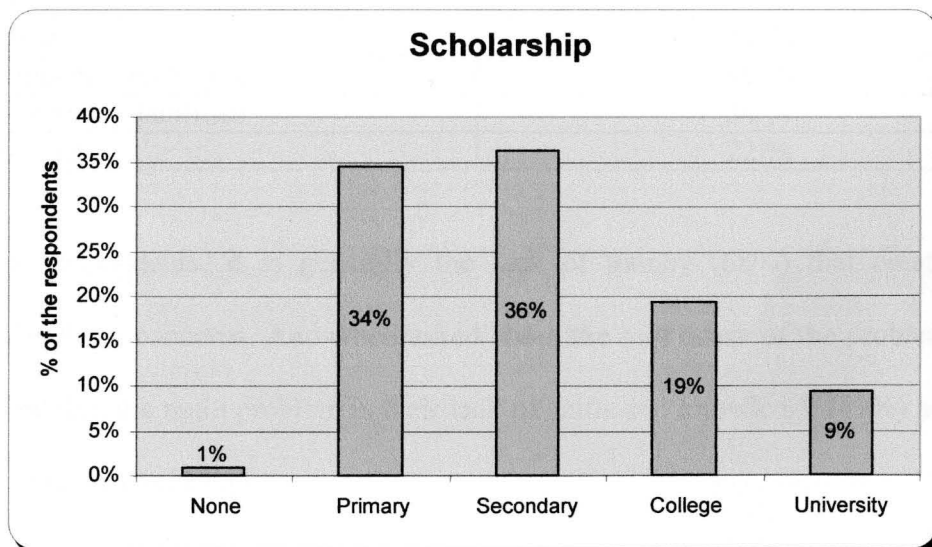
The cross tabulation table presented bellow shows clearly the relationship between the scholarship and the revenues.

Table 2: Cross tabulation Scholarship vs. Range of incomes

Count

		Range of incomes					
		0 to 49999	50 000 to 99 999	100000 to 199 999	200 000 to 499 999	500 000 and more	Total
Scholarship	No formal education			1			1
	Primary school	11	8	12	4	6	41
	Secondary school	7	12	10	10	5	44
	College		2	7	13	1	23
	University				7	4	11
Total		18	22	30	34	16	120

When asked about their social concerns, the respondents were divided. Interestingly, health was not an important issue for them, but access to housing facilities is clearly a preoccupation (See table 3):

Table 3: Issues of concern

Concerns	Percentage
Health	3 %
Education	22 %
Environmental protection	19 %
Housing access facilities	34 %
Employment	22 %

For the respondents, it is generally the lack of money (68%) that creates and amplifies those concerns. And when asked about the root cause of the problem, they answered that the main problem is their lack of skills and knowledge (43%) and lack of infrastructures (28%).

Furthermore, among the respondents who get their revenues from a small business, the lack of skill and knowledge appears also as the main problem to address as shown in the table 4.

Table 4: Cross tabulation Source of revenues vs. Problem to address

Count

		Problem to address					
		Lack of skill and knowledge	Lack of security in your environment	Polluted environment	Lack of infrastructure	Other	Total
Source of revenues	Employee	15	3	3	5	9	35
	Own a small business	34	2	8	27	10	81
	No revenue	2			2		4
Total		51	5	11	34	19	120

To avoid bias in the answer that could have been created by a specific problem with the SACCOS (ex. a loan application recently refused), a question regarding the satisfaction toward the SACCOS was included in the questionnaire. It confirmed that the members are highly satisfied with the services provided by their cooperative (See figure 6):

Figure 6: Satisfaction toward WAT SACCOS
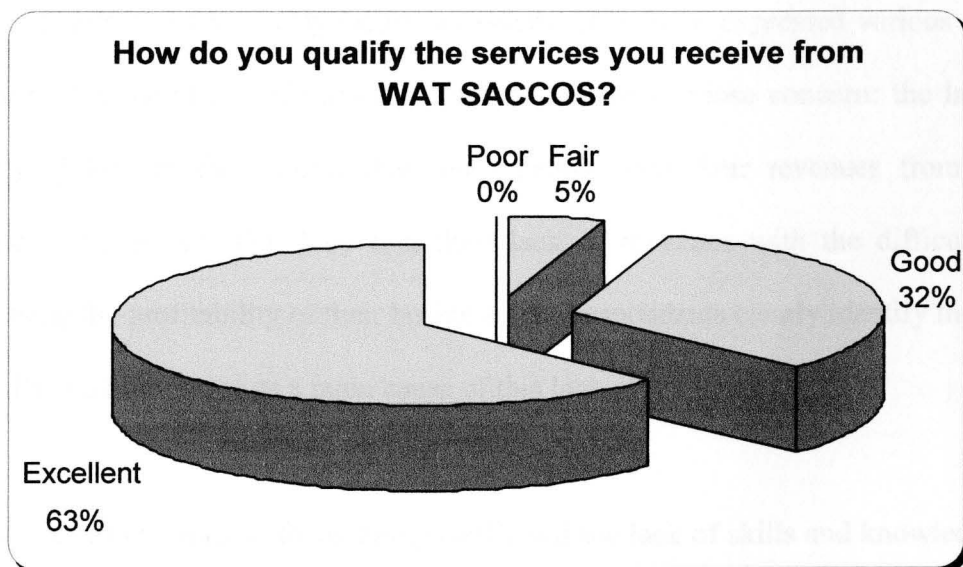
It is important here to remind that this survey was exploratory and aimed to initiate a need assessment for a CBO economic development project. The preliminary results gathered have allowed feeding the focus group discussions with the CBO involved regarding the project definition and implementation.

In summary, the results show that:

1. 1/3 of the members earn less than 100 000 Tsh per month (15% less than 50 000 Tsh);

2. 80% of the members have at least 1 dependant relative to care for;

3. All members have a minimum of education: 36% secondary and 19% college;

4. The biggest concern of members is the lack of access to housing facilities (34%) and the reason for this is the lack of money (68%);

5. 43% of members identified the lack of knowledge as the main cause of the problem.

The respondents were mostly business owners. They have expressed various social concerns but they have identified a common source of those concern: the lack of money. Taken in the context that those people earn their revenues from their business, we assume that they link their lack of revenues with the difficulty of increasing the profitability of their business. The respondents clearly identify the lack of skills and knowledge as a main cause of this lack of revenues.

Additional discussions in focus group confirmed the lack of skills and knowledge as an important obstacle to business development and earnings augmentation. This issue

is also largely covered by the literature review which gives importance on needs for training to support business development. It was cited that those trainings must be specifically designed in function of the needs of the participants. The core issue in providing relevant training is to identify what the real training needs are, and to fill the gap between perceived and real needs. This issue was also noted during the focus group discussions and those focus group discussions were valorized for identification of specific needs.

In harmony with the literature, the focus group discussion also expressed the desire of the community members to receive training in class instead of on job. Also in accord with the literature, the community members clearly expressed during focus group discussions that they want to improve their business, increase their revenues, start new businesses, but they don't know exactly which knowledge and skills they need. Additional discussions found out that for their specific case, training on marketing and business management would be relevant and would improve their businesses.

Finally, the motivation of some focus group members in exploiting a business complies with the literature since several of them were forced into those activities by external factors, needs to survive, and family's lifestyle. Activities they are doing are similar to those found in the literature regarding women: trading and services sectors.

CHAPTER 2: PROBLEM IDENTIFICATION

In this chapter, a situation is identified as a major problem for the community members and a specific area of intervention is defined for the project implementation.

2.1 Problem statement

Following the community need assessment undertaken through a general survey and specific focus group meetings, it was found that small business people, members of WAT SACCOS, lack of knowledge and skills in business management, especially in marketing. It is a major problem expressed by the WAT SACCOS' members and the ultimate problem expressed by the Zalirotage group.

2.2 Targeted community and stakeholders

The section 2.2 describes the community targeted by the project and the main stakeholders that have an interest in its success.

2.2.1 WAT SACCOS

The targeted community is composed by the active business members of WAT SACCOS. WAT SACCOS has 1 495 active members (900 business), so Zalirotage Group was chosen as the major partner for the development and the implementation of this project. More details about WAT SACCOS are provided in the community profile section of the community need assessment.

2.2.2 Zalirotage Group

The primary stakeholders of this project are the members of the Zalirotage Group. The creation of the Zalirotage group was done using a social approach to help the

members during personal difficulties (death of a family member, health problem, and money for emergency). This category of small community is called "Upatu" in Swahili language. They are now helping each other by sharing their experience to improve their management capacity, and then increase the incomes of their business. The following table presents some additional information about the Zalirotage Group members.

Table 5: Personal information about Zalirotage Group members

Rose Kivumbi, Chairperson of Zalirotage
51 years old, born in Njombe, living in Konduchi, form four education, retired from an administration position in the Academic International School, she holds an hostel for school children with 7 employees and keep chicken, plans to start an international school, owns two plots officially registered with titles and a shelter, takes care of her retired husband and their three children, concerned about HIV/AIDS.
Zainabu Mwendawangi, Treasurer of Zalirotage
40 years old, born in Iringa, living in Mikocheni B, primary grade seven education, arrived in Dar in 1993 to work as an office attendant at Academic International School, sells clothes by visiting her clients directly and she's doing hair, owns a small plot not registered without shelter, takes care of a husband and three children, concerned about access to school.
Tonagile Mkisi, Secretary of Zalirotage
45 years old, born in Tukuru (Mbeya), lives in Mikocheni B, form six education and a diploma in business administration at college, arrived in Dar in 1976 for high school, lost her job after seven years at Air Tanzania during privatization, keeps four cows and sells milk, owns a farm in Kitunda, plans to develop a farm in Mtigua (Morogoro) for sugar cane, owns a plot not registered without shelter, takes care of the son of her cousin.

Grace Ngulo
36 years old, born in Njombe, leaves in Mikocheni B, primary grade seven education, arrived in Dar in 1994 and found job as an office attendant at Academic International School, sells vegetables and household items by visiting clients, owns a plot not registered without shelter, takes care of her 3 children, concerned about housing facilities.
Monica Myombe
28 years old, born in Mbosi (Mbeya), lives in Mikocheni B, primary grade seven education, arrived in Dar in 1993, sells the vegetables of her garden, keeps chicken and ducks, and doesn't have husband or children.

2.2.3 Dunduliza

Dunduliza has also a stake in this project since its development is linked with the development of its affiliated SACCOS like WAT SACCOS. Dunduliza is a company which provides promotion and technical services to SACCOS' staffs and leaders, but not to the SACCOS' members. Those services includes management, monitoring, accounting and credit activity training, promotion, supervision of the loans portfolio, and computerization. Its affiliated SACCOS will take charge of 100% of its operational budget by 2009. Dunduliza will then be dependant soon of the good financial health of its SACCOS.

The board of directors of Dunduliza is composed of six members, led by the chairperson Professor Lucian Ambrose Msambichaka. The management is operated by the managing director, Mr. Tasilo Joseph Mahuwi. Both operate a strong and positive leadership since they have led Dunduliza to a fast expansion in Tanzania,

mobilizing more than 50 000 members and more than three billions Tanzanian Shillings of asset through SACCOS within 2 and a half years.

Figure 7: Dunduliza Membership Progression
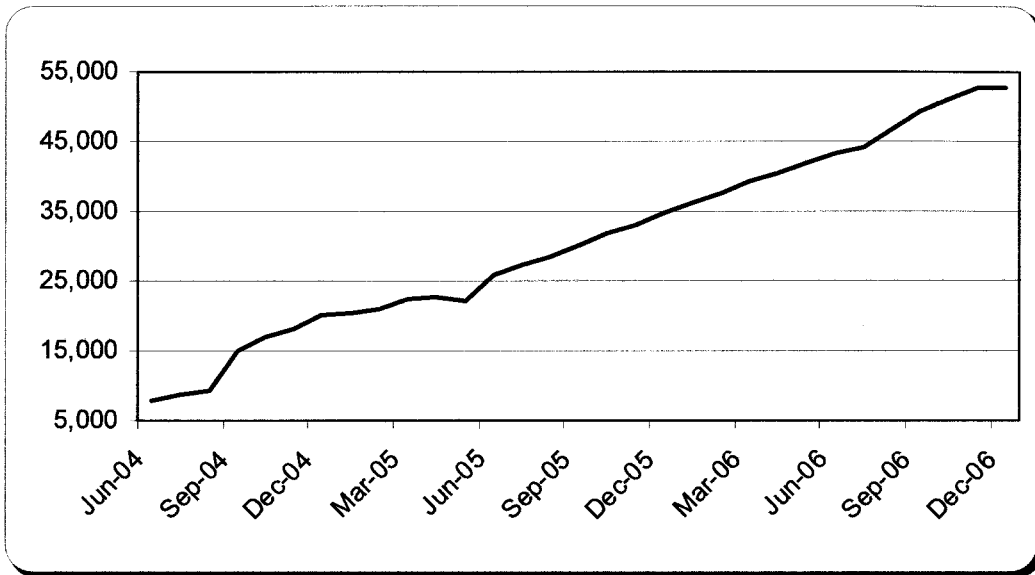
2.3 Project goal

The goal of the project is to:

"Improve the knowledge and skills in business management of the Zalirotage group"

2.4 Project objectives

The objectives related to the goal were:

1. Develop, before March 2006, a training tool covering the major issues in marketing activities for micro-enterprises managed by middle educated people.

2. Train the Zalirotage group members and a WAT SACCOS representative on marketing activities before August 2006.

3. Provide to WAT SACCOS, before December 2006, a training tool and a methodology that they can adapt and replicate the training to other business members.

2.5 Host organization

WAT SACCOS is the organization which acts as an affiliate to facilitate specific components required by the project realization. The Zalirotage group was chosen by WAT SACCOS among its members. The manager and a credit officer participate to the project design and to its implementation. The participation of those people is precious for several elements, including validation of information gathered at the grass roots, statistics about the community, translation between English/Swahili when needed, participation in interviews, and coordination for interviews and training place and date.

CHAPTER 3: LITERATURE REVIEW

The literature review covers general topics related to the CBO project. Since the CBO involved operates mostly in the informal sector, definition, constraint and opportunities of this segment of the market will be covered. The need for training to entrepreneurs is presented as a tool to improve the productivity and the efficiency of microenterprises. Also, a special attention is paid to issues related to women entrepreneurship since it concerns specifically the project stakeholders. The orientation took by the Government of Tanzania toward MSMEs is given through the Ministry of Industry and Trade position and through different policies and programmes. The literature review is organized according to the following characteristics: (1) Theoretical literature; (2) Empirical literature; (3) Policy review.

3.1 Theoretical literature

The International Labour Office (ILO)[1] defines the term "informal sector" a that segment of labour market in the developing countries that has absorbed significant number of jobseekers, mostly in self employment, and to workers in very small production units. It is often categorized by low level of capital, skills, access to organized market and technology; low and unstable incomes and poor and unpredictable working conditions. It includes three categories:

1. owner-employers of micro-enterprises, who employ a few paid workers, with or without apprentices;

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[1] Liimatainen, Marjo-Riitta, **Training and Skills Acquisition in the Informal Sector: A literature review.** International Labour Office

2. own-account workers, who own and operate one-person businesses, who work alone or with the help of unpaid worker, often family members and apprentices;

3. dependent workers, paid or unpaid. These include wage worker in micro-enterprises, unpaid family workers, apprentices, contract labour, home-worker and paid domestic workers.

From the ILO statistics (1998), in Tanzania, 56% of the total urban employment is under those categories. In Africa, it is more than 60%.

As reviewed by Haan[2], recent surveys in a number of sub-Saharan countries show that the growth of the informal sector is in fact a complex process of simultaneous expansion and contraction of its different segments. In a nutshell, when an economy is growing well, micro and small enterprises (MSEs) also thrive, expanding by engaging additional workers, while other entrepreneurs are closing their firms to move to more rewarding activities; conversely, when the economy is stagnating, MSEs face hard time and only a few of them are expanding, while others will even lay off workers. At the same time, there is also increased pressure for new labour market entrants who cannot find a wage job to start new businesses, even if these yield only marginal returns. Haan highlights that there is a need for increased skills development, together with the upgrading of technologies used in the sector and the introduction of appropriate tools and equipments, in order to increase productivity and enhance the quality of goods and services.

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[2] Haan, H.C. 2002. **Training for work in the informal sector: new evidence from Kenya, Tanzania and Uganda**. International Labour Office

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

From Xaba, the International Labour Office (ILO)[3] sees training as being important for workers in the informal economy. The continuing erosion of low-skilled jobs in many countries as a result of globalization and technological changes has affected most people, who are now joining the informal economy to survive. Thus, the question of productivity and survival of informal enterprises is linked to access to market and skills. The main informal training system operating in the informal economy is traditional apprenticeship, including on-the-job training and learning from relatives.

From King and Abuodha[4], higher education levels mean more stable income generating enterprises in the informal sector as a whole. Improving productivity is essential to the survival and growth of informal units. It is also a prerequisite to their gradual formalization. The improvement of productivity requires, among other

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[3] Xaba, Jantjie, Horn, Pat, Motala. Shirin. **The Informal Sector in the Sub-Saharan Africa.** Working paper of the International Labour Organization. October 2002, p.28

[4] King, K. and Abuodha, C. 1995. **Education, training and technological development in the informal sector of Kenya.** Journal of Third World Science, Technology & Development.

things, easier access to training, which has often been lagging behind other interventions such as credit.

In a study about training programs, Nelson[5] points out that the need to go beyond credit in order to stimulate business development in informal sector is now emerging as a priority among researchers, practitioners and policy makers. The core issue in providing relevant training is to identify what the real training needs are. A related issue is the gap between perceived and real needs. Entrepreneurs and informal sector workers are clients of the training providers, and as such, their needs must be transformed into demands for services. However, entrepreneurs themselves do not necessary recognize the needs that are identified by various services providers. Demand must often be stimulated, which requires investing in marketing, demonstrating the benefits and opportunities that the training will help to gain and access, maintaining proximity to the clients in order to respond to their emerging needs, and linking training to tangible benefits.

King and Abuodha found in their 1995 survey (about training needs of 100 informal sector entrepreneurs in Kenya) that there is a direct correlation between the level of education and the performance of the enterprise. Also, in their review, Burki and Ubaidullah[6] refer to research conducted in Pakistan demonstrating that returns to investment in human capital in the informal sector are very similar to returns in the

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[5] Nelson, C. 1997. **Training goes to market: a comparative study of two Kenyan training programs. USAID**
[6] Burki A.A. Ubaidullah. 1992. **Earnings, training and employment in Gurjranwala's urban informal sector: evolution or involution.** Pakistan economic and social review.

formal sector: human capital investments are rewarded in the form of higher earnings.

In a World Bank document, Fretwell and Colombano[7] point out that there is a considerable body of research that shows that skills and education have a positive rate of return and are essential to increase earning and productivity.

A major constraint to education is the presence of "child labor" that keeps children far from school. Although a growing theoretical literature points to credit constraints as an important source of inefficiently high child labor, little work has been done to assess its empirical relevance. Using panel data from Tanzania, Beegle, Dehejia, and Batti wrote a working paper for the World Bank[8] and find that households respond to transitory income shocks by increasing child labor, but that the extent to which child labor is used as a buffer is lower when households have access to credit. These findings contribute to the empirical literature on the permanent income hypothesis by showing that credit-constrained households actively use child labor to smooth their income.

In a paper wrote by the Aga Khan Foundation[9], Chen reported that in mainstream micro-enterprise programs, an entrepreneur is described as someone who is willing

[7] Fretwell D.H. and Colombano J.E. 2000. **Adult continuing education: an integral part of lifelong learning.** World Bank.

[8] Beegle, Kathleen, Dehejia, Rajeev H., Gatti, Roberta. **Child labor, income shocks, and access to credit.** World Bank Working paper. No. WPS 3075. May 2003, pp. 1-3

[9] Chen, M. **Beyond credit: a subsector approach to promoting women's enterprises.** Ottawa: Aga Khan Foundation. Chapter 1 'New perspectives on women enterprises' and chapter 2 'Common characteristics of women's enterprises, p. 2 -11. 1996

to take risk and it is given the same connotation to an enterprise. Because micro-enterprises owned by low-income women seek to minimize risk and increase security in their lives and work, their economic activities often are wrongly not classified as "enterprises" but as "subsistence activities" and considered non-productive and pre-entrepreneurial. Then, the supporter of the view on the growth and expansion of micro-enterprises classify programs in support of women's enterprise as welfare programs (subsidized poverty-alleviation programs). A third approach bridges growth and poverty oriented strategies, and valorizes the recognition of the women's enterprises contribution to economic development. Many women's enterprises have potential for growth if policy, market, educational, and cultural barriers to women's full productivity are lifted.

In a document prepared for SNV-World[10], Kinderwater stated that many businesses start but few survive. The difference between failure and success is often an effective marketing. Marketing is much more than finding a place to sell a product, and involves everything that happens between production and getting a product or service to a customer. It is satisfying customers' needs.

At the International Labour Conference in June 2000, the conclusions of the Committee on Human Resources Training and Development were adopted and state that:

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[10] Kindervatter, S. **Appropriate business skills for third world women.** New York: WomenInk. Chapter 1 'Notes to the facilitator', pp 7-12. 1991.

"Training can be one of the instruments that, together with other measures, address the challenge of the informal sector... Informal sector work is unprotected work that is, for the most part, characterized by low earnings and low productivity. The role of training is not to prepare people for the informal sector and keep them in the informal sector; or to expand the informal sector; but rather it should go in conjunction with other instruments, such as fiscal policies, provision of credit, and extension of social protection and labour laws, to improve the performance of enterprises and the employability of workers in order to transform what are often marginal, survival activities into decent work fully integrated into mainstream economic life. Prior learning and skills gained the sector should be validated, as they will help the said workers gain access to the formal labour market".

3.2 Empirical literature

While most informal sector workers are able to explain what they need to do, they are uncertain about what they need to know in order to accomplish the task efficiently. In a study on employment, income generating and skills training in Mozambique in 1997, Baden[11] found that the women interviewed, mostly traders, expressed a willingness to participate in training, but did not know what kind of training they should take or what benefit it would be to them. Some of the women mentioned sewing courses which may reflect the dominant perceptions of what is suitable for women rather than what will actually provide better incomes. Some women expressed their interest in training in accounting, business and marketing

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[11] Baden, S. 1997. **Post-conflict Mozambique: Women's special situation, Population issues and gender perspective.** International Labour Office.

skills. Older and illiterate women were more negative about training, because they believe they cannot get any training without basic literacy.

Interestingly, in a survey conducted in 1995 among artisans in Tanzania, Kent and Mushi[12] found that only 13% of the young male respondents considered education and training important for achieving their work related goals. Both male and female respondents identified access to credit as the principal requisite for fulfilling their ambitions.

In 1992, Siddiqui and Nyagura[13] undertook a survey on the training needs of entrepreneurs in the informal sector in Tanzania by interviewing a sample of heads of training centers, trainers, and small-scale and self-employed entrepreneurs. Their study shows that majority of entrepreneurs prefer workshops and organized classes as means of receiving training. On-the-job training was preferred by only 17% of the respondents.

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

1. Training must respond to client's demands rather that the demands of the donors, NGOs or other suppliers of training.

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[12] Kent, D.W. and Mushi P.S.D. 1995. **The educational and training of artisans for the informal sector in Tanzania.** Education research. Overseas Development Administration.
[13] Siddiqui F. and Nyagura L.M. 1992. **Training needs of entrepreneurs in the informal sector in Zimbabwe.** International Labour Office.

2. Training must address clients' immediate needs to ensure a high degree of relevance.

3. The supplier of the training must know his/her clientele and the training must be provided in a participatory manner.

4. Programs should charge fees for their services. Clients' willingness to pay is an indicator of the training's relevance to real needs and demands.

In a case study regarding the Vocational Education and Training Authority (VETA) in Tanzania, Haan[14] found that present training courses take too long. There is an enormous need for short, modular training curricula. People who are already engaged in self-employment or informal jobs do not have the time to attend long courses. A participatory approach should be used to plan the training courses and it is more effective to develop separate training packages per specific training needs. During the period covered by the case study (1997-2007), training resulted in improved quality of informal sector goods and services, which in turn positively influenced sales and profits. In the carpentry course, 20% of the employees gained so much confidence that they opened their own workshop.

The Regional Program on Enterprise Development (RPED)[15] has clearly demonstrated by a study conducted in Kenya, Zambia, Zimbabwe, and Tanzania that minority entrepreneurs firms (or non-indigenous) grow significantly faster than indigenously-owned African firms. The informational and financial networks created

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[14] Haan, H.C. 2002. **Training for work in the informal sector: new evidence from Kenya, Tanzania and Uganda**. International Labour Office

[15] Ramachandran, Vijaya, Shah, Manju Kedia. **Minority entrepreneurs and firm performance in Sub-Saharan Africa**. World Bank Working Paper No. 86. June 1998.

by those minority entrepreneurs provide access to credit, information, and technology for members of these networks. But it was also demonstrated that access to education enables indigenous African entrepreneurs to develop managerial skills that serve as a substitute for the informational and financial networks created by minority entrepreneurs.

In a working paper of the International Labour Organization (ILO)[16], Barwa shows that a business management training skills program, which from the outset is not designed for a specific target nevertheless can have a significant impact to empowering women economically when adapted and used by a local partner organization.

In a International Labour Organization (ILO) report about an experts' meeting on Skills Development for Economic Empowerment using the Community-Based Training Methodology, Josiane Capt[17] reviews the experience and lessons learned so far in the implementation of CBT/TREE (Community Based Training/ Training for Rural Economic Empowerment) in six Asian countries, with a view to further adapting this methodology and improve its effectiveness in reducing poverty in the region. It emphases that training must be dispensed within an integrated approach that focus on skills for employability; which implies that training needs to be

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[16] Barwa, S. D. **Impact of Start Your Business (SYB) Training on Women Entrepreneurs in Vietnam.** SEED Working paper No. 1. April 2003, pp. 28-29
[17] Capt, Josiane. **Report on the Experts Meeting on Skills Development for Economic Empowerment using the Community-Based Training Methodology.** International Labour Organization. 22-24 February 2005, pp 16-17

matched to economic demand. That training must be flexible and delivered in the proximity of the rural household.

The findings of the experts also propose that the training is not the only element to ensure a cost-effective alternative to the conventional training system in addressing the skill needs of rural people and other disadvantaged groups. To really promote the creation of local economic opportunities based on utilization of available resources, an effective program must implement post-training support and plan the sustainability of the program from the start through commitment of Government, capacity building of local leaders, NGOs, and social partners. Empowerment of the community is a key issue for the sustainability.

In a working paper written for SEED[18], Day-Hookoomsing and Essoo define the role of training and human resource development in promoting female entrepreneurship through several case studies in Mauritius. There is no doubt in their conclusions that good and effective training can be instrumental in stimulating and strengthening entrepreneurial activities. Countries with a high level of entrepreneurial activities are those which have the most developed and complete entrepreneurial teaching and training programs. The authors distinguishes two groups of female entrepreneurs – the "potential" and the "transition" groups – and this consequently requires properly targeted training and support initiative to meet the differing expectations and needs of the various groups.

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[18] Day-Hookoomsing, Patricia, Essoo, Vedna. **Promoting Female Entrepreneurship in Mauritius: Strategies in Training and Development.** SEED Working paper No. 58. November 2003, pp. 39-47

The potential groups refer to women already in business, with a certain education, and whose require development and strengthening of managerial skills such as creative problem solving, strategic thinking, intuitive decision-making under uncertainty, and networking. Training for this target group should also have a strong practical bias. There is a strong need to impress upon women the requirement to do a better positioning of their products and services in the market, to find niche markets and to undertake market segmentation. Training should not be limited to basic entrepreneurship development programs. The long-term view should be for entrepreneur women to be competitive, not just nationally, but internationally.

The "transition" groups refer to female victims of economic restructuring or women wishing to re-orient themselves. Women in those groups are usually characterized by their low educational and skills profile. Their needs are more for basic training programs such as basic numeracy and literacy, and basic of starting a business. Developing and nurturing them into entrepreneurs cannot happen without first making them "trainable".

While training in itself can be an excellent way of strengthening entrepreneurial abilities, Day-Hookoomsing and Essoo propose that developing an entrepreneur should be viewed in a wider perspective and includes the mentoring process. Mentoring allows an entrepreneur to benefit from the knowledge and experience of experimented business people they would normally not have access to.

Taking the experience from training to more than 1 600 micro and small enterprises located in four countries (Thailand, Cambodia, Indonesia and Ghana), Suzuki[19] reminds that badly designed programs can have negative impacts when entrepreneurship training products do not meet MSEs requirements. Six requirements are essentials:

1. Duration and timing of training should be manageable;

2. Training should take place near MSEs;

3. Local language should be used;

4. Training should be in practical skills, not general skills or theory;

5. Certificates should be issued upon the completion of the training;

6. Post-training services, such as marketing linkage, should be offered.

In a study on Women's Enterprises Development carried out in Ethiopia, Tanzania and Zambia throughout 2002, the ILO[20] surveyed 379 women business owners (including 128 women business owners and 15 case studies in Tanzania). The study noted that girls who are educated tend to be steered towards subjects preparing them for reproductive roles rather than employment or business ownership. The statistics also show that the number of women engaged in further and higher education is low. All of these factors are taken to show and imply that many women do not have the basic competence to successfully manage a business, employees, marketing and resources. Women also have limited business and managerial experience prior to start-up. This is derived from the fact that they are concentrated in lower paid, lower

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[19] Suzuki, Akiko. **Business Training Markets for Small Enterprises in Developing Countries: What do we know so far about the potential?** SEED Working Paper No. 32. October 2002

[20] Richardson, Pat. Howarth, Rhona. Finnegan, Gerry. 2004. **The challenges of growing small businesses: insights from women entrepreneurs in Africa.** International Labour Office.

status employment (both formal and informal) that does not support and enable them to build skills through experience.

The ILO study also shows that women are not so highly or positively motivated towards business ownership. Explanation given is that women have generally gone into business by default. They have started enterprises when no other options were available to them in order to overcome or alleviate their poverty, rather than purposively pursing business ownership by choice. It has been reported several times by the Tanzanian business women surveyed that they detest their experience because they are forced into entrepreneurial activities by external factors.

The women comprised in the ILO survey were mainly in the trading (30%) and the services (44%) sectors. 36% of the Tanzanian women surveyed identified access to markets and marketing activities as their greatest challenge for start-up their business.

Many of the women entrepreneurs surveyed had engaged in some form of training before and/or during the period of establishing their business. The primary motivating factor for this was to improve their skills, know-how and general competencies, both in areas technically related to their type of business and for business management skills more generally.

The research shows that women are able to build, manage and develop a range of formal businesses, and they can be the primary leaders and decision-makers in these

businesses. However this research also shows that many women feel they lack abilities, skills and expertise in certain business matters. There is a gap in training and other business development services, particularly for women with more substantial, growth-oriented MSEs. This was cited by women especially with regard to marketing, product quality issue, and general management.

Finally, in a National Symposium on Women Entrepreneurs in Tanzania organized by the ILO in 2002[21], opinion of Tanzanian business women were surveyed. Among other conclusions, it was noted that business development association can act as an important source of support, developmental opportunities and advocacy mechanisms for women entrepreneurs.

However, as most associations have inadequate capacities to deliver appropriate services to their members, there is a great and immediate need for capacity building and training, in particular in the field of governance, leadership, communication and marketing. Also, payment for such services is an issue as there is a tradition of providing free or subsidized services in Tanzania.

In general, it was found that most women entrepreneurs are willing to pay for business development services, even if it is only a nominal amount. The key is to offer services and products that add value to clients' businesses and will encourage them to pay for the business development services. Those services will need to be

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[21] www.ilo.org

tailored to women entrepreneurs' needs as these tend to be different from those of men, both in term of what is offered and how it is offered.

3.3 Policy review

Day-Hookoomsing and Essoo[22] remind in their working paper that a number of assistance programs fail or are not effective because they work around existing barriers. Entrepreneurs and small businesses are more likely to succeed when they operate in a supportive environment: minimal government regulation and taxes; institutions that provide loans, technical assistance and information to new businesses; support from local community and business agencies; business skills training programs, etc.

The Tanzanian Government has committed itself to raising the level of economic growth as one of the important means to achieve its poverty reduction objective. The ongoing reforms focus on reviving and enhancing the role of the private sector as the engine of growth, even if this private sector is still young. Small and Medium Enterprises (SMEs) sector is considered to be an important avenue through which to develop it.

The business environment in Tanzania is still weak in terms of legal and regulatory framework, infrastructure, Business Development Services (BDS) provision, access to finance, and coordination with institutional support. To enable a better environment for the private sector, the government has developed some policies and

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[22] Day-Hookoomsing, Patricia, Essoo, Vedna. **Promoting Female Entrepreneurship in Mauritius: Strategies in Training and Development.** SEED Working paper No. 58. November 2003

programs. SMEs development is under cluster one of MKUKUTA, namely: Growth

and reduction of income poverty. Examples of activity under MKUKUTA[23] are:

1. SME development and value addition through agro-processing;

2. Promotion of investment in the productive sectors;

3. Increase support to Research and Development (R&D) institutions;

4. Training on entrepreneurship;

5. Enhancing rural industrialization;

6. Conduct SMEs needs assessment;

7. Training of entrepreneurs in agro-technology and production;

8. Provision of technical, financial and other business support;

9. Construction of working premises in rural areas.

The national policy called "Small and Medium Enterprises Development Policy 2000/2001" aimed at unleashing the potential of small, medium and micro-enterprises through private sector led growth. The Tanzanian Government reports that SMEs contribute about 50% of the industrial Gross Domestic Product (GDP). The SMEs Development Policy recognises the SMEs as a tool to increase the share of business growth and employment creation. SMEs are labour-intensive, create employment opportunities at relatively low levels of investment per job created, and many SMEs serve as a training ground for entrepreneurial and management development.[24]

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[23] United Republic of Tanzania Vice-President's Office (2005). **National Strategy for Growth and Reduction of Poverty.** Annex PP. 2-13

[24] Xaba, Jantjie, Horn, Pat, Motala. Shirin. **The Informal Sector in the Sub-Saharan Africa.** Working paper of the International Labour Organization. October 2002, p. 26

Several initiatives are ongoing by the Tanzanian Government[25]. The SME Credit Guarantee Fund is a scheme managed by the Bank of Tanzania (BOT) under a steering committee with members from Treasury, Ministry of Industry and Trade, SIDO and Bankers Association. The National Entrepreneurship Development Fund executed by SIDO under supervision of National and Regional Steering Committees, aims to serves microenterprises with a ceiling of 500 000 Tshs. The SME Competitiveness Fund aims to enhance competitiveness of SMEs through facilitating their access to business development services. The Private Sector Support Programme (PSSP) is under UNIDO, UNDP and ILO, and facilitates increase of incomes generation and job creation by supporting MSMEs to exploit market opportunities. The SME/Private Sector Development Programme under the World Bank develops a healthy and competitive domestic private sector. It concerns improvement of the investment climate, enhancement of enterprises competitiveness, and facilitating access to finance.

There is increasing number of institutions coming forth in supporting SME programmes. From the Ministry of Industry and Trade point of view, there is need to enhance the capacity for coordinating these programmes so as to enhance integration and minimize unnecessary duplications. Ministry of Industry and Trade has expressed the need to be trained, especially in the SME Section.

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[25] www.tanzania.go.tz

CHAPTER 4: IMPLEMENTATION

This section presents the implementation plan of the project as it was initially intended by the stakeholders. It is highlighted that this project was completely initiated by the stakeholders within the guidelines allowed by a fully participatory approach and without any external influence. Having decided that the goal of the project will be to *"improve the knowledge and skills in business management of the Zalirotage group"*, the stakeholders planned the implementation as it follows.

4.1 Product & outputs

By January 2007, it was expected that the following outputs and products will have been generated by the project:

1. A training tool in marketing activities will be developed and will be available;

2. The five women members of the Zalirotage group will be trained in marketing activities and will have given their feedback on the project;

3. WAT SACCOS will have the required knowledge for the planning of the training replication to other business group members.

4.2 Project planning

The community needs assessment, the problem identification, the project's goal and objectives definition and the overall strategy planning were expected to be done by December 2005. The designing of the tool was expected to be done before March 2006 under the responsibility of the facilitator. The representative of WAT SACCOS acted as an advisor and organiser for the meeting with Zalirotage group, and learned

the content during the process. Monthly meetings were held with WAT SACCOS and Zalirotage to validate the relevance of the project.

The training in the Zalirotage group was planned to be completed by June 2006, and led by the representative of WAT SACCOS with the participation of the facilitator. The representative of WAT SACCOS was responsible to plan the replication of the training, with the advices of the facilitator and the feedback of the Zalirotage group.

Table 6: Project Implementation plan

Activities	Dead-line	Resources	Responsible
Project definition	Jan. 2006	Community	Facilitator
Research on training	Feb. 2006	Internet & computer	Facilitator
Designing the tool	Mar. 2006	Computer	Facilitator
Meeting Zalirotage (feedback)	Monthly	Meeting office	Zalirotage chairperson
Training	June 2006	Meeting office	WAT SACCOS Representative
Evaluation	Sept. 2006	Meeting office	Facilitator
Replication planning	Nov. 2006	None	WAT SACCOS Representative

4.2.1 Staffing pattern

The project is designed in a full participatory approach and the issue to address was chosen among issues which are appropriate with the skill and knowledge of the participants. In other words, each one of the various stakeholders that take part of the project is in position to bring some contributions that will contribute to the success of the project. Thus, no additional staffing to the actual participants is required.

The following table presents the position of the different participants and their responsibilities.

Table 7: Jobs' description

Facilitator (CED practitioner)
1. Assist the group's members in the assessment of their problems and needs;
2. Assist the group in the establishment of one priority problem;
3. Give advices and assistance in the elaboration of the project in order to resolve the problem;
4. Find tools and information available to realize the project;
5. Accompany the group in the realization of the project;
6. Make follow-up on the effects of the project's realization.

WAT SACCOS representative
1. Identify the group/partner among the WAT SACCOS' members;
2. Supervise the diffusion of the need assessment questionnaire;
3. Confirm the relevance and accuracy of information provided by the group/partner;
4. Active participation in all the project process;
5. Lead the training sessions;
6. Facilitate the material resources needed (ex. office);
7. Ensure the replication of the training to other members of WAT SACCOS.

Zalirotage group members
1. Active participation in all project process;
2. Commitment in the training developed;
3. Give transparent, accurate, and relevant information on their situation;
4. Provide appropriate feedback;
5. Identification of other members interested for the replication.
6. The Chairperson of the group is responsible to maintain a good level of participation and to record monthly feedback.

Regular adjustments will be needed to adapt the tool every time the training will be disseminated to a new category of business people. In order to ensure the sustainability of the project, two representatives of WAT SACCOS are involved in the project process, including the manager.

The project has been designed to contribute to the development of WAT SACCOS and the achievement of its mission. A strategy for replication of this project to other members of WAT SACCOS was expected to be intended during November 2006.

4.2.2 Budget

This project doesn't require any major funding; only time, commitment, a place to undertake training, access to internet, photocopies of material, binders, pens, and drinks. The following table presents the pro forma budget established at the beginning of the project.

Table 8: Pro Forma Budget

BUDGET PRO-FORMA BUSINESS MANAGEMENT TRAINING	
8 participants (5 trainees)	
4 training sessions	
Drinks (8 X 4 X 500 /=)	16,000.0
Training manual (100 pages)	40,000.0
Binders	16,000.0
Pens	8,000.0
Certificates with frame	25,000.0
Internet access (20 hours)	60,000.0
Total	165,000.0

The total of 165 000 Tshs was a graciosity of the CED practitioner since it is the first implementation. Considering the small amount of those cost, it is proposed for future replication that those costs were charged to the participants as a training cost. Having a symbolic cost to training contributes to ensure the willingness and participation of the participants.

4.3 Project implementation

The implementation respected the time-line initially established for the project as presented in the Gantt chart bellow.

Table 9: Project implementation Gantt chart

Task Name	Qtr 3, 2005			Qtr 4, 2005			Qtr 1, 2006			Qtr 2, 2006			Qtr 3, 2006			Qtr 4, 2006			Qtr 1, 2007			Qtr 2
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Identification of a community			WAT SACCOS Representative ,Patrick Cyr																			
Community background analysis			Patrick Cyr																			
Needs assessment				Patrick Cyr																		
Problem identification					Patrick Cyr																	
Project definition						Patrick Cyr,WAT SACCOS Representative																
Research on existing training							Patrick Cyr															
Designing training tool								Patrick Cyr														
Training Zalirotage Day 1									WAT SACCOS Representative													
Training Zalirotage Day 2									WAT SACCOS Representative													
Training Zalirotage Day 3									WAT SACCOS Representative													
Training Zalirotage Day 4									WAT SACCOS Representative													
Evaluation post training and short term impacts															Patrick Cyr							
Replication planning																WAT SACCOS Representati						
Continual feed back																Rose Kivumbi						

After completion of the need assessment and the problem identification, the goal and objectives of the project were defined before the end of 2005. The Gantt chart indicates the activities which are prerequisite to others and then become critical in respecting the project's time-table. Achievement of the project will depend on availability of information regarding training on marketing activities oriented for middle educated people who own a micro-business in a competitive environment. The next paragraphs detail the activities undertaken to achieve the objectives.

4.3.1 Activities undertaken

The following tables present the three main objectives and the activities undertaken

to achieve them.

Table 10: Project Objective #1

Objective #1: **Develop, before March 2006, a training tool covering the major issues in marketing activities for micro-enterprises managed by middle educated people.**
1. Researches on existing training kit and review of documents.
2. Monthly focus group meetings to discuss relevance on training kit found.
3. Additional focus group meetings to strengthen the need assessment.
4. Adjustments and adaptation of the training kit (Case studies created presented in appendix 10).
5. Training kit translated in Swahili language.

Table 11: Project Objective #2

Objective #2: **Train the Zalirotage group members and a WAT SACCOS representative on marketing activities before August 2006.**
1. Identify a venue for the training sessions.
2. Identify a date for the training sessions.
3. Monthly focus groups meetings were continually held to monitor the progress in the implementation of the project.
4. A certificate was remitted to each member of the Zalirotage group to confirm their participation to the training. Example of certificate presented in appendix 6.

Table 12: Project Objective #3

Objective #3:
Provide to WAT SACCOS, before December 2006, a training tool and a methodology that they can adapt and replicate for training to other business members.
1. A copy of the training kit is given to WAT SACCOS for replication to other business members.
2. Provide a time-table and a strategy for the replication of the training.
3. Inform the community that the tool cannot be sold, and the stakeholders cannot utilize it in a commercial manner.

CHAPTER 5: MONITORING, EVALUATION AND SUSTAINABILITY

This chapter presents the monitoring plan, the adjustments made to the project during its implementation, the evaluation of its achievement, and its sustainability planning. Challenges that arose during implementation will also be presented.

5.1 Monitoring Research Methodology

As a part of the implementation, the monitoring of the project is a continuous process of gathering information required to analyze the situation, identify problems, find solutions, and make decisions in order to keep the project activities on schedule

For the present project, the information gathered throughout the project's life started from the early steps during the identification of the community. In addition to monitor respect of dead-lines and realization of tasks, the information gathered were mostly referring to:

1. Characteristics and evolution of the community members' profile;

2. Relevance of the project with the stakeholders all over the different steps;

3. Participation of the stakeholders;

4. Relevance of research;

5. Consensus of the stakeholders regarding the tool composition and format;

6. Adaptation of the training kit;

7. Dissemination of the training sessions;

8. Compilation of the evaluation;

9. Follow-up on the Replication Planning.

The facilitator (CED practitioner) was responsible to gather the data from the person responsible of the activity in order to keep the project on track. The data gathering and project monitoring were done through monthly focus group meetings with the Zalirotage group members and the WAT SACCOS representatives, review of documents and records, and dissemination of questionnaires.

Thus, the management information system was kept as simple as possible to allow a full participation of the stakeholders and to allow quick reactions if a problem was about to arise. Information gathered was recorded through the minutes of those meetings which were written by the Zalirotage group Secretary. Those minutes were written in Swahili language and the Zalirotage group members shown a great rigour in respecting the time-table and producing the information required.

The CED practitioner really played a role of facilitator by proposing issues to discuss in meeting, reminding the task to be done and their dead-line, asking questions to facilitate discussion in meetings, orienting discussion around business management and concerns of the group members, and presenting different studies and training kit existing relevant to the project.

The initial monitoring plan was the following:

Table 13: Project Monitoring Plan

Activities	Data to gather	When	Significance
Research on training	-Review of documents on existing training and literature	January and February 2006	Ensure up-dated information
Designing the tool	-Feedback from Zalirotage and WAT SACCOS during focus group meetings	March 2006	Ensure relevance and participation
Meeting Zalirotage (feedback)	-Review of the minutes of meetings	Each meeting	Ensure relevance and participation
Training	-Review of document: time-table and confirmation of office availability -Focus group meeting for feedback on implementation	August 2006	Ensure availability of resources
Evaluation	-Review of document: questionnaires after the training -Focus group discussions	June and September 2006	Assess the quality services provided
Replication planning	-Focus group discussion on availability and interest of members and WAT SACCOS staffs	December 2006	Ensure the sustainability of the project

5.1.1 Focus Group Meetings

The main monitoring activities were done through focus group meetings and it worked particularly well. The stakeholders appreciated being involved and were generous of comments. In addition, while focus group meetings were usually done in a neutral environment (Dunduliza office, restaurant), the stakeholders really appreciated the field visits at their own place or businesses. It reinforced the feeling

that the project was really involving them and was considering the condition they were living in.

Monthly focus group meetings were conducted between January and May 2006 to review the documents and to discuss relevance on training kit found, as described in the following section 5.1.2 which presents the review of documents utilized for monitoring during the implementation of the project.

Focus group meetings also allowed to strengthen the need assessment and confirmed that the members of the group chosen for the project don't have any knowledge in marketing activities. The training project which was initially planned as general business management training during the early phase of the community need assessment has been reoriented during the last phase of the planning activities and the implementation focuses now on a more specific aspect of the management skill: the marketing activities.

During the focus group meeting, the group members developed the idea to start a new group business together, once they will have improved their knowledge and gain enough confidence in them. It was then decided that one of the indicator of success of this project will be the redaction of a business plan for the new business of the Zalirotage Group.

The training of the group initially planned in May and June 2006 was finally realised between July 22nd and September 2006, due to the time limitation of the different

stakeholders. Mr. Neemak Eddy Kasunga, who participated in the adaptation of the training kit, was invited to participate in the training sessions and to bring his experience in the discussions. Due to the renovation ongoing in the premise of WAT SACCOS, the training sessions were held in the premise of Dunduliza without additional cost.

Monthly focus groups meetings were continually held to monitor the progress in the implementation of the group new business plan. Short term impacts of the training on their actual businesses were discussed and will be presented in the section 5.1.2 treating of the review of the Feedback Questionnaire Evaluation Form.

In order to demonstrate the reliability of the tool and the versatility of the tool, the members of the Zalirotage group have decided during a focus group meeting discussion to support a small dispensary of their community and its doctor in the redaction of a brief business plan. An unplanned opportunity appears in late December 2006 right after the completion of the project and this dispensary was offered the possibility to receive a donation of 10 millions Tanzanian shillings from a Canadian Foundation (the Gilles Kegle Foundation). But the dispensary is required to provide a brief business plan to demonstrate the strengths, weaknesses, opportunities and challenges, as well as a budget for the investment. A meeting was held among the Zalirotage group members, the doctor and the CED practitioner on December 21st 2006, and the frame of the business plan was discussed. It was agreed that a document will be presented to the Gilles Kegle Foundation in the beginning of year 2007. This activity was still ongoing at the moment this report was written.

5.1.2 Feedback questionnaire

As part of the monitoring during the project implementation, a questionnaire was filled by the Zalirotage Group members in order to receive feedback and to realize a proper evaluation of the project. The Training Feedback Evaluation Form, shown in appendix 5, demonstrates that following the training, the Zalirotage Group will now *"do a better identification of the products and proper market, will be keener in business management and planning, and will question and continue to investigate in business management among other business fellows and business management experts"*. They declared having learnt different ways of sourcing capital and also how to identify different markets for the products. The business linkage was also an appreciated element during the training since the group members now find important to know other people businesses and to compare their strengths and weaknesses.

5.1.3 Review of documents

Intensive researches on existing training kit were conducted from January to May 2006. Mainly, those researches were conducted on the internet and reported to the group for review of the documentation and discussion. During the research in March 2006, an interesting training kit was found: Promoting Rural Women's Cooperative in Thailand. This training kit developed in 2004 by Smita Premchander and V. Prameela in collaboration with Wim Polman belongs to the Food and Agriculture Organization of the United Nations, Regional Office for Asia and the Pacific. During focus groups meetings in April and May 2006, relevant sections of this training kit were chosen by the stakeholders as the core part of the training required by Zalirotage group.

Monitoring the project allowed the identification of two challenges during the process: first, some Zalirotage Group Members don't speak English so that there was a need to develop the project in Swahili. Second: the Zalirotage Group Members were not all at the same level of education and business experience. Some of them were not comfortable to read in Swahili so that there was a need to develop a tool flexible that use different learning methods to be useful for everybody. Thus, the sections of the training kit chosen were adapted to the Tanzanian context and then translated in Swahili language to suit the needs of all the members. The appendix 10 presents various case studies that have been created specifically for analysis and discussion of the Tanzanian micro businesses. It was agreed during the project that this tool cannot be sold, and the stakeholders cannot utilize it in a commercial manner.

Mr. Neemak Eddy Kasunga was specifically hired to support the adaptation and the translation of the training kit. His actual position as Director of communication and training for Dunduliza, a Tanzanian Federation of SACCOS, added to his long experience in supporting the development of micro and small enterprises make of him a very good contributor for this project (see details about his qualifications in appendix 8). His unplanned participation in the project was completely free of charge and motivated by his desire to be involved in such project.

Following the needs expressed all along the different focus group meetings, the training kit was designed in order to maximize exchange of experience among the group members. The training kit proposes a minimum of lecture, a lot of discussion,

businesses observation, role play and games. The training disseminated is composed by three modules delivered in nine sessions. The time-table and content of the training is summarized in appendix 9.

To monitor the completion of the project and its success, the business plan produced by the Zalirotage Group regarding their new business was reviewed. This business plan, presented in appendix 7, demonstrates that the Zalirotage Group members have assimilated the information learned, and that they were able to apply it in a practical situation. On December 21st 2006, a certificate was remitted to each member of the Zalirotage group to confirm their participation to the training. Example of this certificate is presented in appendix 6.

At the end of December 2006, the training tool is available for replication to other business members. Unfortunately, a concrete time-table and strategy for the replication of the training was not yet defined at the moment to write this report. This delay is caused by some major changes within WAT SACCOS organization: WAT SACCOS implemented a new computer system in the last quarter of 2006 and all energy of the staff was concentrated around this new system. Also, a new manager is expected to take place and will be confirmed in his position in early 2007. Those unexpected events delayed the project implementation and had a negative impact on the motivation of the WAT SACCOS employees in completing the project. The strategy for replication is now expected to be developed during the year 2007.

The following table outlines the goal and objectives, the indicators to monitor, and the time-line showing when benchmarks are achieved:

Table 14: Summary Monitoring Table

Goal:						
Improve the knowledge and skills in business management of the Zalirotage group						
Objectives	**Indicators**	**What to monitor?**	**Possible corrective?**	**Planned time-line**	**Date achieved**
Develop a training tool	Existing tools identified	- Internet researches are done - Proposals are discussed	- Deploy new resources	January 31st 06	April 30th 06
	Tool adapted	- Focus group meetings are done - Proposals are adjusted bi-monthly	- Do weekly meetings	February 28th 06	June 30th 06
	Tool in Swahili	- Recruitment of a translator - Translation completed	- Change the translator	March 31st 06	June 30th 06
Train Zalirotage	Venue identified	- Venue confirmed	- Reschedule	May 30th 06	June 30th 06
	Date accepted	- Date confirmed	- Reschedule	May 30th 06	June 30th 06
	Training sessions completed	- Attendance sheet - Facilitator report	- Reschedule	August 30th 06	August 30th 06
	Business plan written	- Business plan document	- Give additional training	September 30th 06	October 31st 06
Plan replication of the training	Replication strategy and time-table	- Institutionalization of the project - Time-table for the replication	- Revise objectives - Revise strategy	December 31st 06	Not completed

5.2 Evaluation Research Methodology

Since the goal of the project is to *improve the knowledge and skills in business management of the Zalirotage group,* this evaluation section assesses the impact and accomplishments of the project. Regarding the summative evaluation, we evaluated in this section some process objectives as the development of a training tool and the dissemination of business training, as well as some summative CED outcomes as the possible start-up of a new business for the Zalirotage Group Members following the production of their business plan. Thereafter, the formative evaluation leads to recommendations and guidance to strengthen or improve the project to make it sustainable.

5.2.1 Performance indicators and Summary Evaluation Table

The first step in the evaluation process is defining indicators of success. The following paragraphs discuss the various indicators of success considered in this project, as well as the external factors that affected their achievement.

Increase of revenues with a new business

Considering the various concerns and needs of the Zalirotage group members and the WAT SACCOS members expressed during the need assessment, the project contributes in poverty alleviation among the community in giving tools and knowledge to people in order for them to increase their source of revenues. An indicator of success of the project regarding this outcome is the positive increase in the revenues level of Zalirotage group members. But considering the short term

period of the project (one year), the long term period required for evaluating such indicator, and several external factors that affected the group, it was decided not to rely on this indicator. The external factors will be discussed in the next paragraph. It was decided by the Zalirotage group member that they wanted to start a new group business. It was then adopted by the stakeholders that the creation of a business plan for this new business and the actions taken to start this business will be considered as an indicator of success of the project.

Nevertheless, several external factors have influenced the level of revenues of the Zalirotage group members and the WAT SACCOS members during the project period (2005-2006). The national inflation increased from 4% to 7% and was caused, among other factors, by an increase of the cost of energy (fuel) and food. The electricity supply was badly affected by a drought in the country and the lack of maintenance of electrical equipments by the national supplier; this affected petty trader, small shops and manufactures, and contributed to the inflation.

Finally, the government authorities have forced the closure of all small businesses operating in the informal sectors of activity. Those enterprises which were not properly registered were all demolished and their owner has lost their capital and a source of revenues. This situation has negatively affected the Zalirotage group members and several members of WAT SACCOS and in addition, one of the Zalirotage group members has lost one of her three milking cows during the project period.

Training tool available

The training tool constitutes the first outcome of the project. The indicator of success determining the achievement of this outcome is direct and is constituted by the availability of the training tool. The tool developed is simple for users, adapted for Tanzanian context by presenting relevant business examples, translated in Swahili language, facilitate exchange of experience among participants, and propose various learning channels (lecture, business visit, case study, role play, game).

WAT SACCOS Representative Trained

The second outcome is "a WAT SACCOS representative trained". The indicator of success determining the achievement of this outcome is also direct and is constituted by the participation during all the implementation process and the diffusion of the training by the WAT SACCOS representative. Addition of an external expert resource during the project contributed to the training of the WAT SACCOS representative. The collection of the data that demonstrate the achievement of this outcome was recorded through attendance sheets and minutes of the focus group meetings.

Zalirotage Group Members are trained

The third outcome of the project is that *"the members of the Zalirotage group are trained in business management"*. Focus group meetings clearly demonstrated during the initial steps of the project that the Zalirotage group members didn't have

any knowledge about business plan and marketing activities before realizing the training sessions. The completion of a business plan by the Zalirotage group members themselves demonstrating a progression in their business knowledge constitutes a major indicator that the project has improved the knowledge of five business people.

Replication Planning

The fourth outcome is the replication planning of the project. It was expected that the training tool will be available to WAT SACCOS for further training to its business members. The indicator determining the achievement of this outcome is constituted by a formal planning and time-table for the replication of the project. Considering that some external factors described in the implementation section have delayed the realization of this activity, it was impossible for the stakeholders to finalize a formal planning for 2007 despite the interest to continue the project.

The stakeholders have rather adopted a new indicator to demonstrate the reliability and versatility of the tool. The Zalirotage group members now utilize their new knowledge and the part of the training tool constituted by a business plan model to support a small dispensary also member of WAT SACCOS in the production of a business plan required to obtain funding. Even if this possible outcome was not initially planned, the planning of the production of this second business plan is considered here as an indicator of the replication possibility of the tool developed.

The time-frame established for this activity exceeds the actual project duration but the aim was to prepare the continuity and the replication of the project as well as facilitate the utilization of the tool developed for various and additional activities. Thus, various additional outcomes are expected in the future.

In addition to that, the Zalirotage group members are committed to their community and plan to replicate this project with other business people in order to disseminate the information received. One of the elements they remember from the project is the importance of creating links among people. They will take the opportunity of the tool developed during the project as a pretext for business meeting and business people linkage. In other words, the Zalirotage group members will play the role of WAT SACCOS in the replication initiatives of the project.

Other indirect benefits

Those outcomes will obviously provide indirect benefits like increasing the incomes of the Zalirotage members, creating new jobs, improving welfare of Zalirotage members and their family, contributing to WAT SACCOS development, and contributing to the sustainability of the Dunduliza network. Also, the planning of the continuity of the project by supporting a local dispensary also member of WAT SACCOS will obviously generate positive outcomes for their stakeholders.

Nevertheless, considering that those outcomes will be realized on medium and long term basis and that a multitude of internal and external factors influence the activities

of a business and its market, it was not in the scope of the actual project to measure and to quantify those factors.

The following table presents a project matrix defining the expected outcomes of the project and their external factors as it was planned from the beginning of the project.

Table 15: Project Matrix

Immediate Goal:	Indicators:	External Factors:
- Improve the knowledge and skills in business management of the Zalirotage group by August 2006.	- The Zalirotage group's members have completed a business plan adapted to their business; - The WAT SACCOS' representatives have accompanied the Zalirotage group in the completion of their business plan.	- Adequate basic knowledge from the participants to allow comprehension of basic principles.
Outputs: - A tool for training is available; - Zalirotage group's members are trained; - WAT SACCOS' manager and credit officer are trained; - Replication plan for the project.	**Indicators:** - Training attendance sheet is properly filled and signed; - The tool developed is available. - A plan for the replication of the project is in preparation.	**External Factors:** - The health of the participants is favourable to the completion of the training sessions. - Willingness of the stakeholders to replicate the project
Activities: - Meeting between the participants; - Document relevant information available; - Develop a tool that support business strategic management; - Realise training sessions; - Completion of the business plans; - Plan the replication of the project.	**Inputs:** - Zalirotage group's members; - WAT SACCOS manager and credit officer; - 1 facilitator from outside; - Internet and all other publicized information; - 1 computer's facility; - 1 training room; - Businesses' information;	**External Factors:** - The sources of information are available. - The stakeholders are still interested to replicate the project (political and financial issues)

5.3 Sustainability

In order to strengthen and improve the project, make it sustainable, and enhance performance, continuous feedback from Zalirotage and WAT SACCOS was essential during all the project process. Monthly meetings were held all over the project duration and information collected regarding the evolution of Zalirotage members' business and the characteristics of their respective businesses' market. The flexibility of the tool was one of the preoccupations of the stakeholders and is essential to enhance the project performance and to allow its replication.

5.3.1 Business People Linkage

The stakeholders have clearly demonstrated their appreciation of the tool developed and of the methodology utilized. The Zalirotage group members declared in their feedback form (see appendix 5) that they enjoyed the learning methodology using various channels of learning (case study discussions, games, market visits, lectures by an expert), they will remember several elements learned like the importance in planning their product selection and market, and they will apply it by being more keen in their daily business management. Business people linkage is also an element discovered by the group member that they will be interested to develop. The members of the group clearly demonstrate their interest in continuing to receive the presence of an external facilitator to orient their discussions.

5.3.2 Self-Motivation Challenge

Strangely, despite the needs expressed and the willingness demonstrated to realize such project that has a direct impact on their skills and development, the Zalirotage group members clearly stated during focus group discussion that "Tanzanian

business people need to be pushed in order to be involved in their own development". Improvement of their skills and eventually their business is considered as an indirect benefit, and involvement in this process must be motivated by direct benefits like allowances, possibility to have a loan, and so on. Based on those limited discussions, the culture of development is still restricted on a very short term basis. The context of the project didn't allow investigating more this aspect of the project implementation for eventually generalizing this idea, but it is considered as a limitation for the sustainability of the project.

5.3.3 Financial Sustainability

On the financial side, it is important to highlight that the project was defined and implemented at very low cost to facilitate the replication in the future. As it was stipulated in the literature review and suggested for the replication of the project, the next trainings should have a minimum cost charged to the participants to cover minor expenses (photocopies, venues, etc) and to ensure motivation and participation of the participants. Nevertheless, this idea was strongly rejected by the members of the Zalirotage group for the same reason as expressed in the previous paragraph. The general recommendation was to found a sponsor to cover the cost of those projects, even if it is very small and negligible cost.

5.3.4 Potential Partners

It was found during the project that other organizations offer training and services similar to the project content. Those organizations can priory be seen as competitors but considering the development goal of the project, those organizations should rather be seen as collaborators to eventually complete the training and the transfer of

knowledge to the small entrepreneurs. Examples of organization found are the following.

Small Industries Development Organization (SIDO)[26]

This Governmental organization supports the development of SMEs by providing various adapted training and by facilitating links with financial institutions. SIDO also administrates the National SMEs Competitiveness Fund and the Regional Competitiveness Fund, both for loans to SMEs. SIDO has offices in every regions of Tanzania and despite the fact that the loan funds are limited, they offer plenty of training at a low cost. The average cost of their training is 1 000 Tanzanian Shillings (approximately 1 $US) per day.

Faida Mali[27]

It's a company selling its own products and services. Some guidelines or publications are available for free. The client must find himself the sponsor, partner to share the costs, etc. The project empowers women and men in Rural Tanzania to access markets through capacity building of community based organizations and implementation of Market Linkage (ML) approach. It serves Arusha, Kilimanjaro, Manyara, Tanga, Iringa and Mbeya regions.

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[26] Web site: www.sido.co.tz
[27] Web site : www.faida.or.tz

Tanzania: Integrated Training Programme for Women Entrepreneurship Food Processing[28]

It is a project of the United Nations Industrial Development Organization (UNIDO) and the Small Industries Development Organization (SIDO), with its network of 20 regional offices. They serve Arusha, Dar es Salaam, Iringa, Kilimanjaro, Tanga and Morogoro regions for women.

The University of Dar es Salaam Entrepreneurship Centre[29]

This Centre is affiliated with the University of Dar es Salaam. They serve enterprise in development everywhere in Tanzania.

Eventual collaboration with the organizations described above can strengthen the project replication by completing the transfer of business management expertise to local small entrepreneurs.

5.3.5 Involvement of the stakeholders

A very important element that will influence the sustainability of the project is the social involvement of the different stakeholders. The people who took part of the project were all very motivated and expect continuity in the future. Zalirotage group members are already involved with the support to a small dispensary and are working on the implementation of the business plan they have created for their new business.

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[28] Web site : www.unido.org
[29] Web site : www.udec.udsm.ac.tz

WAT SACCOS has been very busy with some major changes in the structure at the end of 2006: new computerized system, new manager, and new operation procedures. This exceptional high level of activity has delayed the planning of the replication of the project to 2007. Sustainability of the project will depend on their capacity to overcome their challenges and the level of priority they will maintain for business training activities.

Although a sustainability plan is not yet available for this project, the training tool is available for WAT SACCOS, the tool is adapted to Tanzanian context and translated in Swahili language, the tool has been successfully tested, WAT SACCOS representatives are available and comfortable with the project, the external expert that brought hit experience to the project is still available for additional adaptation, and the stakeholders agree to complete the replication plan during year 2007. It is clear that the stakeholders are now qualified to continue the planning and the replication of the project without additional support from the CED practitioner.

In order to improve the project's sustainability, WAT SACCOS should institutionalize this project through facilitation of partnership with specialized training centre and mechanisms that allow business members to share experience. Despite the complete need assessment that demonstrate the lack of knowledge in business management among its members and the resources available to address this problem, it remains that the fundamental mission of WAT SACCOS is to provide financial services, not business training.

5.3.6 Project's Goal VS WAT SACCOS' Mission

For the members of this community, the problem is simple and need to be addressed, but for a financial institution it is not advisable regarding the finance good practices to support the preparation of business plan for member and then authorizing loans that will allow implementing the business defined. WAT SACCOS can be squeezed in conflict of interest or blamed for supporting the redaction of a business plan and lending money for a business that might eventually turn into bankruptcy. The collection of loan payment by the SACCOS can become very difficult socially if it involves a borrower that turned to become a defaulter because of a business strategy written with the collaboration of some SACCOS' officers.

Furthermore, it might be found that people who are participating in such project in the future are doing it only considering the possibility to receive loans from the financial institution. To ensure the effectiveness of this activity that address an important problem, WAT SACCOS will need to identify a partner to sustain the project and institutionalize this partnership into its core mission. For the moment, the Zalirotage group members have taken the decision to play this role within the limitation of their capacities by replicating the project with other business people. Furthermore, the section 5.3.4 presents various organizations that are available to become an interesting partner in dissemination of business management training.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

This chapter review the results of the project. It will be discussed here in which way the goal and objectives have been modified over the life of the project as well as assessing their achievement. Finally, recommendations will be presented in order to help eventual attempts of similar project and to facilitate their replication and sustainability.

6.1 Results

This document presents the project led by WAT SACCOS for its business members in close collaboration with the Zalirotage group. It was established that business people member of WAT SACCOS lack of business management knowledge.

The project's goal was defined with the stakeholders and aimed to improve the skills of the Zalirotage members in business management. Initial objectives have been slightly modified during the project's definition to be adapted to the stakeholders' feedback and time constraint: the project that was supposed to address a lack of business management knowledge finally focused on a more specific aspect of the management skill: the marketing activities.

This project has been defined and implemented in a fully participatory approach. It aimed to demonstrate the effectiveness and the relevance in involving the stakeholders' participation in all the steps of the project life process. Clearly, the results have demonstrated the success of this approach since the stakeholders were

fully and positively involved in the project, and since its main objectives were fully achieved.

6.1.1 Objectives fully achieved

Majority of the objectives of this project were fully achieved.

> **Objective #1:**
>
> **Develop, before March 2006, a training tool covering the major issues in marketing activities for micro-enterprises managed by middle educated people.**

A training tool in business management adapted to Tanzanian micro-enterprises is now available in Swahili language. Despite that the Zalirotage Group members were initially supposed to be trained in business management as a general subject, additional focus group meetings and time constraint obliged to narrow down the scope of the project, and focus only on marketing activities.

> **Objective #2:**
>
> **Train the Zalirotage group members and a WAT SACCOS representative on marketing activities before August 2006.**

This objective is fully achieved since the members of Zalirotage group are now trained in marketing activities and have improved their knowledge as demonstrated in the Feedback Questionnaire Evaluation Form. In addition, the members of Zalirotage group have demonstrated their assimilation of the training by writing together a business plan (see appendix 7). The Zalirotage Group members expect to

start a new business in year 2007. WAT SACCOS representatives are qualified to replicate the project with other small business members, but as detailed in the previous chapter, the Zalirotage group members will lead the replication of the project and priority will be given to partnership with external organizations.

6.1.2 Objectives partially achieved

Objective #3:

Provide to WAT SACCOS, before December 2006, a training tool and a methodology that they can adapt and replicate for training to other business members.

The planning for the replication of the project is ongoing slowly because of major changes that occurred in the structure of WAT SACCOS (new manager and new computer system) and because of the conflict found between the project's mission and the WAT SACCOS' mission as explained in the monitoring section (Chapter 5).

Nevertheless, after completion of the project, the Zalirotage group received the opportunity to support a small local dispensary by writing a brief business plan in order to have access to a donation from a Canadian Foundation. Without being among the initial objectives, it was considered as an opportunity to utilize the tool developed for something else than what was initially planned. This activity that will be completed in early 2007 will demonstrates the polyvalence of the tool and the assimilation of the knowledge by the Zalirotage members, and is a good example of indirect outcomes that are generated by the project.

Also, as detailed in the previous section, the Zalirotage group members have decided to replicate the project with other business people to disseminate the skills and knowledge gained. As members of the WAT SACCOS, the Zalirotage group members are concerned in its development and with the needs of the community members. Furthermore, they are not involved in the leadership, neither in the staff's structure of the WAT SACCOS, so they are free from any conflict of interests that can arise from the cohabitation of "business training" and "loan authorization". Considering those element, the stakeholders consider the objective of project replication as "partially achieved" and will continue to work on it.

6.2 Recommendations

In light of the actual project experience, it was found that recognising strengths and sharing knowledge of the communities can enable them to build on those strengths and to drive their own development. Furthermore, the sustainability of such project depends on the exchange of information between the project participants and the resources required to replicate it. I strongly recommend to valorize exchange of information and to consider training as a complement of knowledge.

Nevertheless, the concern expressed in the sustainability section regarding the institutional plan must be addressed. It means in addition to the participatory approach which is now recognized as an effective method of project design and implementation, all community based organization must remember the importance of addressing a problem that they are in measure to address, and avoid all eventual conflict of interest; especially when the organization is dealing with money lending.

This problem was lately discovered during focus group meetings with the stakeholders and future Project Definition Processes must consider this element as a prerequisite. To be effective and sustainable, the project must be at the centre of the CBO preoccupation and capacity, and must be in a position to institutionalize it in its mission. Consequently, for the replication of the actual project, it is recommended that an organization independent from the SACCOS management, like Zalirotage, takes the lead in the replication planning and training dissemination.

Another prerequisite of success is ensuring a good review and understanding of policies and support programs already in place. In the actual project, the discovery of the SIDO training programs constitutes more than a substitute to the project but rather a valuable complement of information for continual capacity building. Partnership with institutions like those detailed in the section 5.3.4 (Potential Partners) must be valorized. Tanzania has a Government and various actors, NGOs and donors seriously involved in the development of SMEs. Thus, projects intending to deal with SMEs in Tanzania have a great chance to establish helpful partnership.

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