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THE BUSINESS CENTRE

EVALUATION OF THE BUSINESS CENTRE PROJECT IN TANZANIA

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OCTOBER, 1995

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ABBREVIATIONS

BCS	Business Care Services
BMSW	Business Management Skills Workshop
CAMARTEC	Center for Agricultural Mechanization and Rural Development
CTI	Confederation of Tanzania Industries
DAI	Development Alternatives, Inc.
FED	Finance and Enterprise Development Program
RMPS	Risk Management and Profit Sharing
STTA	Short Term Technical Assistants
TACO	Tanzania Association of Consultants
TBC	The Business Centre
TABWA	Tanzania Business Women's Association
TANEXA	Tanzania Exporters Association
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

Background

- The Business Centre, a five-year, \$6 million plus USAID/Tanzania -funded project activity under Development Alternatives, Inc., (DAI) contract officially opened to the public on July 1, 1994, after a six months period putting in place the required infrastructure, organizational and administrative systems. The goal of The Business Centre (TBC) is to facilitate the emergence, growth and sustainability of responsible, well managed private businesses in Tanzania. More specifically, the objectives of TBC are:
- To provide business support services to the private sector through new and/or existing service providing organizations;
- To respond to the needs and concerns of the business community;
- To strengthen and broaden the business community; and
- To enhance the policy environment by developing the capacity of business associations to serve as effective advocates of private sector interests to the Government.

Evaluation Objectives

This first TBC evaluation is intended to provide analytical data supporting progress made, problems encountered and solutions generated to solve them. Appendix E provides a summary of the Scope of Work. The major objectives of the evaluation are as follows

- To analyse the effectiveness of The Business Centre in meeting the needs of the formal private sector in Tanzania in terms of the original project paper concept; and
- To provide appropriate recommendations in those areas which require remedial actions.

Major Accomplishments

- In pursuit of the objectives outlined above, TBC made commendable progress during its first year of operation. In summary, the most important achievements are:

(i)

- Establishing an effective project management and administrative framework that is capable of ensuring timely and responsive delivery of technical assistance to the private sector. Key indicators include: putting in place adequate project financial management systems, internal controls, policies and procedures, establishing well functioning information systems; acquiring high quality and committed professional staff; and establishing all the infrastructure needed to implement TBC project activities (start-up activities).
- Acquiring information technology capable of connecting Tanzanian business firms to world-wide information and other services.
- Business management training designed to assist entrepreneurs and managers to run businesses more profitably. Key progress indicators include: developing a 10-module training course and conducting 30 business skills workshops. A total of 444 out of a TBC target of 4000 participants were trained representing 11% of the end of project target. The evaluators views this target of 4000 to be overly ambitious even if TBC manages to have a rapid take-off in 1996. Also TBC Business Skills courses are based on adult education principles which is not commonly practised in Tanzania at this time. The evaluation interviews conducted by the evaluators show high level of impact in terms of improved enterprise performance, revenue and using the training manual to guide business activities (see Appendix B).
- Another important milestone is TBC's market-oriented approach to business planning in Tanzania.

Main Constraints

The evaluation team has identified five main constraints, namely:

- (1) project paper strategic objectives in relation to TBC capacity and manageable program interventions;
- (2) project design with specific reference to the organizational structure;
- (3) staffing turnover and salaries;
- (4) Tanzanian private sector environment; and
- (5) donor subsidies.

1. **Strategic objectives.** The evaluation team views the original project paper strategic objectives to be too ambitious in relation to TBC capacity and manageable program interventions. The project paper requires TBC to serve the Tanzanian business community as a whole, responding to its demands and concerns. In pursuit of this objective, TBC during the first year of implementation developed too many lines of activities, none of which was accomplished according to planned targets. It was also observed that when TBC resources are spread too thin, it is going to be difficult to achieve end-of-project measurable results and desired impact. This is the basis for the evaluator's subsequent recommendation for TBC to focus its activities on high impact businesses in key growth sectors. *OK*

2. **Institutional set-up.** The DAI/BCS subcontract obligates BCS to provide the local staff for TBC. These staff work under the Chief of Party at TBC. The subcontract is not explicit on the procedures to ensure the recruitment of quality staff and their replacement when necessary with the consent of all parties concerned: DAI, BCS, and USAID. The high staff turnover is a reflection of this anomaly. *Right problem, wrong cause*

3. **Staffing and salaries.** Lack of competitive salary levels for local professionals limited TBC effectiveness in the first year of operation and BCS morale in the first half of 1995. Salary levels approved by USAID for BCS were not high enough to attract the best professionals available. The evaluators noted that TBC's work requires high quality staff to serve as mentors, guides and leaders of others in the Tanzanian business community. *right cause*

4. **Private sector environment.** The evaluators observed that TBC operations were being undertaken without a supportive enabling private sector environment which reduced its effectiveness and constrained attainment of planned targets. For example, lack of qualified consultants to undertake TBC assignments meant that TBC has to address this problem before moving forward with its business advisory services. The nightmare involved in registering and obtaining a business license meant that TBC's formal customers - the small to medium enterprises are fewer than expected. The slower than expected reforms in the financial sector has resulted in the lack of finance for bankable projects - an aspect which has reduced TBC effectiveness in its efforts to create new jobs. In the event of these reforms not moving forward as envisaged and private sector environment not becoming sufficiently conducive to business, TBC's goals, objectives and impact is likely to be reduced. The following options should be examined:

- (i) The Risk Management and profit Sharing facility should be established to ameliorate the problem of credit to business firms.
- (ii) TBC to adjust its scope of work and shift gears, to concentrate on sectors that are not too dependent on institutional credit, such as export oriented business and tourism.
- (iii) TBC to put greater emphasis on policy dialogue and donor co-ordination to restore macroeconomic stability.

5. **Donor subsidies.** As far as possible TBC services are supposed to be implemented on a cost recovery basis. This has run counter to other donor support procedures. Donor subsidies undermine private sector services, distort consulting fees, and move business services away from a sustainable position. Paying "sitting" allowances undermine TBC's goal of commercializing the business skills training. USAID and TBC should collaborate in achieving more active donor co-ordination in a bid to establish a framework for commercialising business support activities.

Implementation Issues

Project design. According to the subcontract between DAI (Development Alternatives, Inc., and BCS (Business Care Services), the subcontractor is expected to play a key role in the development, implementation and institutionalization of all TBC activities. The project implementation design called for two BCS principals to be attached full time to the project. This hurt BCS by taking their best talent out of their company, and hurt TBC because it could not get the BCS principals' full effort devoted to the project activities. In the evaluators view, it was unrealistic to expect the top management of BCS to devote full time to the TBC project.

Access to finance. Through discussions with TBC clients, workshop participants, and TBC management, the evaluators learned that access to finance for TBC customers (small to medium formal enterprises) is a major constraint to achieving the level of employment impact expected under the project. Without better access to finance for TBC clients, it may be difficult for TBC to achieve the end-of-project target level of employment impact.

Policy Dialogue. This is an area for which TBC has done very little to improve the enabling environment for business. TBC is expected to work through associations to influence policy. However, there is an observation that TBC is yet to reach out effectively to these associations. At any rate even if this were done, there is an observation that the leadership of these association is weak and isolated and often do not represent the aspirations of the members.

Core Recommendations

1. **Focus.** The evaluators are of the view that TBC needs to focus its activities on key subsectors with a high growth potential and greater chances for creating jobs and income. Trying to support the entire business sector risks spreading resources too thinly and may preclude attainment of project objectives. Among the sectors with high potential include: minerals, infrastructure, tourism, and non-traditional agro-processing for exports such as horticulture products.
2. **Outreach and publicity.** TBC management needs to make greater efforts to reach out to the Tanzanian business community. This is essential in order to create greater awareness of TBC services and forge closer links with other business support organisations and established TBC clientele. TBC would need to establish less ambitious workplan targets, decide how impact and results will be measured and develop a monitoring system which will indicate project performance.
3. **Product differentiation.** TBC needs to make its services more unique and improve on delivery of those services. Except for the business link-up to external information sources especially ITI market access services which are unique in Tanzania, it is difficult to distinguish TBC services from those of other providers such as TACO (Association of Tanzania Consultants), NGOs, and business colleges. The evaluators acknowledge that TBC in its efforts to improve the quality of business planning services among local consultants have created their own consulting network with the ultimate aim of passing over to local firms. The evaluators, however, would like to caution that implementation has to be continuously monitored to ensure

that TBC does not degenerate into a consulting firm directly competing with local consulting firms. TBC should adhere strictly to their role of promoting and strengthening local consulting firms. Furthermore, TBC would need to become more connected with world-wide resources for business development so that it can tap other resources (information and other services) and incorporate these into the Tanzanian business community. The evaluators support the proposed financing facility as an important special feature of TBC products.

interesting point

4. **Institutionalisation.** TBC management needs to design a strategy for institutionalizing its services as an important ingredient of project sustainability. The recent DAI/BCS subcontract amendment provides needed flexibility for placement of staff from BCS but it is not explicit on how the key roles of BCS (development, implementation and institutionalization of all activities under the project) are to be attained. DAI, BCS, and USAID need to work out a mechanism for moving towards attainment of institutionalization of the project services.
5. **Enhancing Policy environment.** According to the project paper, TBC is expected to identify and assess the way policy issues are impending Tanzanian business development, by working through business support associations. However, there is an observation that the leadership of these associations is weak and isolated and often do not represent the aspiration of the members. It is therefore recommended that TBC should get more closely involved with the activities to reach greater understanding of these associations. By so doing TBC will be able to identify active associations as candidates for TBC support and cooperation in policy dialogue with the Government.

**THE FIRST YEAR EVALUATION OF
"THE BUSINESS CENTRE PROJECT IN TANZANIA"**

1. BACKGROUND

1.1 Introduction

The Business Centre (TBC) project is a component of the \$50.0 million Finance and Enterprise Development Program (FED) for Tanzania. The purpose of the overall FED Program is to foster income earning opportunities for the un- and under-employed by stimulating private enterprise growth. TBC supports the Tanzania business community as a whole to make the difficult transition to a market oriented economy. TBC was set up to help new entrepreneurs become established in business, assist existing businesses to expand, and stimulate trade and investment between the Tanzanian business community and foreign companies, particularly US Companies. TBC was also mandated to assist private sector associations to serve their members better, become more sustainable, and influence public policy on behalf of the business community. To accomplish these noble objectives, TBC management has to provide direct services to individual firms, organizations, and associations as well as indirect services through a referral network of business support organizations. The purpose of this evaluation is to assess the extent to which TBC achieved its objectives during its first year of implementation.

The three-person team conducted the evaluation in October, 1995. The team's methodology included a rapid appraisal. After an initial briefing by USAID Tanzania on the purpose of the evaluation, the team conducted in-depth interviews with officials of TBC, the Government of Tanzania, beneficiaries of the TBC services and representatives of the private sector. The evaluation team also relied on written project implementation reports, field questionnaire to TBC management, and a sample of TBC workshop participants, as well as on discussions with the Business Care Services (BCS) - an organization that played a key role in the development of TBC along with Development Alternatives, Inc, (DAI).

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1.2 Country Setting

Tanzania lies immediately south of the equator and covers an area of some 780,000 km². It consists of mainland Tanzania and the island of Zanzibar with a 1995 combined population of 28 million people. Tanzania is one of the World's poorest nations, whether measured in terms of GNP per capita, or in terms of purchasing power. Using the former measure it ranks as the second poorest country after Mozambique with US\$100; according to purchasing power parity, only three other countries rank lower. In 1988 an estimated 60% of the rural population lived below the poverty line (IFD, 1992).

In recognition of the need to reduce the widespread poverty, reverse the long period of stagnation in economic activity (1976 - 1985) and decline in per capita income engendered by excessive government control, ubiquitous distortions, and chronic shortages, the Government began to re-orient to a market-based economic system in 1986. With support from the IMF, World Bank and the donor community, a large number of significant actions have been undertaken under the Economic Recovery Program (1986 - 1989), the Economic and Social Action Program (1990 - 92), and the three - year Rolling Plan and Forward Budget system (1993 - 96). Some of these steps towards a more market-oriented policy regime include:

- Devaluation of the shilling from Tshs 16.5 to the dollar in 1986 to Tshs 630 in September 1995, to a market-determined exchange rate in 1995;
- Liberalization of the foreign exchange market, first through own-funded imports, then 1989 with the Open General Licence system, and finally, in 1994 through the interbank and bureau system dollar auctions;
- Almost total liberalization of imports, with only seven articles remaining on the "negative list" in early 1994 for health and security reasons;
- Price decontrols and deconfinement of various products;
- Introduction of positive interest rates in financial sector operations;

- Civil service reform to diminish the size of bureaucracy and improve its efficiency;
- More liberal marketing arrangements, increased producer prices to the agricultural sector and more conducive agricultural policies to improve performance;
- Introduction of more market-based rules in the industrial sector, including plans to privatize state-owned enterprises. To date 95 public enterprises have been privatized out of an estimated 375).
- Liberalization of the transport and financial sector, previously completely controlled by the state, and legislation of investment code to lure private domestic and foreign investment.

These reform measures have contributed to a significant positive change in economic performance and compounded the impact of USAID and other donor programs in Tanzania. Real GDP growth averaged 4% over the period 1986 - 1994, indicating that incomes per capita have slightly increased compared to negative levels in the previous decade.

2. DESCRIPTION OF THE BUSINESS CENTRE PROJECT

The June, 1992 FED project paper provides the main thrust of the Business Centre: to provide assistance to strengthen the private sector's contribution to economic growth in Tanzania. TBC activity, undertaken with and through the Tanzanian private sector, will:

- (a) provide direct assistance to enterprises seeking to solve specific technical, marketing, financial, or management problems.
- (b) provide direct assistance to membership-based business and professional organizations seeking to expand their business support activities; and
- (c) seek to enhance the role of Tanzania's private sector in public policy debate and formulation.

In terms of the implementation framework, USAID in 1994 contracted Development Alternatives Inc. (DAI) under contract 623-0176-C-00-4009-00, covering a period of five years.

The contract establishes detailed benchmarks for contract implementation. In particular, the contractor will utilize a subcontractor or partner Tanzanian firm (Business Care Services as the sub-contractor) to provide both local office support staff and professional staff. In addition, the contractor will make use of the services of seven categories of technical assistance providers. These are:

- Chief of Party - who will be the in-country manager of TBC and the principal contact point between the contractor, project staff, USAID, the local business community, and other entities.
- Business Services Counsellor - who will be the chief of Party's main assistance and principal deputy. The business counsellor is also responsible for project implementation, and is the principal contact point for the Tanzania firms and individuals seeking TBC assistance.
- Technical Counsellors. These include Trade and Procurement Counsellor, a Business Advisor Counsellor, an Outreach and Dissemination specialist and a Training Counsellor. These individuals are responsible for core TBC activities.
- Short Term Technical Advisors. DAI is mandated to provide local and overseas short term technical advisors, drawn from the core contracting firms as well as other international and local sources.
- MBA Enterprise Corps. DAI is also expected to provide the services of five MBA Enterprises Corps Volunteers to expand outreach efforts.
- As part of TBC operation, DAI will provide clients access to complementary organizational institutional resources and programs. These include, the International Executive Services Corps (IESC), Entrepreneurs International (EI), the African Project Development Facility (APDF), the Tanzania Venture Capital Fund (TVCF), and Volunteers in Overseas Cooperative Assistance (VOCA).

- Last, but not least, DAI will maintain for the duration of the project US based staff to support US sourced procurement in Tanzania, and to support US/Tanzania investment and trade development activities.

Figure 1 and 2 which shows the organizational framework of the Business Centre and its key players are shown in Appendix A.

The expected results after five years of project implementation are:

- Improved business support services available to Tanzanian businesses through new and/or existing service providing organizations;
- A substantial number of client firms should have successfully expanded their production and employment levels; and
- Key policy constraining private sector development would have been identified and adjusted.

It is within the aforementioned framework that this evaluation is being undertaken to assess progress made in pursuit of those objectives during the first year of TBC operations.

3. PROGRESS AND ACCOMPLISHMENTS IN 1994

The evaluators were required to compare 1994 work and Business Plans with 1994 Annual and Semi-Annual Reports using actual data noting progress/impediments with appropriate recommendations for solutions/remedies. The evaluators reviewed the following issues:

3.1 Start-up Activities

During the first half of calendar year 1994, The Business Centre (TBC) management initiated and successfully completed all start-up activities. These activities included: establishing TBC office, designing management systems, conducting market/needs assessment, designing the business advisory services, designing information/trade promotion products and services, designing training and association support services, developing a client intake system,

formulating TBC referral network, test marketing TBC services, producing TBC promotional material, mobilizing TBC advisory committee and producing TBC business plan. Once the required infrastructure, organizational and administrative systems were in place, the next six months in 1994 were devoted to implementation.

3.2 Organisational and Administrative Capacity

Despite the long period it took to develop the required infrastructure, organizational and administrative systems, the evaluators consider this start-up time to have been necessary to lay a firm foundation for implementing TBC Project. The mobilization of the contract implementation team commenced on schedule, with the prime contractor DAI taking the lead. Business Care Services (BCS), the Tanzanian management consulting firm and main subcontractor came on board early in the year with key personnel, including the Deputy Chief of Party, Training and Outreach Coordinator, Trade and Procurement Counsellor, Business Advisory Counsellor and the Managing Director of BCS. Although two consultants mentioned in the DAI proposal were unable to join the team at the start-up period, there was no evidence of gaps, in part because of their immediate replacement by BCS professional staff. TBC information and trade promotion links were established with International Technology Investments (ITI). Commendable work was done by ITI in designing and organizing the TBC marketing services during March and April.

In April, Management Advisory Services joined TBC team, conducted a training needs assessment and designed a basic business management training program. The evaluation team views the training modules to be excellent skills training material for the small and medium scale entrepreneurs in Tanzania. This view was also echoed by participants in TBC skills training conducted in Dar es Salaam, Arusha and Moshi (see Appendix B).

The search for an appropriate office space took more time than anticipated, in part because of the shortage of office space in Dar es Salaam, and the need to renovate and install the necessary fittings/furnishing once the space was identified. Similarly, the procurement of office equipment and vehicle from the US took much longer than anticipated, in part because most of the goods had to be purchased from local suppliers who then had to import the items to qualify for duty exemption.

TBC operating systems were also developed during this period. The Centre's internal operating policies, procedures, guidelines for the consulting network, setting up TBC's internal database and management information system were done with an eye to detail and should be maintained.

3.3 TBC Principal objectives

The Business Centre has four principal objectives:

- **To provide business support services.** TBC is expected to provide both routine and customized services to businesses and serve as a clearinghouse for other sources of specialized commercial services.
- **To respond to demand.** TBC is expected to run a demand-driven services organization adhering to a fee for service philosophy to ensure the products and services being offered are relevant and sustainable to the needs of the business community.
- **To strengthen and broaden the business community.** TBC is expected to reach and assist the Tanzanian business Community as a whole. The services are expected to be transparent, well-publicized and reflect the differing capabilities of the intended beneficiaries in all parts of the business spectrum, including small-scale African entrepreneurs and women-owned enterprises.
- **To enhance the policy environment.** TBC is expected to develop the capacity of business associations to serve as effective advocates of private sector interests to the Government of Tanzania.

3.4 Progress in Achieving TBC Objectives

3.4.1 Progress in providing business support services

Despite the great deal of time spent in start-up activities, TBC made commendable progress towards achieving project objectives in 1994. In the area of services to firms and entrepreneurs,

TBC designed, test marketed and began selling services to the Tanzanian business community.

About 126 persons came to TBC seeking some kind of assistance for a new or existing business. Written documentation shows that after a problem diagnosis was carried out by TBC consultants, 71 of these received follow-up consultants to develop a plan of action, resulting in 15 signed contracts by the end of 1994. It is estimated that twelve percent of those seeking assistance actually ended up as paying clients for advisory services, generating revenues equivalent to US \$ 3,180. This low number of paying clients may reflect the culture of most Tanzanians who are used to "free" donor services or the usefulness of TBC services. This issue is explored further in the text.

The importance of the 15 paying clients became evident when an analysis of the services received was conducted. These clients received assistance in market research and access and venture capital development. The former product deals with TBC's efforts to link Tanzanian exporters with foreign markets. Three "deals" were arranged by TBC between Tanzanian exporters and a US importer as part of TBC market access service. The venture development was mainly concerned with planning for business expansions or diversifications and linking, when possible in arranging financing for one client for a small loan to capitalize on expansion.

3.4.2 Employment Creation

In 1994, TBC managed to create 4 new jobs and help one entrepreneur expand his overall sales by more than 25% during the six months of operation. Although the number of jobs created and assistance to entrepreneurs with sales growth of over twenty five percent appears tiny, TBC exceeded expectations for 1994 in terms of the impact indications formulated in the USAID logical framework. USAID did not anticipate TBC would be able to create any new jobs in its first year of operation, but was expected to create a minimum of 3000 new jobs over the life of the project. The evaluation team views the TBC performance to be a good start which should provide the needed experience to achieve a higher level of impact in 1995. TBC developed and field-tested a practical 10 module training course designed to enhance business management skills. Written documents and interviews with participants, indicated that during 1994, a total of nine workshops were given, seven in Dar es Salaam and one each in Arusha and Moshi. TBC trained 151 persons in a 10 module course. This represents 750 person days of training, which is over 30% above planned and projected 1994 target.

The evaluation team noted one key commendable feature of the skills training workshops - the cost recovery element. The cost-recovery generated revenue which nearly recovered the

operating expenses. Interviewed participants expressed a willingness to pay, even for future workshops, in part because the training was rated as being highly relevant and practical. In a country where the norm is to pay people to attend any kind of training or workshop, this TBC approach should be commended as an important element in the sustainability of the project.

TBC also managed to contract with Edie Wilson Consult to deliver the firm's Saturday to Saturday workshop in Iringa. The course is offered on Saturday mornings and is designed to improve the skills of businessmen and women in the informal and micro-formal sectors. The evaluation team would like to commend this TBC initiative to provide entrepreneurial skills training to other parts of the country rather than concentrate on the capital city of Dar es Salaam.

3.4.3 Clearing House Service

In 1994, TBC was fully successful in its clearinghouse function. About 9 TBC clients were referred to the African Project Development Facility (APDF). APDF provides venture development services to larger business and projects requiring more than US \$ 250,000 for start-up or expansion of existing business. Other referrals were made by TBC to donor programs but these have not been captured by the TBC management information system. However, all small enterprise financing programs were well documented by TBC. The evaluation team learned that all data now available on small enterprises will be entered in the referral database, which already contains the "library holdings" of all the major repositories of business information in Dar es Salaam.

3.4.4 Business Support Services

In 1994, TBC implemented its function of building up improved business support services in three major activities, namely:

- training of trainers to deliver the business management skills workshops;
- Identifying and developing skills of TBC's consulting network to deliver quality and advisory services;

- Collaboration with key associations, helping them become more customer - oriented as well as a voice for their membership's concern in the policy arena.

in terms of numbers, TBC trained 45 business management skills workshop trainers, representing 225 person days of training or 10 percent below the planned 1994 target. Given the more than anticipated start-up period, this performance over a six months period is satisfactory.

With respect to the training of consultants, TBC identified 3 firms in Dar es Salaam as initial members of the TBC consulting network (2 firms below the 1994 target). During this period, TBC was able to involve a number of independent consultants in its consulting network. Training was offered by TBC to 19 consultants on market-oriented approaches to problem diagnosis. The evaluation team learned that agreements were being worked out between TBC and the client consultants for the latter to take a major part of the TBC client load. It is envisioned by TBC management that the consulting network will grow into the primary means of delivering business advisory services during the later years of project implementation. It is the view of the evaluation team that efforts being made by TBC to train consultants will have a large payoff, both in terms of increasing the project capacity to deliver needed services to the private sector, and more so in terms of the sustainability of the project. Already in 1994, three of the fifteen assignments for paying TBC clients were handled by members of the consulting network - a clear sign that this approach is sound and practical.

In 1994, TBC also commenced collaborative work with five organizations. The Tanzania Chamber of Commerce Industry and Agriculture (TCCIA), the Tanzanian Association of Consultants (TACO), Tanzanian Business Women's Association (TABWA) and Tanzania Exporters Association (TANEXA) were assisted by TBC to put in place strategic plans. Discussions were initiated with the confederation of Tanzanian Industries (CTI) on a policy agenda framework with the Government of Tanzania. Discussions with representatives of these organizations indicated that this TBC initial collaborative effort was productive. None of the associations had began implementation of their strategic plan at the time of interview. In addition, TBC played a key role in the start-up of USAID's Social Action Trust and commenced collaborative work with the African Project Development Facility. The team views these TBC initial efforts to be in the right direction and should form a solid foundation for further collaboration.

3.4.5 Responding to the needs and concerns of the business community

TBC is expected to be a demand-driven services organization. The services are expected to reflect the needs and concerns of the Tanzania business community as they are voiced by clients, individuals, and industry representatives. Progress towards attaining this objective is at an infancy stage. This is understandable during the first year of project implementation because an awareness drive to publicize TBC services are essential, and prerequisite to responding to demand. In 1994, TBC made commendable progress in providing information and publication services to improve the general technical business information while making Tanzanians aware of TBC services. The main accomplishments include:-

- Design of professional quality logo letterhead, business cards, brochure and sign boards for TBC
- Published 13 feature articles in Business Times.
- Published a weekly full-page spread in Business Times containing current business and financial news tailored to the Tanzania business community.
- Established a linkage with Independent Television (ITV) for broadcasting current business and financial news supplied by TBC.
- Created a computer database for sector coding and centralizing information on trade publications and business reference materials available through local business support organizations.

The team views this Initial effort to be satisfactory in creating public awareness about TBC activities. As a direct result of these efforts, 126 persons came to TBC seeking some kind of assistance for a new or existing business. An equally important indicator that TBC services have begun responding to demand is the demonstrated willingness on the part of TBC Clients to pay for services. In 1994, the revenue generated from business advisory services and skills training was TSh. 5.33 million (US \$ 11,000). This initial accomplishment is noteworthy, especially for the training program, given the general practice in Tanzania of paying participants to attend training courses, a feature common to most donors in Tanzania.

3.4.6 Strengthening and Broadening the Business Community

There was no significant progress made towards strengthening and broadening the business community. However, TBC laid the groundwork for attaining this objective by concentrating their efforts in Dar es Salaam. TBC began its outreach program by offering training in Dar es Salaam. The success of this training led TBC to offer the same services to Arusha, Moshi and Iringa. Interviewed participants to these TBC training workshops in Dar es Salaam and Arusha overwhelmingly considered the training to be useful and practical. Most (92%) interviewed participants expressed a willingness to attend any other TBC Planned future workshops and were willing to pay the fees.

Although TBC did not actively promote business advisory services in Tanzanian regions, 4 out of the 15 paying TBC Clients have their business premises outside Dar es Salaam one each in Dodoma, Morogoro, Singida and Arusha. An important observation is the specific interest TBC has shown on developing indigenous entrepreneurs with a special focus on women. Among the first contact TBC clients, 14% were women and 83% were indigenous Tanzanians. The business training workshops involved 26% women participants and 20% of the business advisory services paying clients were women. In a special outreach to the women's business community, TBC provided Strategic planning services to the Tanzania Women's Business Association. TBC is also assisting an ad hoc working group of business women to establish a branch of Women's World Banking International.

3.4.7 Enhancing the Policy Environment.

In 1994 TBC concentrated on developing the capacity of key business associations (TCCLA, TACO, CTI, TABWA) with a view of strengthening their responsiveness to member needs. While some capacity building was achieved, the team's views are that there has been little headway on enhancing the policy environment. Close collaboration and partnership initiated with these associations need to be continued and strengthened.

4. PROGRESS AND ACHIEVEMENTS, JANUARY - SEPTEMBER 1995.

4.1 1995 Work plan

Armed with 1994 implementation experience, TBC made further progress during the January - September 1995 period. TBC concentrated its efforts in six main areas in accordance with the 1995 Work plan;

1. Delivering standardized training and other basic services,
2. Delivering customized Consulting services to small business,
3. Laying the foundations for the extension of services beyond Dar es Salaam,
4. Building Capacity in selected associations and other providers of business Services,
5. Collaborating further with TANEXA (the exporters association) on identifying key constraints affecting the export sector, and
6. Developing the Risk Management and Profit Sharing Fund as a new Consulting product. Progress in these area will be reviewed in relation to planned activities and targets as well as interim accomplishments in relation to overall objectives and end of contract indicators.

4.2 Standardized training and basic services

During the January - June 1995 period TBC designed and provided four key business services; Business Management Skills Workshops, Self-help Resources, Communication Services, and Business Education and Information Services. These services were aimed at reaching a broad spectrum of firms and individuals.

4.2.1 The Business Management Skills Workshops

The Skills Workshops which were designed and test-marketed in 1994 were continued in the first half of 1995, with the same spirit of assisting entrepreneurs and managers profitably. The actual number of workshops conducted was 10 (target was 19) and the number of participants was 120 (target was 500) and the revenue was TSh 3.2 million, resulting into some 60% below Work plan targets. Several reasons may be cited. First, Workshop mobilization and delivery was weak. TBC's use of Certified Trainers to organize the courses with back-up support from TBC proved unworkable, in part because the trainers did not like the Organization work or did the job poorly. Another method was to give the Certified trainers a fee for each paying participant brought into the course, supported by TBC on advertising and materials. This method is still being evaluated, but the results so far are less encouraging than expected. Some interviewed workshop participants have reported doing substantial mobilization among their own friends and business colleagues for enrolment in the courses. The more successful, educated and co-operating among these could possibly be identified as Trainers and at a lower fee. It is important that TBC continues to experiment with more effective ways, an important element in achieving eventual Cost recovery.

In terms of the impact to participant businesses, the workshops continued to be rated highly. Post seminar evaluations indicate that 90% of the participants rate the workshops as excellent or very good. More than 80% Use the manual as a guide in their business activities. Participants interviewed in Arusha and Dar es Salaam during the course of this evaluation were equally supportive. Over 85% Dar es Salaam -based participants expressed a willingness to pay the TBC workshop fees (currently set at TSh. 35,000). In Arusha, 67% were willing to pay the fees (TSh. 25,000) but over 90% were willing to pay reduced fees in the range of TSh. 10,000-15,000. Only one participant showed unwillingness to pay, citing the free workshops other donors, provide. However, this participant considered the Workshops to be very useful and uses the manual as a guide to his business activities.

In terms of cost recovery, TBC was able to meet about 40% of its costs. Viewed from the Tanzanian context where most donors pay people to attend training this TBC performance represents an important milestone. More active donor coordination should provide a framework for others to emulate, thus making the TBC skills workshops more attractive.

4.2.2 Self-help Resources

TBC designed this product line to meet Customer's needs for basic business guides and other information for starting and developing a business. During the January-June period, TBC prepared and sold 96 titles of small business pamphlets and publications (target was 200) and obtained \$ 738 (revenue target was \$ 600) as income from the sales. Although TBC achieved only 48% of the target for business publications, the team considers this achievement to be satisfactory, considering the rather high target set and the almost total lack of alternative small business reading materials in Tanzania. The use of the Business Management Skills Workshop course mobilizers to sell TBC business publications should be re-examined. Although such an approach should increase distribution, course participants might not be able to distinguish the sales from the free workshop materials. TBC should be able to sell hot cake products such as the business planning guides from the Small Business Administration in the United States through the bookstores and street vendors.

4.2.3 Business Communications

During the second quarter, TBC introduced satellite communications as a new product to its clients. At the time of this evaluation TBC was providing voice, fax and electronic mail services to clients on a fee for service basis. The team considers this product facility to be a real plus to the Tanzanian business community in meeting their urgent information needs.

4.2.4 Business Education and Information Services

TBC Sponsored a number of educational activities in the first quarter of 1995 aimed at sensitizing the public about business issues, principles and opportunities. The Advertising workshop organized by TBC to provide information on fundamentals of advertising was very useful. Almost all newspapers were represented in the seminar, the Independent Television, nine advertising companies and 56 members from the business community. Equally successful was the TBC co-sponsored (with USIS) business video series. Over 360 personnel attended the 30 minute programs which cover a broad range of business topics.

In June, TBC developed a 15 minute business segment on Radio Tanzania called "Faida yako" or "your profit". This Swahili Program designed to educate the public at large about basic business principles is expected to have a large impact because of the country wide coverage of radio Tanzania.

As an Integral part of TBCs general education activities, more than 55 "Problem Identifiers" were distributed as of June 1995. The problem identifiers are basic business worksheets, aimed at assisting those aspiring to set up a business through many of the issues and problems associated with doing such a business. In addition out of a planned 25 news feeds on financial information, TBC provided 22 pages of information to the Business Times. There were 33 articles and publicity features in the press about TBC or TBC clients. These surpassed the planned targets of 15 for this evaluation period.

4.2.5 Gaps and Constraints

In the area of standardized training and basic services reviewed above, the following gaps and constraints were identified:

- Sustaining fee-based business management training courses within a framework of free access by other donors. Cost recovery is only 30% of target at the moment.
- Building capacity of qualified trainers to deliver the business management skills courses - most trainers are not adept at the participant - centred approach featured in the TBC training modules.
- Difficulty of controlling costs while moving the business management skills training outside of Dar es Salaam - such costs include venues, travel and per diem.
- Some donors have distorted the pay scales for the consulting and training market, pushing them upward. Professional Consultant fees also often tend to be high usually due to the fact that they do not always have a job at hand. It is also difficult for professionals to earn an expected living standard without donor subsidies. For some consultants, it is difficult to earn a living off supplying services to the private sector which is currently financially weak. This has important implications for the sustainability of the TBC programme.
- Rigid approach to product development and delivery. Trainers/educators have no room for improving the training modules or adapting the modules to local conditions.

- English language limitation. Some participants are not fluent in English. These cannot be expected to grasp the training materials due to the language barrier, although the modules are simple and straight forward.
- Lack of post-workshop training evaluation to assess impact.

4.2.6 Recommendation

- Review the gaps/constraints identified above and make needed adjustments in future Business Skills Management Training.
- Introduce new business training products. For example, an introductory strategic planning training seminar/workshop for financial institutions - to be carried out by TBC - provided experts who will work with local consultants. The purpose could be to assist financial institutions to begin to think from a more strategic perspective. Other seminars could be developed for non-traditional exporters - carried out by TBC - provided expert with TANEXA. Develop with TABWA - the Business Women's Association a series of workshops aimed at achieving women's business goals.
- Develop contracts with associate trainers in key regions to reduce costs (travel and per diem) of conducting the business skills training courses. Efforts should be made to include regions located in southern Tanzania, especially Mbeya, Rukwa and Mtwara.

4.3 Business consulting Services

The TBC consulting services are designed to assist existing formal sector business expand, diversify and/or improve their performance. The services are customized to the needs of each business client. In most cases, potential clients come to TBC and receive an initial diagnosis from a TBC consultant. After the diagnosis, a client is either referred to another program or a Work plan is developed to address the client's particular requirements. If agreement is reached, a contract is signed and the work is then carried out either directly by a TBC staff consultant or under a subcontract arrangement with a certified outside consultant.

Interviewed beneficiaries of this TBC product considered the consulting services to be very useful and practical. The arrangement to refer some clients to certified consultants was considered time-consuming but worthwhile. Some beneficiaries expressed the views that TBC should coordinate with the other programs and service providers before client referrals are made to avoid a breakdown of communication or the client starting all over again in the new setting.

In terms of numbers, TBC performed satisfactorily in its consultancy services compared to its 1995 Work plan. About 587 persons received TBC consulting services during the January - June period. Almost half (285) persons sought assistance for a new or existing business, 93 clients received customized advisory services, 28 were referred to other programs such as APDF and 19 clients signed contracts with TBC. While the number of prospective clients increased substantially during the first half of 1995, in part due to better TBC promotional efforts, the rate at which the clients were transformed into paying clients was less satisfactory. Only about 7% of the clients receiving an initial diagnosis and some form of professional advice actually were brought into roster as paying clients as compared to about 12% in the last half of 1994. As a consequence, TBC achievements were very low compared to targets. The number of client contracts was only 35% of target, and revenue a mere 15% of the January - June target.

What explains this lower than expected results? According to TBC, the person charged day-to-day management of the consulting services fell ill and was out of office for two out of the six months. With less than normal oversight, TBC consultants did not adequately follow established procedures for discharging their assignments and spent too much time providing pre-contract advice to would-be clients. Other would-be clients were prematurely referred to other consulting firms by TBC consultants before standard consulting network agreements had been signed. A better explanation is the problem related to TBC staffing. TBC was unable to hire a competent venture development consultant (as anticipated in the Work plan for this evaluation period) at contract-approved salary rates.

4.3.1 Gaps and constraints

In the area of TBC business consulting services, remaining gaps/problems include the following:-

- Frequent TBC staff turnover. Four senior staff left TBC, occupying the positions of deputy chief of party (Richard Nyamira), Business Advisory Counsellor (Josephat Masawe), Training and Procurement Counsellor (Donald Ngogo), and Training and Outreach Coordinator (Adeline Mlay). With such high staff turnover, TBC cannot be expected to perform adequately and maintain a high calibre of professional staff committed to implementing the Business Centre objectives.
- Lack of qualified consultants to undertake TBC assignments. The future success of TBC will depend upon having high quality staff to serve as vectors, guides and leaders for others in the business community as well as in TBC collaborating network of service providers.
- TBC is not yet adequately equipped and fully oriented to meet the diverse demands of the Tanzanian private sector. Consulting and referral systems are individual staff-dependent - a framework which can paralyse TBC services when responsible staff is absent for an extended period of time.
- Consulting services are spread too thinly across almost all sectors of the economy. This leads to the tendency of hiring and using general consulting experts rather than specialized consultants in a more focused approach to private business support.

4.3.2 Recommendations

- Several options are available to TBC to ameliorate the shortage of qualified consultants to undertake TBC assignments. One option is to develop this cadre of consultants through its consulting skills workshops. Revisions of the current training materials may be necessary to attain this objective. In addition a more attractive motivational plan may have to be developed to retain the consultants once training is completed. Another option is to rely on the Tanzanian Association of Consultants to make available specialized consultants as TBC needs arise. A roster of such specialized competent consultants would be made available to TBC, some form of contractual arrangement would be made with the consultants and occasional up-grading of their skills would be made by TBC - before these are certified as TBC consulting providers. If, and when TBC begins to focus on certain sub-sectors with a fast growth potential and capacity to

create jobs, this approach may be more appropriate as a mechanism to supply TBC with qualified consultants. Periodic review of consulting fees would be necessary to ensure competitiveness with other donors.

- On staff turnover, TBC needs to conduct an internal recruitment of the type, number and quality of staff required to fully accomplish TBC goals and objectives. A transparent system of hiring and firing staff needs to be developed. Salary levels and other remunerations need to be reviewed and where necessary adjusted to remain competitive with other donors and attract the best professionals. TBC needs to develop team spirit among its workers aimed at achieving a set of objectives known to all TBC staff,

Core Recommendations:

- **On TBC services being spread too thin, one option is to focus on key sub-sectors with a fast growth potential and high chances of creating jobs. Among those sectors include minerals, infrastructure non-traditional agro-processing for exports such as horticulture and tourism. To achieve the goal of expanding at least 500 enterprises by the end of the project, TBC would need to implement a more proactive focused approach than the current drop-in system. TBC must target clients who can better take advantage of its services, expand turnover and create jobs. This approach should result in greater impact of the TBC project.**
- **Last, but not least, TBC needs to improve its referral system for clients. Apart from improving its database, TBC needs to broaden/consolidate "in-house" products and services in collaboration with certified service providers who will work as key consultants. The TBC system is likely to distinguish this facility from other competing consulting firms while making its services more attractive.**

4.4 Service Delivery Beyond Dar es Salaam

4.4.1 Training

In the 1995 Work plan, TBC gave priority to extending services to Morogoro, Arusha, Moshi and Mwanza. In the area of training, TBC conducted 4 Business Management skills workshops, one in Morogoro, one in Arusha and two in Mwanza. About 40% of participants trained during the first half of 1995 were from locations outside of Dar es Salaam. In addition to the normal skills, training TBC conducted a Training of Trainers course in Mwanza, aimed at building capacity in that town for future business skills training. During this period, Edie Wilson's micro-enterprise training program was delivered in Iringa under contract with TBC. During this period TBC complemented its media approach to participant mobilisation which had began to prove expensive, to the more efficient TBC client service mobilizers.

Beneficiaries of the TBC business skills training interviewed in Dar es Salaam, Arusha and Moshi provided the responses shown on Appendix B. Overall, over 75% of the participants rated the workshops as being relevant and helpful as a guide to their enterprise operations. Some (36%) of the participants had their gross revenue improved by over 25% eight months after attending the workshops.

4.4.2 Consulting services

TBC relies mainly on collaborative linkages with other consulting firms to deliver its products and services to the regions. The process begins by identifying and signing an agreement with an existing firm. A training program is worked out by TBC for these consulting firms to upgrade their skills. Initially, each company enters as a participating firm. Under that status, the firm is entitled to receive TBC clients under subcontract arrangements. Once 10 of these assignments are successfully concluded both to TBC's and the client's satisfaction, the firm graduates to an Associate. This status allows the firm to deliver TBC services directly under an agency agreement. At the time of the evaluation, TBC had agreements with participating firms in Mwanza, Moshi, Arusha and Dar es Salaam. However, none have yet graduated to Associate status.

4.4.3 Other TBC Collaborative Links

At the time of the evaluation, TBC had established working relationships with existing service providers, other development organizations and sources of technical assistance to extend its reach, influence and benefits to the business community. The collaborative links were made with the following; African Project Development Facility, SNV FAIDA, a Dutch funded small business program in Arusha, the consulting unit of TDFL, the London Trade Centre, and the commercial office of the US Embassy. All these programs have been made points of referrals and sharing of resources. These collaborative efforts should complement work being done by TBC in other areas and contribute importantly to the impact of the project.

4.4.4 Gaps and/or constraints

- Consulting services and collaborative linkages need close follow-up by TBC management to cement relationships and implement agreed plans. TBC has been slow to reach out and follow through after collaborative links have been established. TBC management would need to get out of its offices more often to reach out to the opportunities arising from the established collaborative links.
- Work more closely with business associations and local Consulting firms. Look for possibilities of developing joint activities which will enable TBC to be actively involved in improving the association in aspects related to business management.
- Lack of qualified trainers and service providers. Using sub-standard and less skilled trainers and service providers can hurt the image of TBC and slow future progress.
- Lack of available finance for small and medium bankable projects. While small and medium entrepreneurs can benefit from skills training, the lack of formal credit can constrain the use of those skills.
- Most of the small to medium entrepreneurs do not possess the technical skills to write project proposals. This aspect is not currently being addressed through the TBC management skills workshops.

4.4.5 Recommendations

- Address the gaps/constraints identified above and make necessary adjustments to improve future performance.
- Promote entrepreneurship development through new products, including:
 - (1) Specific programs for writing articles in English and Swahili to provide greater awareness of TBC services,
 - (11) Producing and disseminating a series of publications on subjects relevant to entrepreneurship development,
 - (111) Examine the potential for operationalizing the collaborative links already established by way of carrying out joint activities aimed at entrepreneurship development.

5 Capacity Building Services

TBC primary goals is to ensure that improved business support services are available to Tanzanian business through existing or new service providers. The most important activities carried out by TBC during the evaluation period are as follows:-

5.1 Achievements

Agricultural export workshop and follow-on consultancies. TBC jointly sponsored a workshop with TANEXA (Tanzania Exporters Association) on "what and how", of exporting agricultural produce to the US and Canada. According to the evaluation done by participants, this workshop was successful. In the weeks following the workshop, TBC's expatriate expert consulted individually with 22 exporting companies which participated in the workshop. One impact of these consulting services was the placement of orders for three container shipments. In addition, TANEXA was able to increase their paid up membership by 18 as a result of the workshop.

- Consulting skills workshop. In February, TBC held a 3 - day workshop for business management consulting firms to improve their business planning skills for clients. The workshop was attended by 14 consultants from 6 firms. Post evaluation conducted by the participants indicated that the workshop was very useful and practical.
- Women's World Banking Workshop. In April, TBC contracted Michela Walsh, the founder of Women's World Banking, to work with a group of nine businesswomen who are working to set up a Tanzania Women's Finance Company. The goal is to affiliate with the Women World Banking worldwide network. The workshop introduced the group into doing a detailed feasibility study for this women-owned financial institution. The result of these deliberations was the establishment of a working group to carry out the study, with TBC assistance.
- African-centric Art and Crafts Export Development Workshop. This workshop organized by TBC brought in an export consultant and buyer in the African centric gift and craft market to work in this area. As observed in para 7.3, this workshop was followed up by one-on-one consultations with workshop participants. The expert took back a number of designs from Tanzanian exporters to test market then in the USA. TBC anticipates orders in September/October for the upcoming Christmas season.
- Other training and consulting workshops completed by TBC included:
 - Trainer of Trainers in Mwanza and Dar es Salaam. A 25 participant consulting skills workshop on marketing, and two workshops for journalists on business and financial reporting. Post evaluation of these workshops considered them to be useful as indicated by their willingness to participate and pay fees for any follow-on workshops organized by TBC.
- Tanzania Association of Consultants (TACO) Collaboration. In June, TBC planned to develop an Entrepreneurship Development Program based on the GTZ model. This was done in collaboration with TACO. TBC is working closely with the German technical advisor attached to TACO who is an expert in this area. It is expected that TBC will be able to implement this new product in 1996.

5.2 Gaps and Constraints

- Lack of specific, implementable work plans with business support organizations. TBC appears to carry-out capacity building services on an ad hoc basis. This approach is likely to limit TBC's ability to deliver systematic and tailor-made services aimed at improving business support services.
- Slow in following up workshop recommendations to assist TBC clients take advantage of the learning experience (For example, TANEXA's agricultural export workshop).
- Absence or lack of data/needs assessment of local partners and organizations. Baseline data/information is essential if TBC is to develop appropriate assistance plans/strategies.

5.3 Recommendations

- Develop work plans with key business support associations and actively participate in joint implementation (e.g. TACO, TCCIA, TANEXA, CTI etc
- Make specific effort to collect as much data as possible on Tanzania's business community, including business support associations.
- With the external communication linkage now available at TBC, assist exporters and other business organizations to locate foreign markets for their products/commodities.
- Publicize the results of good consulting work by placing articles in both Swahili and English newspapers. This should enhance entrepreneurship development while making the business community more aware of TBC service.

4.6 Policy Dialogue

One of the strategic objectives of TBC is to enhance the policy environment for business growth by supporting business associations in their dialogue with the Government. During January-September 1995, TBC continued to support the Tanzania Exporters Association (TANEXA). TBC hosted a series of four focus groups with representatives from various export oriented sectors to discuss problems related to doing business in Tanzania. Six sectors were represented: Horticulture, Agriculture, Manufacturing, Natural Resources, Mining and Trade in services. A report was compiled and submitted as input to a World Bank Taskforce, developing an export strategy and action plan. The TBC/TANEXA data was included in the World Bank document entitled: "Export Development Strategy and Action Plan (1995 - 2200)".

In another TBC effort to further the policy dialogue, USIS and TBC co-sponsored a lecture on financial sector reform. More than 30 people attended from the academic and business community. The lecture was considered useful, although no post evaluation forms were filled.

4.6.1 Gaps and/or Constraints

- During the interviews the evaluators were informed that the process of obtaining business license was very difficult unless an offer under the table is made. The Business legal and regulatory environment is not supportive to private sector penetration and growth. TBC has not addressed this issue in collaboration with local business support.
- Cumbersome customs documentation - it takes too long to clear goods which makes business incur unnecessary costs. TBC has not made any headway on this issue in collaboration with local business support associations.

4.6.2 Core Recommendations

- **Enhancing the policy environment is the least developed TBC product. According to the project paper, TBC is expected to identify and assess the key policy issues impeding Tanzanian business development, for instance legal and regulatory issues such as licensing. TBC has not made any headway in this area. Once the key policy issues are identified, TBC has to promote greater understanding and**

awareness of these issues. This has not been done and the evaluation team did not come across any plans to implement this aspect of policy dialogue.

TBC needs to move quickly in the direction of developing the capacity of business associations to serve as effective advocates of private sector interests to the government. TBC will stand a greater chance of success if it works with a few potential associations with a recognized clout. In this regard, it is recommended that TBC investigate the possibilities of working with:

- (I) Confederation of Tanzania Industry (CTI),
- (II) Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA),
- (III) Tanzania Business and Professional Women's Association (TABWA),
- (IV) Tanzania Association of Consultants (TACO), and
- (V) Tanzania Exporters Association (TANEXA). Develop Specific work plans with these organizations, detailing how TBC assistance would be translated by the organization to a meaningful dialogue with the government.
- (VI) NGOs and sister associations working in up-country areas such as Swiss contact and MEDA.

■ TBC will need to get more closely involved with the activities, to reach greater understanding of the business associations. This can be achieved in a variety of approaches:

- (1) Assist business support associations to write policy papers on problem issues such as licencing, taxation and business regulations. These papers should be shared with relevant government officials during policy dialogue.

(11) Assist associations to plan, organise and implement seminars and workshops on how to promote and improve the private business environment.

(111) Search and secure useful information from external sources that will be an eye-opener to local association in furthering policy dialogue.

5. PROGRESS TOWARDS ATTAINING KEY PROJECT INDICATORS

The evaluation reviewed progress against five basic indicators of the overall Business Centre performance: (1) Employment creation and expansion of client assisted firms; (2) Improving business support services through new or existing service providers; (3) Providing services to small-scale African Entrepreneurs and women; (4) Responding to demand; and (5) Policy dialogue.

5.1 Employment and Revenue Expansion in Client-assisted firms

5.1.1 Employment Generation

The expected end of project performance indicator is to create 3000 jobs. This employment target is ambitious in part because Tanzania's private sector is just emerging and most industries are operating below half capacity utilisation. During the first year of TBC operations, 15 enterprises assisted by the project reported that employment in those firms rose by 121 jobs. This is less than 5% of the expected end of five-year target. At this rate of new job creation, TBC will take over 20 years to attain this performance indicator

5.1.2 Recommendation

According to the project paper, TBC is expected to create new jobs through venture development, mobilizing investors and opening up access to finance. Little progress has been made in all these areas during TBC's first year of operation. It is essential for TBC management to re-examine their plans and strategies for attaining new employment creation. Several options must be examined, including the following.

- Re-define private sector support activities. TBC should focus its support to high priority sectors that have a proven potential for creating new jobs. Tanzania's "Input - output" table, (available in the Bureau of Statistics) should provide valuable information on sectors which have high forward and backward linkages and real potential for new job creation.
- Develop entrepreneurship program in collaboration with GTZ (who have shown interest) to train large amounts of aspiring or could-be business persons

- Work into NGO's as the project paper requires, involve them in Business Skills Training and enterprise development so that they can work with the informal sector

5.2 Revenue

During the first year of operation, TBC assisted 34 clients who signed contracts. A sample of 15 TBC-assisted clients revealed the following results:

Year 1 indicators from 15 TBC clients sampled			Performance
	Aggregate Base line	Progress as of June 1995	
Employment (part time job counted as one half full time job)	98	219	123%
Annual Turnover in Tshs.	170 million	421 million	148%
Export Revenues (US \$)	140,000	371,000	165%
Investment in Fixed assets (Tshs)	268 million	366 million	36%

TBC project goal is to help expand at least 500 enterprises by the end of the five year project. During the first year of operation TBC assisted only 34 firms or less than 10% of the goal. As noted on the table above, however progress compared to the base for the sampled TBC clients shows significant improvement. In order to increase the pace of assisted enterprises, the evaluators recommend the following:-

- TBC should implement a more proactive focused approach than the current drop-in system in conducting its business advisory service. By focusing on specific potential, TBC should target clients in those sectors who can better take advantage of its services, expand turnover and create jobs.
- The lack of qualified consultants to undertake TBC assignments should be addressed as follows:-

- TBC should be encouraged to ameliorate the problem of qualified consultants through its consultant skills workshops. During these skills workshops, TBC could identify willing entrepreneurs to take up TBC assignments. These selected few would undergo special training on how to do business advisory services - using an external firm such as the Training Resources Group (TRG) based in the United States.
- Another approach which has proven successful in other less developing countries, is for TBC to identify successful entrepreneurs in Tanzania (both indigenous and non-indigenous), who are interested and willing to take up TBC assignments on a small fee. Such entrepreneurs will have hands-on experience, can be expected to address adequately the "do and don't" issues in business advisory services.
- On the issue of lack of available finance for small bankable projects, the development of the Risk Management and Profit Sharing (RMPS) fund is a step in the right direction. Although much ground work has been done on establishing this RMPS fund, TBC would need to carry out further work on the risks involved. Will a default rate of more than say 10 - 15% make RMPS viable? What should be the average size of loans - 20,000?, \$ 30,000? \$ 10,000? An answer to such a question will require close collaboration between TBC, the consulting firms linked with the TBC clients and 1st Adili Bankcorp or other bank where the "TRUST" will be established. Will the fund lending policy be based on positive real interest rates? What system of RMPS fund management which will be consistent with USAID accounting, reporting and transparency requirements? Such questions need answers before beginning the operation of RMPS fund. Overall, RMPS should have significant impact in terms of employment creation and business expansion.

5.3 Improving business support Services

The business services designed by TBC are designed to reach a broad spectrum of Tanzanian firms and individuals. To carry out this task, TBC conducted Business Management Skills

Workshops (BMSWs), provided self-help Resources in the form of learning materials, enhanced communication services, and disseminated Business Education and Information Services to the wider public. This section examines progress made compared to the target for the first year of TBC operation.

5.4 The Business Management Skills Workshops

This TBC workshop is a five day course designed to assist entrepreneurs and managers to run businesses more profitably. This TBC product was designed in the first and second quarter of 1994 and test marketed in the latter half of 1994. The January - June, 1995 target was to conduct 19 workshops with 500 participants and a revenue (workshops conducted on a cost-recovery basis) of Tshs. 15.2 million (US \$ 25,400). The actual performance was 10 workshops (53% of target) with 120 participants (24% of target) and a revenue collection of TSh.3.2 million (21% of target).

5.5 Small-scale African Entrepreneurs and Women

During the first year of operation, over 75% of TBC clients were small-scale African entrepreneurs with less than 10 employees in their business. About 29% of those who received TBC advisory services were women, and in business skills training, women represented 24% of the participants. The evaluation team considers these initial achievement to be in the right direction. Particular efforts have to be made by TBC to reach and involve women trainers and advisors in its client services.

5.6 Other observations

According to the interview results shown in Appendix B of this report, TBC has made some contribution in the area of business management training. The interview results show that TBC is offering good business skills to the business community and almost all participants indicated benefits related to improved management, accounting and revenue enhancement. Over 80% of the participants indicated a willingness to pay for future TBC-organized workshops.

In the consulting services, supported TBC clients have benefitted, especially in the area of business planning and feasibility studies. During the first year of operation, TBC trained more than 15 firms in market development and business planning.

These initial good results notwithstanding, TBC would need to make the following corrective action so as to ensure targets are achieved and the goals of the centre are attained.

5.7 Performance

The targets set have not been met. The evaluators consider the target of 19 workshops over a six months period or three workshops per month to be too high; especially where more of the workshops are to be conducted in the regions. Successful workshops require thorough advance preparations, including mobilization of participants and preparing qualified trainers.

- TBC should aim at implementing two business management training workshops per month with a target participation rate (minimum of 25). This should provide more preparatory time for mobilization of participants and acquisition of skilled trainers.

Cost recovery is an Important aspect of the skills training. Donors who continue to provide free training to participants while paying consultants distort the sustainability of such programmes. It is also difficult for professionals to earn an expected living standard supplying services to the private sector without donor subsidies. While donor coordination could improve the situation somewhat, the evaluators have the following recommendation to make:

5.8 Recommendation

TBC should examine the option of signing contracts with successful entrepreneurs to conduct the business skills training rather than the current use of consultants. This will enable TBC to cut costs of expensive consultants and instil experiential learning in its workshops. TBC could work with TACO and TANEXA to identify business entrepreneurs able and willing to participate as trainers. Signing contracts with area coordinators of proven business experience in various regions/districts of the country will reduce costs of travel and per diem, thus making the workshops more affordable. Venue for workshops should also provide discretionary and

affordable/cheaper costs of meals, accommodation and other services to participants. Future sustainability of the skills workshops will depend on the place at which TBC will be able to manage and deliver the courses on a cost-recovery basis. It is a prerequisite for franchising to other firms/companies, as well as tailor the contents to Tanzanian business conditions. The Tanzania Association of Consultants should offer useful suggestions for revision. A Swahili translation of the customized teaching materials will be very useful.

- There is an urgent need to increase the skills workshop efficiency through improving the effectiveness in contracting and completing contracts with business clients.
- TBC would also need to increase the efficiency of delivery of the business management course so that a meaningful number of entrepreneurs can be reached. This will involve working out better systems of course mobilization. Working with successful entrepreneurs as course mobilizers has been found to be efficient and cost-effective.
- Overall, TBC business advisory services achieved insignificant level of contracts during the first year of operation. Portfolios have not been developed, client work not completed and in some instances TBC's own established procedures were not followed. It is essential for TBC management to re-build its advisory unit with new consultants. Working with Business Care Services and Tanzania Association of Exporters in facilitating focus group discussions among the members of the business community was a first step towards making a meaningful dialogue with the Government. TBC was also instrumental in assisting TANEXA define sector specific constraints in four sectors as data for a larger World Bank Taskforce on Export policy reform. Much serious work remains to be done by TBC to improve the capacity of business associations to serve as effective advocates of private sector interests. TBC does not have a strategy/plan to implement this capacity-building key indicator of project success. It is essential for TBC to develop such a plan, specify the associations which will benefit from TBC support and the methodology for effecting the policy dialogue with the government. Consultants will have a good payoff through taping their knowledge of local conditions.

6. ROLE OF BUSINESS CARE SERVICES

6.1 Background

According to the implementation framework of the Business Centre, the prime contractor (DAI) is expected to subcontract locally with an existing Tanzanian firm to obtain the required local administrative and professional staff to carry out the project operations. Business Care Services (BCS) was competitively awarded the subcontract in 1994. In a nutshell, BCS is expected to play a pivotal role in the development, implementation, and institutionalization of all activities under the TBC project. It is within this framework that the evaluators assessed the role of BCS in the overall context of TBC activities.

6.2 Performance

The BCS provided to TBC the following professional advisors: Business Counsellor, Business Advisory Counsellor, Trade and Procurement Counsellor, Training and Outreach Coordinator and Short-term Technical Assistance as specified on the subcontract agreement between DAI and BCS. The professionals from BCS in collaboration with TBC management provided management and technical training to established businesses and business associations during this evaluation period. In addition, the BCS professionals seconded to TBC participated and assisted in identifying appropriate sources of locally-based short-term technical assistants (STTA). They also participated in preparing the project Work plan and contributed to the preparation of all progress reports required under the project.

As expected, BCS played a key role in TBC start-up activities which consumed a large part of the first half-year of TBC operations. BCS should also be credited for their effective participation in laying the groundwork for TBC training and outreach services.

Overall, BCS working in close collaboration with DAI was able to utilize the latter's international experience with local knowledge of the development situation in Tanzania to turn the USAID project paper into an implementable project.

6.3 Gaps and/or Constraints

Although achievements of BCS in fulfilling its subcontract agreement were substantial, there are both gaps and constraints to TBC program success:

- DAI and BCS subcontract involving full time commitment of BCS main principals and USAID's insistence on BCS principals working full time in the TBC project. This arrangement has some merit in terms of ensuring that TBC's ground work would be performed by highly competent local business professionals, which in turn would accelerate the pace of institutionalizing the project within the Tanzanian business community. Contrary to expectations, this arrangement hurt BCS as a private firm managing many types of projects by taking their best talent out of the company. Efficiency in performing BCS enterprises began to falter. This arrangement also hurt TBC because it was not possible to get the BCS principal's full effort devoted to the job. Both of the principals of BCS are busy men running a number of companies and projects. Contrary to expectations, it was not realistic to expect them to stop all of the BCS work and devote full time to the TBC project.

6.4 Recommendation

- Amendment # 2 of the contract appears to have resolved the aforementioned issue. The BCS subcontract will continue to provide technical and advisory assistance to DAI in the performance of the requirements under DAI's contract, but will not involve full time attachment of the two BCS principals. The current arrangement seems to function better and is more conducive to higher performance levels in both organizations.

Further clarifications are needed especially on the specific role of BCS in the new arrangement and its responsibility in attaining the objectives and results of the TBC project.

- BCS has a comparative advantage in information development and dissemination, on account of managing two widely read newspapers; "Business Times" and "Majira". BCS being a subcontractor and partner in facilitating TBC success should be able to make an all out effort campaign focused on publicizing TBC services to make the Centre known within the Tanzania business community, especially using the Swahili paper, Majira.

To complement this BCS effort, TBC management should carry out an awareness outreach through business support associations and individual entrepreneurs, especially those attending the Business Skills Workshops. The effort to create a wider awareness of TBC services should have a high pay-off in terms of creating the demand for the Centre's services.

7. THE BUSINESS CENTRE FINANCING FACILITY

7.1 Background

The original design of TBC project envisioned a faster pace of financial sector reform in Tanzania. It was expected that the financial institutions reforms would result in greater access to credit for private sector investment and growth. TBC clients would then benefit from more readily available formal credit, thus accelerating the rate of income growth and new job creation. Contrary to expectations, local Tanzania financial institutions are restructuring, but have little or no liquidity, are technically insolvent, and are not actively lending. New local and foreign banks currently in the market do not lend to small enterprises.

After extensive discussions with TBC management, TBC assisted clients in business support associations and TBC business management skills workshop participants, the evaluators were left with no doubt that the lack of formal credit for small businesses was a critical constraint to business expansion and job creation.

7.2 The proposed TBC financing facility

During the review of TBC performance over the past one year, it was observed that access to finance for TBC clients was a major constraint to achieving the level of employment impact expected under the project. The envisioned total new job amounts to more than 3000 over the next three years. Increasing employment will require increasing investment (requiring access to capital) and not just business services. The evaluation team views the proposed financing facility to be necessary if the employment target of the project is to be achieved. Without better access to finance for TBC clients, it will be difficult to achieve the level of employment impact expected in the FED log frame indicators. The financial sector, as discussed above, remains unresponsive to the needs of the business community, especially micro and small business. The evaluation team considers the action to set up a new financing facility linked with TBC but managed through an existing financial institution/bank, is an important step towards attaining project objectives and results, but not a sufficient solution to the overall availability of formal credit to the Tanzania business community.

7.3 Expected impact

The TBC financing facility should aim at facilitating the emergence, growth and sustainability of responsible, well managed business in Tanzania. It is expected the financing facility will achieve the following beneficial impact:

- Create new jobs. It is envisioned that for every \$ 500 made available to formal local small businesses one job could be created. The multiplier effect of those beneficiaries of employment is large, especially considering the alarming rate of growth of school leaver unemployment and civil service retrenchment.
- Enhanced capacity of TBC business service provides. It is envisaged that under the new financing facility, TBC management will identify and train Tanzanian business advisors to initiate outreach efforts to eligible clients. The business advisors will assist TBC clients to prepare business plans and other documents needed to meet investment approval procedures designed under this funding facility. The exchange between TBC business advisors and its clients will have the desired impact of improving the efficiency of enterprise development in Tanzania.
- Broadening Tanzania's private business community. The financing facility will support TBC activities by increasing the number and size of formal sector owned and operated by indigenous African entrepreneurs. It is envisioned that the program will accomplish this goal by providing previously unavailable market rate financing options and sound financial advice, thus improving financial intermediation in Tanzania.
- Inculcating professionalism in Tanzania business community. An important aspect of this funding facility is the goal of cultivating a professional approach to doing business in Tanzania. It is envisaged that once the facility becomes functional, TBC clients and beneficiaries will learn from TBC and fund managers the value of on-going planning and reporting, and requirements of the formal financial sector. An important impact will be the learning experience of beneficiaries in managing business responsibilities and the recognition of the constraints imposed by formal contracts, legal agreements and public accountability - especially with respect to tax returns.

7.4 Recommendations

- The evaluation team recommends approval of the proposed financing facility. The emphasis on employment in the larger FED programme, and more so with TBC, necessitates a fresh look at how, the project can create many new jobs at a short period of time. The view of the evaluators is that much of this is tied to opening up access to finance of which this financing facility will play a key role. Prior to the financing facility becoming operational, if approved, several key issues would have to be resolved namely;
 - An explicit implementation framework must be designed. Such a framework will spell out in detail the roles of the main players: TBC, the financial institution which will manage the funds, USAID, TBC service providers etc. It is important to examine several options of implementation mechanism, in part because the financing facility can turn-out to be management intensive and distract the players from attaining other desirable project objectives and results.
 - Financial procedures, implementation monitoring, progress reporting and funds accounting systems must be made consistent with USAID internal reporting requirement. An important design approach is to ensure the implementation framework developed is efficient, transparent and cost-effective.
 - At the moment in Tanzania there are various financing options for small to medium enterprises, such as Savings and Credit Schemes, Revolving Funds, Mutual Funds, etc. The evaluators are of the opinion that there is a need to study several arrangements and identify the option which has the potential of being sustainable in the future.
 - Clearly define the clientele and the variety of loan products under the financing facility. It is important to address this issue in part because small formal businesses may be registered but lack management capacity or collateral-issues which need to be resolved. The success of the facility is likely to rest on the ability to develop and implement a variety of loan products that complement TBC business advisory and skills training services.

8. INSTITUTIONAL ISSUES AND LESSONS LEARNED

8.1 Observation: Institutional viability

The organizational structure for the Business Centre involves a US institutional contractor working in collaboration with a Tanzanian counterpart organization. In the evaluators view, this institutional structure (see Appendix A for an organizational chart) is tenable and capable of achieving the goal of supporting private sector enterprise development in Tanzania. However, based on our discussion with TBC management, review of plans and accomplishments, and interviews with beneficiaries of their services during the past one year, the evaluators strongly recommend several adjustments in the modus operandi to improve performance and ensure sustainability of the project.

8.1.1 DAI - The Institutional Contractor

To date, DAI - the main contractor managing TBC and in particular, the Chief of Party, have done a commendable job of laying the framework for TBC operations. DAI, being a foreign firm, however, will inevitably take time to understand the details and inner operations of the Tanzanian business community. This knowledge/ understanding of the Tanzanian business culture and its key players is essential if DAI is to accomplish its contractual requirements while promoting business enterprise in Tanzania. It is within this framework that we recommend the following to improve on outreach and publicity:

Core Recommendations:

- **DAI, and more specifically, the TBC Chief of Party, should work out a mechanism for reaching out to the Tanzanian business community. Without reaching out and actively collaborating with local business support organizations, TBC business development functions cannot be incorporated and institutionalized within the Tanzania institutions. In this regard it was expected that the DAI-BCS subcontract would have facilitated the achievement of this process. It seems the subcontract as it stands now has some problems which may negate against attaining this objective. In view of the importance of institutionalising the project, the evaluators call for a review of the sub-contract between DAI and BCS**

in an effort to work-out a mechanism for attaining the objectives. The USAID project manager should be closely involved in facilitating this process.

TBC has already signed memorandum of understanding with seven business support associations. This provides a good starting point for reaching out to the Tanzanian business community. It may be prudent for the TBC Chief of Party to identify and structure work plan relationships with those organizations that appear to be most important or potentially important within Tanzania and within the context of the TBC program. Some of these associations include: Tanzania Association of Consultants (TACO), Confederation of Tanzania Industry (CTI), Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA), Tanzania Exporters Association (TANEXA) and Tanzania Business and Professional Women's Association (TABWA), to mention, but a few. Within the work plans, spell out the specific ways in which the TBC program will interact with the associations. The Chief of Party's physical participation should be key to the success of this approach to provide the weight and importance of TBC support to these organizations.

- Institutionalisation: TBC management needs to design a strategy for institutionalising its services as an important ingredient of project sustainability. The recent DAI/BCS subcontract amendment provides needed flexibility for placement of staff from BCS but it is not explicit on how the key roles of BCS (development, implementation and institutionalisation of all activities under the project) are to be attained. DAI, BCS and USAID need to work out a mechanism for moving towards attainment of institutionalisation of the project services.

- DAI, and more specifically, the Chief of Party in collaboration with BCS, should develop the spirit of teamwork. Efficient and cost-effective implementation of the complex TBC mandate necessitates DAI and BCS to work as a team with a consensus on TBC purpose and implementation approach to achieve agreed-to objectives and results. Frequent staff turnover observed during the evaluation is a clear indication of the need to develop a framework of staff that will function as a team.

- The starting point in building teamwork at TBC is to review the role and function of each professional staff member to ensure TBC has responsible and highly skilled staff. The idea is to move towards a situation where individual strengths are combined into a congregation of interested parties working effectively because they have a common sense of purpose and desire to achieve a set of known objectives and results. This also calls for identifying weaknesses and promptly taking corrective measures. The recent amendment to the BCS subcontract is an essential step towards restoring staff morale and building teamwork. Additional management adjustments are needed in the following areas:
- Staffing and salaries, The lack of competitive salaries of local staff limited TBC effectiveness in the first year of operation, BCS morale in the first year of operation and BCS morale in the first half of 1995. Efforts must be made to ensure TBC local staff salaries are competitive and adequate to attract and keep the best professionals available. TBC requires high quality staff to serve as mentors guides and leaders for others in the business community as well as in TBC collaborating network of service providers.
- Explicit personnel recruitment procedures, assignments, promotions, and rewards have to be developed and explicitly linked to qualifications, skills and achievement of planned results. During the first year of operation, the insistence on BCS main principals working full time in the project ran counter to own project operations and affected TBC staff morale. The recent amendment to the sub-contract has ameliorated this problem, but it is important for DAI and BCS to work-out explicit procedures for BCS supply of personnel to TBC.

8.2 Relevance, Replaceability and Appropriateness of Intervention

TBC's goal is to facilitate the emergence, growth and sustainability of responsible, well-managed private businesses in Tanzania. In this regard, TBC support services are relevant. To support this view, TBC charges fees for its services. If such services were not relevant there would have been no effective demand.

8.2.1 Performance

During the evaluation, it was learned that the need for TBC services is greater than TBC's capacity to respond adequately. It is essential for TBC management to maintain the momentum achieved over the past six months of project implementation. It is also necessary to continuously improve the services to make them more relevant. One area which needs particular attention is the Business Management Courses which will require tailoring to reflect local business conditions, without necessarily diluting the thrust of the teaching modules. Participants also indicated the need for some form of classification based on their educational and business sector backgrounds.

As for replaceability, none of the services now being provided by TBC has reached an advanced stage for the evaluators to make informed opinion about replaceability. Over time, however, TBC should be able to develop and test market services which show commercial promise and replaceability without continual donor subsidies. It is therefore essential for TBC to continuously strive to better meet customer needs in a profitable and sustainable way as one yardstick of successful implementation of the TBC project.

With respect to appropriateness of interventions, the evaluation team is of the opinion that most of the current interventions are appropriate and useful in terms of fostering private business development in Tanzania. However, given the limited resources at the disposal of TBC and the need to show results within a short time framework, TBC needs to focus its interventions where it can demonstrate measurable impact within a period of three to five years. It is within this scenario that the team recommends the following adjustments to improve performance and impact:

8.2.2 Core Recommendation

- **Product differentiation.** TBC management should examine several options for supporting the private sector where it has some comparative advantage compared to other private sector service providers. TBC needs to make its services more unique and improve on delivery of those services. Except for the business link-up to external information sources especially ITI market access services which are unique in Tanzania, it is difficult to distinguish TBC services from those of other providers such as TACO (Association of Tanzania Consultants), NGOs, and

business colleges. The evaluators acknowledge that TBC in its efforts to improve the quality of business planning services among local consultants have created their own consulting network with the ultimate aim of passing over to local firms. The evaluators, however, would like to caution that implementation has to be continuously monitored to ensure that TBC does not degenerate into a consulting firm directly competing with local consulting firms. TBC should adhere strictly to their role of promoting and strengthening local consulting firms. Furthermore, TBC would need to become more connected with world-wide resources for business development so that it can tap other resources (information and other services) and incorporate these into the Tanzanian business community. The evaluators support the proposed financing facility as an important special feature of TBC products.

- Based on discussions with several private sector support associations (see Appendix D), the following areas of project focus would be of particular usefulness to the Tanzanian business community:
- Focus on high impact, firm specific business and market development in areas with high potential for income growth and job creation. Several sectors were suggested including, minerals, horticulture, tourism, wood products, packaging linked to exports, and other non-traditional exports.
- Policy work related to specific sectors rather than the big picture. Work closely in this area with a few local business support organizations (such as TACO, TCCIA, CTI, etc) and research organisations such as CAMATEC.
- Investment and technology acquisition for small and medium enterprises (firms employing less than 100 people with gross annual revenue of less than Tsh 20 million)
- Assisting Tanzania business links with external buyers and sellers
- Entrepreneurship development and business information development and dissemination.

8.3 Uneven Implementation of the Full Package

The contract between USAID and TBC stipulates that DAI will have successfully completed its work when: (i) there are improved business support services available to Tanzanian business through new and/or existing service providing organizations; (ii) a substantial number of TBC client firms and employment levels; and (iii) Key policies constraining the private sector development have been identified and adjusted.

8.3.1 Performance

To date TBC has made some headway in indicators (i) and (ii). As discussed in the test, significant progress has begun to trickle in. However, TBC has made little progress in operationalizing indicator number one. The TBC outreach program geared to improving business support services is low, not yet up and running, and the pace of implementing the other indicators is low. Overall implementation progress, comparing plans to achievements, is slower than expected. It is for this reason that the evaluation team recommends to TBC Management to accelerate the pace of implementing work plans, constantly striving to attain project goals and expected impact. To accomplish a faster pace of project implementation, the following adjustments are needed in the way TBC conducts its business:

8.3.2 Recommendation

- Establish more realistic work plans.
- Develop results packages consistent with the work plans
- Develop a monitoring and feedback mechanism that can provide regular information on progress in achieving desired targets, needed adjustments and/or corrective action.
- Reorganise the business advisory team into a results package team. Each results package team should be made responsible and accountable for successfully implementing specific work plans and achieving desired results. This may necessitate staff changes to ensure each results package team has skilled and highly competent personnel to achieve set targets. The Chief of Party should work closely with BCS and where desired members of the Advisory Committee could be co-opted members of results package teams.

- Avoid staffing patterns and business advisory systems that are individualized. For example, during the evaluation, the evaluators noted that implementation faltered when the Director of Client Services was hospitalized and also when the Chief of Party was absent during annual leave. The results package teams should be designed and empowered in a way that any absence of a team member will not significantly affect project implementation and attainment of targeted results.
- Improve workforce morale by empowering staff, developing an element of trust and accountability and ensuring that pay levels are competitive. After Amendment number two to the contract, TBC has begun to address the critical importance of having and retaining high level Tanzanian professional staff. It is important that long-term solutions be worked out at the contract level by adjusting positions, staffing patterns, levels of effort and periodic review of salary structures to ensure these are competitive with market rates.

APPENDIX A

ORGANISATIONAL STRUCTURE

**THE BUSINESS CENTRE
ORGANIZATION CHART**

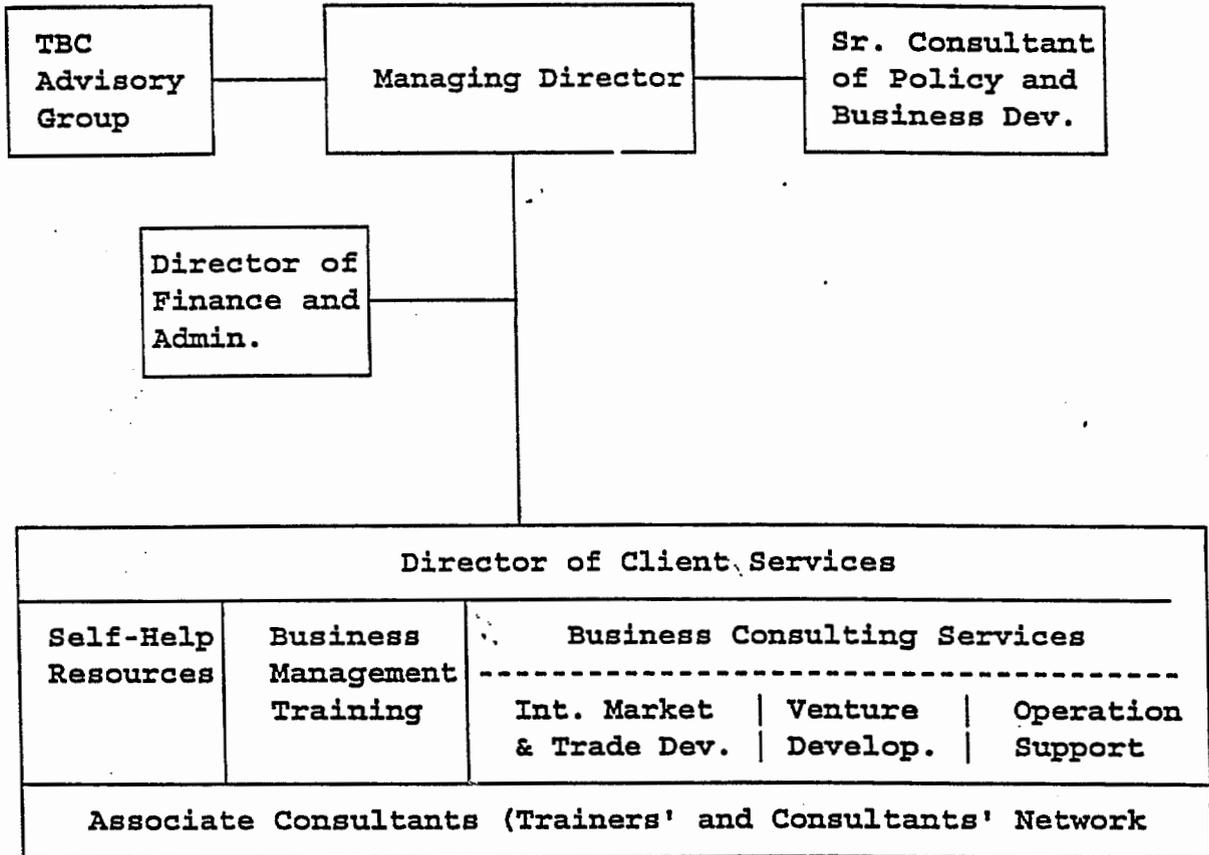
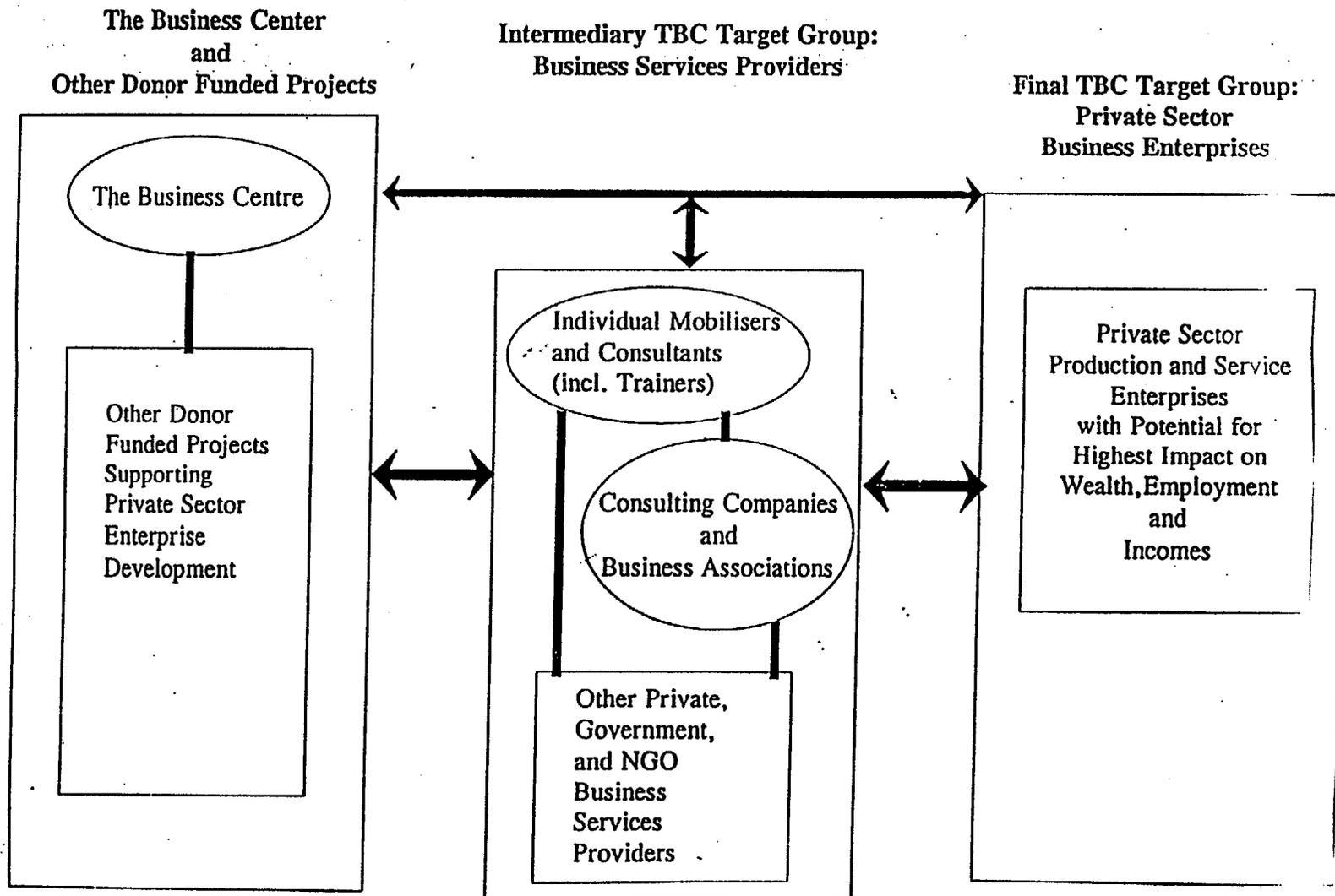


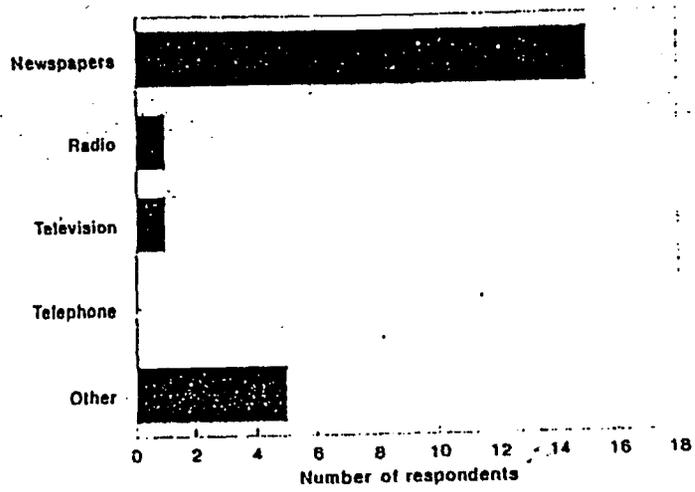
Figure 1: Key Players in The Business Centre's Business Services Network



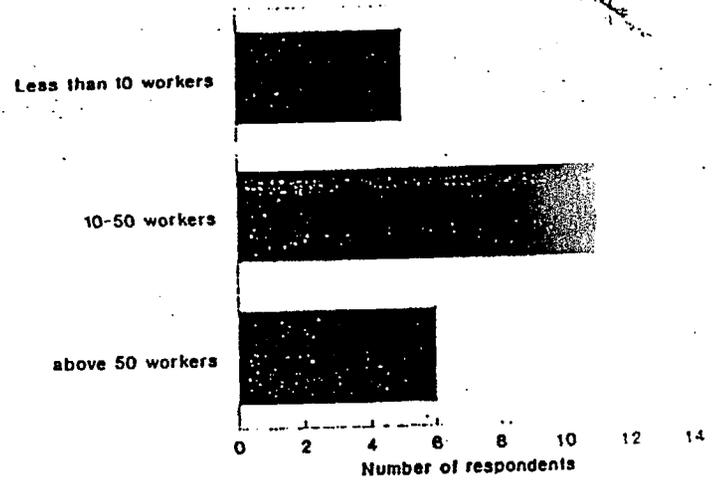
APPENDIX B

INTERVIEW RESPONSES OF THE BUSINESS MANAGEMENT SKILLS WORKSHOP CONDUCTED BY TBC DURING ITS FIRST YEAR OF OPERATION

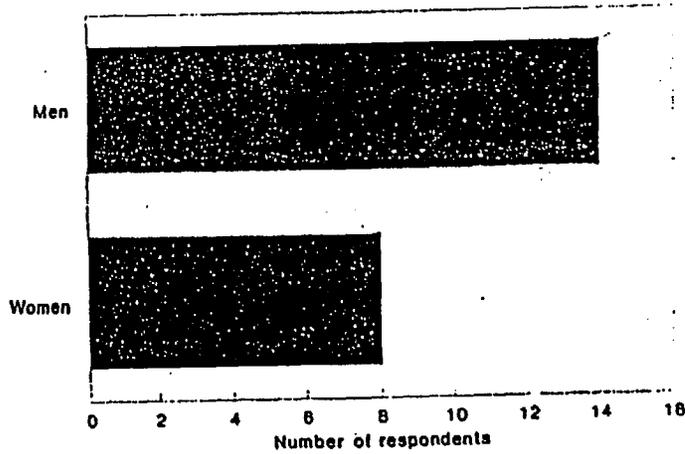
How did you know about the TBC workshop?



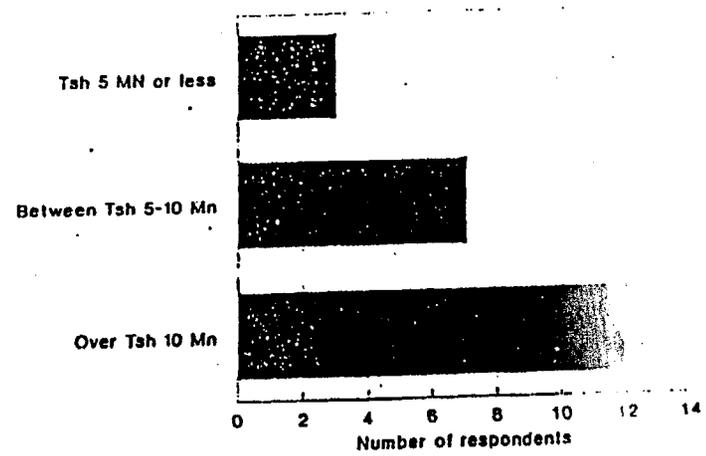
How many people work in your enterprise?



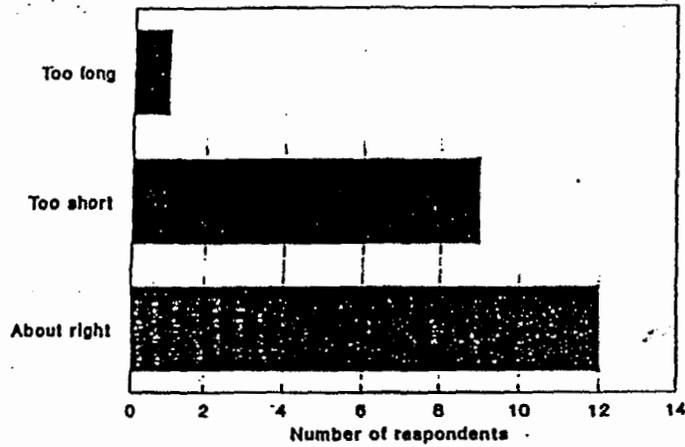
What was the gender composition of participants?



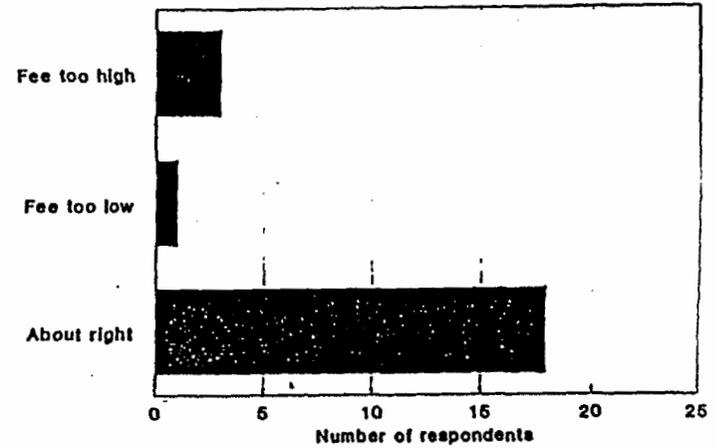
What is the size of your enterprise in terms of annual gross revenue?



What is your view on the length of one week for the workshop?

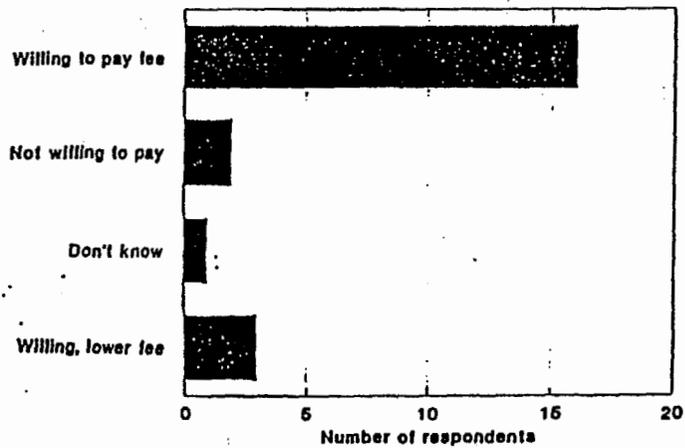


What is your view on the payment of Tsh 25,000 fee?

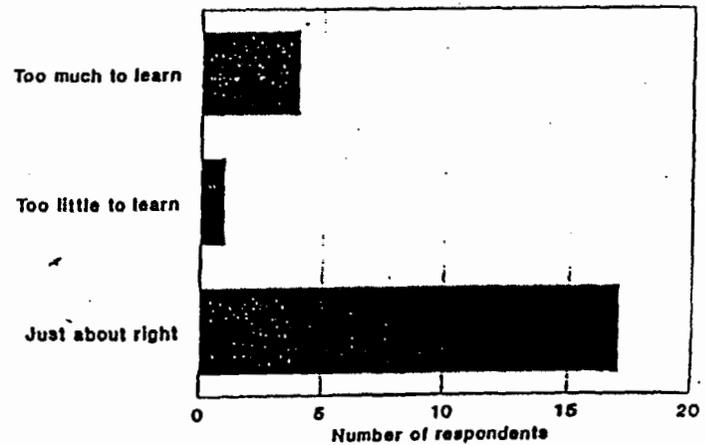


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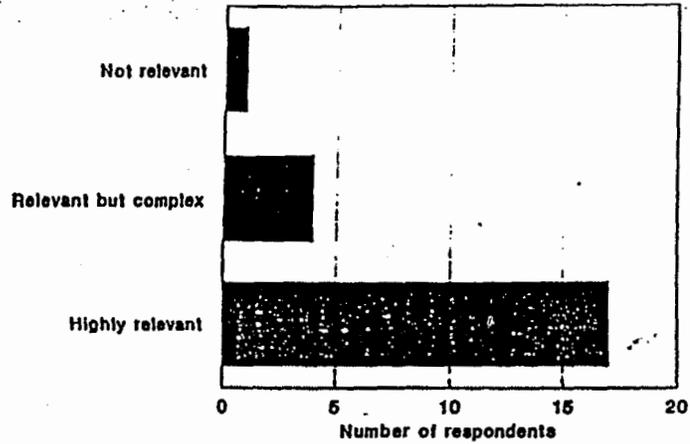
What is your view on the issue of paying a fee?



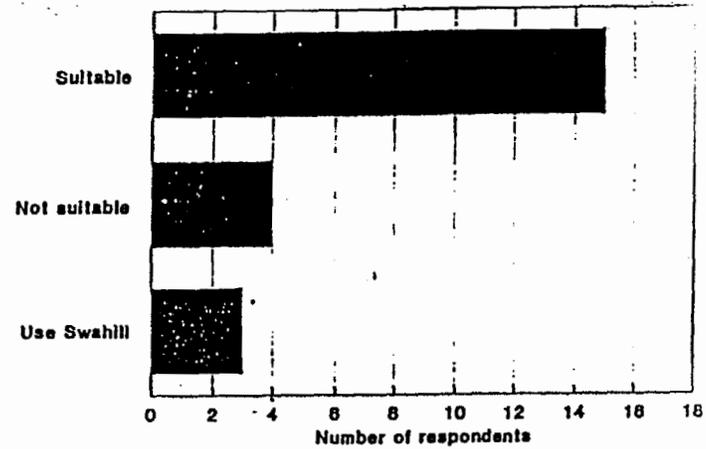
How was the intensity of training and workload?



What is your views on the relevance of the course to your business/enterprise?

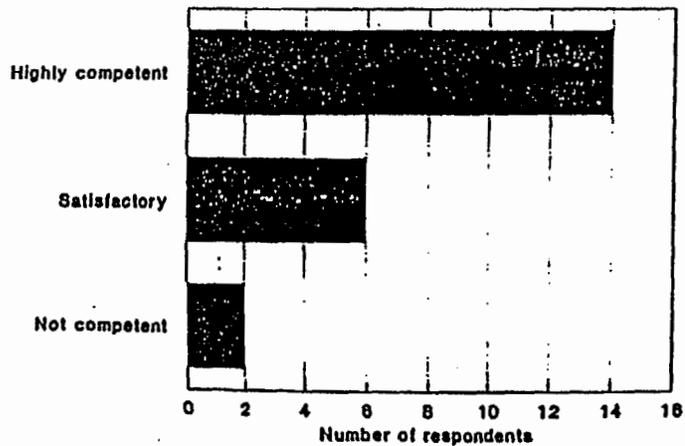


What is your views on the English language used during the course?

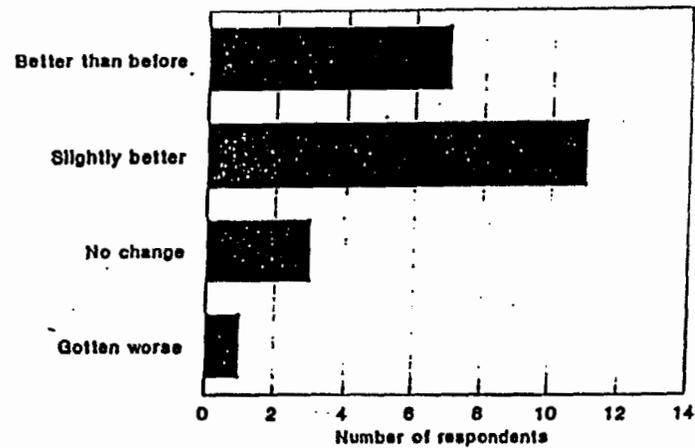


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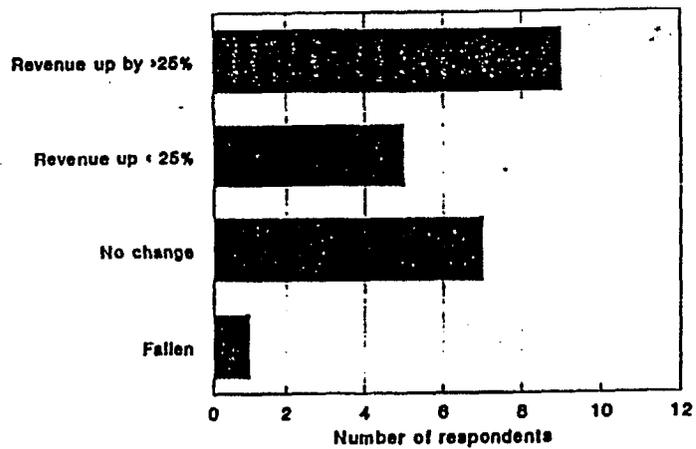
What is your views on the capability and teaching skills of the trainers?



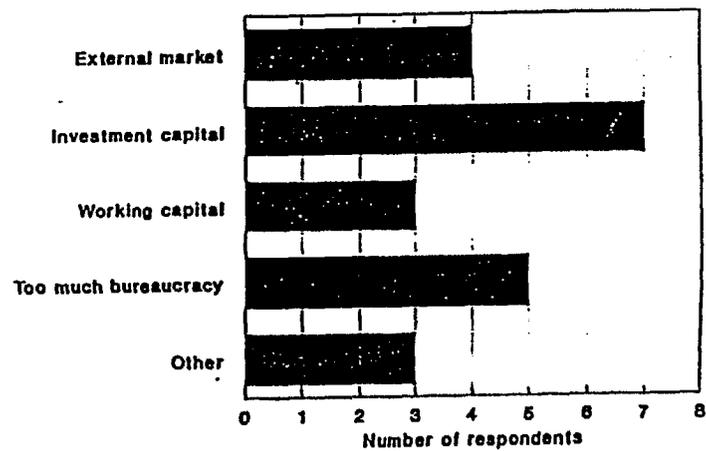
How has your business performed since you completed the training course?



What has happened to your business gross earnings after the course?



What are the major constraints your enterprise is facing?



APPENDIX C

List of Documents Reviewed

1. Description/work statement - contract No. 623-0126-c-00-4009-00
2. Finance and Enterprise Development (FED) - Program Project Description USAID/TANZANIA, JUNE, 1992.
3. The Business Services Centre First Annual Work Plan, February 1994 to December 1994 BSC - FED Program, Tanzania
4. The Business Centre - Business Plan May, 1994
5. Semi - Annual Project Implementation Progress Report - January - June, 1994.
6. The Business Centre - Quarterly Narrative Implementation Report - July - September, 1994.
7. Semi - Annual Project Implementation Report. Annex B. : Short term Technical Assistance Reports. June, 1994.
8. The Business Centre - Semi - Annual Progress Implementation Report, July - December, 1994.
9. The Business Centre - 1994 Annual Report, February 6, 1995.
10. The Business Centre - Business Work plan 1995 February 6, 1995.
11. The Business Centre - Semi Annual Progress Implementation Report, January - June, 1995.
12. The Business Centre - Quarterly Performance Report, January to March, 1995.
13. The Business Centre - Quarterly Performance Report, April to June, 1995.

Appendix D:

LIST OF PERSONS INTERVIEWED

1. TBC MANAGEMENT

- Paul Bundick - Managing Director, The Business Centre
- Rashidi Mbuguni - Managing Director, Business Care Services
- Gideon R. Mandara - Business Organization Specialist, The Business Centre
- Ngweshani S. Mbonde - Director of Client Services, The Business Centre
- Hilda Mafwenga - Training Consultant, The Business Centre
- Samson S. Maganga - Client Services, The Business Centre
- Samwel Kinunda - Finance & Administration, The Business Centre
- Alex Makindi - Business Advisor Counsellor, The Business Centre
- Adeline Mlay - Business Care Services

2. TBC ADVISORY COMMITTEE

- Ernest S. Massawe - Massawe Ernest & Young
- Rose Lyimo - Rossy Bureau De Change
- Eric Munisi - Tanzania Exporters Association
- Khadija Simba - Kays Hygiene Products Ltd.,
- Yovina Msowoya - SERO Enterprise Initiatives (T) Ltd.

3. USAID/TANZANIA

Thomas N. Bungg - Private Sector Officer, USAID

4. BUSINESS ASSOCIATIONS

Mariot M. Kalanje - Executive Director, Tanzania Chamber of
Commerce Industry and Agriculture (TCCIA)

Aloyce Mushi - Chairman, Tanzania Association of
Consultants (TACO)

R. Engelmann - Senior Consultant, Tanzania Association of
Consultants

Yovina S. Msowoya - Executive Director, SERO Enterprise
Initiatives (T) Ltd.

Eric Munisi - Executive Director, Tanzania Exporters
Association (TANEXA)

5. BUSINESS MANAGEMENT WORKSHOP PARTICIPANTS

Khadija Simba - Managing Director, KAYS Hygiene Products
Ltd.

Jeremiah Mfalla - Stores Officer, Lion Hotel

Ashura Mmbaga - Reception, Sheraton Hotel

Aron Mugambiro - News Paper Distribution, Business Times

Clementina M. Bahati - Sales, Faberk & B.K. Co.

Nyakato Byashalira - Reception, Mission Mikocheni Hospital

Frederic Kajumulo - Administrative Officer, Mission Mikocheni
Hospital

Sammy Mgemera - Managing Director, S&N Investments Ltd.,

Lawrence Ndanshau	-	Lion Hotel
Olivia Mhina	-	The Business Centre
Sophia Mwanakatwe	-	Distribution Officer, Business Times
Jim Abdallah	-	Distribution Officer, Business Times
Paul J. Ludovick	-	Insurance Officer, Maryland Farmers Co. Ltd.
Deo Kafwa	-	Marketing Manager, Nyumba ya Sanaa
Deusdedit Buberwa	-	Distribution Officer, Business Times
Duncan Ndanshau	-	Director, Lion Hotel
Nawab Mwalyawa	-	Insurance Officer, Maryland Farmer Co. Ltd.,
Daniel Misheto	-	Stores Officer, Club Bilicanas
Goodilah Mosha	-	Manager, Hotel Harare Inn.
Estomih Mallah	-	Arusha International Conference Centre
Isidore Temba	-	Cooperative College, Moshi
Patricia Mungure	-	Cooperative College, Moshi
Pantaleo Semali	-	Cooperative College, Moshi

APPENDIX E: SCOPE OF WORK

The contractor shall conduct this evaluation, which shall include, at a minimum:

1. Review project paper as it pertains to The Business Centre.
2. Study actual contract between DAI and USAID as well as any subcontracts to determine objectives, adherence to directives and reporting requirements with appropriate comments noting respective compliance/deficiencies;
3. Compare 1994 Work and Business Plans with 1994 Annual and Semi-Annual Reports using actual data noting progress/impediments with appropriate recommendations for solutions/remedies;
4. Compare 1995 Work and Business Plans with Semi-Annual Report and Quarterly Contractor Performance Reports noting progress/impediments with appropriate recommendations for solutions/remedies;
5. Analyse other TBC management reports, e.g., Semi-Annual Implementation Report and Quarterly Contractor Performance Reports for completeness and accuracy in reporting;
6. Project impact of the proposed financing component in complementing other TBC services;
7. Interview a representative sample of TBC clients, from the view points of services offered and workshop effectiveness to determine usefulness, timeliness and cost of same, including a visit to at least one of the three regions outside Dar es Salaam in which the workshops were presented, i.e., Mwanza, Moshi or Arusha;
8. Appraise role of Business Care Services in overall context of TBC activities;
9. Discuss draft of final report with TBC management;
10. Prepare final report with findings, conclusions and recommendations; and
11. Arrange debriefing meeting with USAID with principals in attendance to discuss overall evaluation.