

ZAPHA+ SMALL BUSINESS DEVELOPMENT PROJECT
END OF PROJECT REPORT
APRIL 2009

Introduction

Clinton foundation established a small business project as a pilot for Zapha + members in August 2007. The aim of the pilot project was to get an overview on how the small business would help the Zapha+ members. The outcome of the project could be used in developing a bigger project which will involve many members. The project was established as part of the efforts to support Zapha+ members on improving or increasing their income to manage sustainable livelihoods. It is in line with the Millennium Development Goals and Zanzibar Poverty Reduction Program (*MKUZA*) of eradicating absolute poverty. It is on this reason that Clinton Foundation proposed the Pilot project on Small Business Management. This report it will mainly cover what happened during whole project from first phase to the last phase.

Background

Most of the ZAPHA+ have low income, 82% received between Tshs 500/= - 2500/= a day and thus needs financial support from others (IGA Needs Assessment 2007). Most of the members are benefiting socially in the Organization. The assessment reveals that members have demanded a support that will benefit them economically. It is through this that the Small Business Development Project has been initiated.

Goal

The main objective is to give opportunity for Zapha+ members to operate sustainable small income generating activities which support their life.

Objectives

- To engage the ZAPHA+ (10 – 15) members into sustainable income generating activities
- To provide an opportunity to learn more about establishing a small business for themselves if they choose.
- To provide training of management skills to be able to start and maintain a small business”.
- To create job opportunities
- To improve members livelihood

Duration

The whole project of small business from the first phase to third was planned to last for six months. Three months for the first two phases (phase one and two) for identification of participants and training. The last phase of follow-up and monitoring was planned to last for 3 months. However, due to some problems the duration in all phases was longer than anticipated. These first two phases took about 5 months from August to December 2007. Problems associated with identification of members and to skip training during the holy month of *Ramadan* in October was among the causes for the phases to take a longer time than intended. The training was conducted for 6 days from 17 – 24 December 2007. The last phase started in February after loan disbursement to seven participants and ended in 31st day of December 2008.

Project Components and Methodology

The project was divided into three phases. The 1st was to identify the members who will get the training. More than 40 members applied but only 10 were selected, however 9 managed to participate the training in the second phase. The 3rd and last phase was on monitoring and supervision. The first phase was done in August to October 2007 which was followed by the six days training in December from 17 - 24 the same year.

First Phase (Introduction and Selection of Members)

The aim of this phase was to select 10 – 12 members who will get training and continue with the project till end. In the first phase the project introduced to members in August 2007 at their regular Saturday meeting. Members were requested to apply by filling the application forms. In the forms members fill in their full name and addresses, sex, age, marital status, their current occupations and experience on business. More than 40 applications received and only 15 members' applicants selected for interview. Finally 10 applicants were selected to start business management training. The selection criteria includes members should not have formal employment, ability to participate in the training and those who come from Urban and West District.

Second Phase (Training on Small Business Management)

The objective of the training is for participants to be able to gain knowledge on managing sustainable small business. The specific objectives were to understand how to keep records of their businesses; understand ways to improve marketing of their products; calculate and improve profit; understand the importance of managing their cash; identify their costs and prepare and apply loan for their businesses.

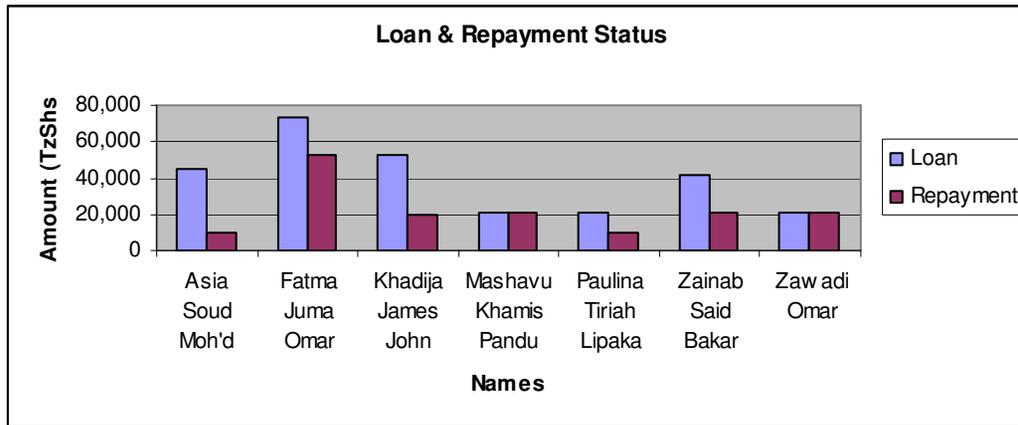
11 members were selected for the training but only 9 attended. Two of the selected could not participate; one due to communication problem and the other was implementing disciplinary action as suspended by the organization due to misconduct. All the 9 trainees are women, 6 from Western district and 3 from Urban district. All participants attended primary education, except one who can't read or write. The training was conducted for 6 days from 17 – 24 December 2007. All the participants are running small businesses. Among the training methodologies used were group work, discussions, lecturing and individual assignments which focus specifically on their respective businesses and livelihoods. Different topics were covered which aim to meet the outlined objectives. The topics and examples given reflected their typical businesses. The topics covered are household expenses, marketing, bookkeeping, managing production, cash management, loan procedures, how to maximize profit. Each trainee list and cost her daily expenses in order to calculate how much they need in a month to live. The monthly expenses were used for sustainability of their businesses. If the enterprise revenues are less than the expenses it is an indicator that the business will not survive.

Third Phase (Monitoring and Supervision)

The main objective of the third phase was to make a follow-up to trainees on how they manage their business and loan and the impact of the training to their businesses. The methodology used was to visit the participants physical in there homes or business premises. Another methodology employed was gathering together to share and exchange ideas on what has been observed during the visit. Five trainees were visited o only once and two at least twice. Two members were not visited, one due to communication and the other she was not operating a business that time on grounds of health status. Most of the members and followed up by three meetings. During the visit the trainer checked the record books and asked questions on the general management of the businesses. Loan management and repayment was another area monitored.

Loan Management

The project budget a small amount of money to each participant as a loan for those who will need assistance in raising or expanding capital. The sealing of loan for each participant is Tanzanian Shillings 50,000/=. The participants were trained on loan management and how they should apply. All requests should reflect the business needs. Loan contracts used for accepted loans. A total of **263,000** was given as loan to seven members. The loan has a 5% management fees that make **276,150/=**. Four received 20,000/=:, two got 50,000/= and the last 43,000/=. The loan were disbursed in January 2008 and it was supposed to be paid in 2 – 3 installments up to April. Until December 2008 when the project was officially ended **155,500/= (56%)**. *See Annex for details*



PROJECT MANAGEMENT

The project was implemented by a Small business consultancy Mr. Mzee Mohamed who also trained the participants. Mr. Mzee was trained on Business Management and Training of Trainers under the Tanzania National Income Generating Program (NIGP). The trainings were conducted by Eastern and Southern African Management Institute (ESAMI) of Arusha. Clinton Foundation Zanzibar through their representative Mama Kathryn funded the whole project. The project had a limited budget to cover the costs of consultancy, training, stationery, loan and management fees. Reports for each phase were prepared by the consultants and submitted to representative of Clinton Foundation Zanzibar.

CHALLENGES

The project experienced many challenges during its implementation. In one way or the other the challenges had effects on running and outcome of the project. Among the challenges are:-

- The duration of the project took longer time than expected. Earlier it was schedule to last for six months after starting but it took more than 15 months.
- The level of education of participants is another challenge. Most of the participants are primary school leavers who needed extra efforts in training. Some of them had difficult in writing and doing simple calculation. This has affected in keeping their records.

- Loans were regarded by the participants as the most important component and they felt they should receive as much as possible. The loan repayment is one of the difficult tasks. The loan repayment period allocated was three months from March to May. This was one of the difficult tasks as until the project ends only 56% of the loan are repaid.
- The health status of the participants is another challenge. In most cases they fall ill and need cash for medical care and household needs. The loans were used to rescue the situations for paying medical expenses.
- Keeping track and visiting of the members at their business premises was difficult. The members are either managing unsustainable businesses or nothing at all. Records are not properly kept and some of them do not keep at all.
- Stigma was mentioned by the participants as one of the challenges which limit their businesses.
- Competition and consistence is also affecting the businesses. Most of the businesses are not able to compete and in some days are closed when they fall ill. The participants' attitude of give and take seems to affect them psychologically. It seems most of the members join Zapha+ to get free support.

Conclusions

The project selected and trained 9 participants out of 40 who applied on small business management. The six days training covered bookkeeping, marketing and cash management. During the training all participants did exercises on the business they operate. Initially every participants calculate the daily household expenses. The aim was to understand how much is needed in order to operate a sustainable business. Seven participants received loans ranging from 20,000/= to 70,000/= as a capital. Repayment of the loan was big challenge the management had experienced. Some of the trainees are not willing to pay the loan and find different excuses on which sometimes are hard to believe. Only 56% of the loan was paid. During the visit it was noticed that some of them do not have businesses but received the loan. *There are a number of questions to ask on this matter. Were truly the participants demanding the loans to improve or expand the businesses? or they need to solve some of their long standing problems? or they requested it because it is a loan and they deserve it? and many more questions.*

The projects provide a learning lesson to both sides the trainers or project management and trainees. It help to understand attitude, behavior, strengths, weaknesses, challenges and opportunities of the participants in managing sustainable businesses.

Recommendations

It is very important to find a solution to the people living with HIV/Aids on how to manage sustainable livelihoods despite of few on-going supports like giving free food for a short period, distributions of ARVs etc. *We should ask ourselves sit back and wait and hope for the best or take bold steps now for Zapha + members to manage sustainable livelihoods?* the small business project aims to

provide them an opportunity that will be sustainable in managing their lives. For future supports and interventions we recommend the followings suggestions:

- Necessary steps should be taken for Zapha members to engage in sustainable income generating activities
- There should awareness to members that they are responsible for their families and the support they receive is limited and with the global economic crises the assistant might be reduced.
- Trainings on income generating activities or business management should continue after identifying their needs.
- During the Saturday meetings they should discuss and exchange ideas on managing their businesses through a facilitator
- An Income generating/Small Business advisor should be recruited to help, support and train the members on regular basis
- On loans we strongly recommend that before the project starts it is very important to find out whether it is feasible or look at what other options available for raising capital.

Annex

Table: Shows loan status by December 2008

ZAPHA+ MEMBERS - LOAN STATUS - JAN 2009							
No.	Name	Type of Business	Principal loan	Plus 5% fees	Repayment	%	Remarks
1	Asia Soud Moh'd	Selling Charcoal	43,000	45,150	10,000	22	Not visited
2	Fatma Juma Omar	Selling cloths and shoes	70,000	73,500	52,500	71	Loan two times, 1 st 50,000/= and 2 nd 20,000/=. She paid all the first loan but nothing on the 2 nd .
3	Khadija James John	Weaving bed sheets	50,000	52,500	20,000	38	She paid only one installment and ended up with promises
4	Mashavu Khamis Pandu	Door mate	20,000	21,000	21,000	100	Payment completed on time
5	Paulina Tiriah Lipaka	Tailoring	20,000	21,000	10,000	48	She did not operate any business. Paid only one installment and keep promising.
6	Zainab Said Bakar	Selling cooked food	40,000	42,000	21,000	50	Loan twice of the same amount 20,000/=. She paid all the first loan but nothing on the 2 nd .
7	Zawadi Omar	Selling Coconut oil	20,000	21,000	21,000	100	Payment completed on time
8	Sada Halfan Omar	Selling cooked food	0				Did not take a loan. She claimed of drug allergies although 1 st she demanded a loan of 50,000/= otherwise she wouldn't accept. The demand was not accepted as her business needs a capital of 10,000/=
9	Salma Maftaha	Selling vegetables	0				Did not take a loan. When loan disbursed she rented her business space in the main market
	Total		263,000	276,150	155,500	56	