

# Feed the Future Tanzania Enabling Growth through Investment and Enterprise (ENGINE)

Associate Cooperative Agreement No. AID-621-LA-16-00002

**1<sup>ST</sup> QUARTER PROGRESS REPORT**  
**FISCAL YEAR 2020**

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# Acronyms and Abbreviations

|               |   |
|---------------|---|
| B2B           | Business to Business  |
| BDS           | Business Development Services   |
| BDSP          | Business Development Service Provider   |
| BOT           | Bank of Tanzania  |
| BPRA          | Business and Property Registration Authority  |
| CA            | Cooperative Agreement   |
| CMT           | Council Management Teams  |
| DBC           | District Business Council   |
| DC            | District Council  |
| DCA           | Development Credit Authority  |
| ENGINE        | Enabling Growth through Investment and Enterprise Program                                   |
| FI            | Financial Institutions  |
| FTF           | Feed the Future   |
| FY            | Fiscal Year   |
| GAP           | Global Good Agricultural Practice   |
| ICMA          | International City/County Management Association  |
| IESC          | International Executive Service Corps   |
| JyC           | Jumia ya Changomoto   |
| LGA           | Local Government Authority  |
| LGACI         | Local Government Authority Competitiveness Index  |
| MC            | Municipal Council   |
| MEDA          | Mennonite Economic Development Associates   |
| MEL           | Monitoring, Evaluating, and Learning  |
| MoFP          | Ministry of Finance and Planning  |
| MoCU          | Moshi Cooperatives University   |
| MoU           | Memorandum of Understanding   |
| MSME          | Micro, Small and Medium Enterprise  |
| MTIM          | Ministry of Trade, Industries and Marketing   |
| NEMC          | National Environment Management Council   |
| NIDC          | National Internet Data Centre   |
| NMB           | National Microfinance Bank  |
| NPL           | Nonperforming Loan  |
| PO-RALG       | President's Office for Regional Administration and Local Government                         |
| PO-<br>RALGSD | President's Office for Regional Administration, Local Government and<br>Special Departments |
| PPD           | Public-Private Dialogue   |
| PRPT          | Policy Reform Priority Setting Tool   |
| RBC           | Regional Business Council   |
| REP           | Revenue Enhancement Plan  |
| REPOA         | Policy Research for Development   |
| SAGCOT        | Southern Agricultural Growth Corridor of Tanzania   |
| SCSC          | Swahili Coast Salt Company  |

|          |  |
|----------|--|
| SME      | Small and Medium Enterprise                                    |
| SMIDA    | Zanzibar Micro, Small and Medium Industrial Development Agency |
| STTA     | Short Term Technical Assistance                                |
| TA       | Technical Assistance   |
| TANTRADE | Tanzania Trade Development Authority                           |
| TC       | Town Council   |
| TCDC     | Tanzania Commission of Cooperatives Development                |
| TCCIA    | Tanzania Chamber of Commerce, Industry and Agriculture         |
| TPEC     | Technical Poultry Education Center                             |
| TZS      | Tanzanian Shillings  |
| USAID    | United States Agency for International Development             |
| USD      | United States Dollars  |
| VE       | Volunteer Expert   |
| WARIDI   | Water Resources Integration Development Initiative             |
| ZEMA     | Zanzibar Environment Management Authority                      |
| ZNBC     | Zanzibar National Business Council                             |
| ZOI      | Zone of Influence  |
| ZPC      | Zanzibar Planning Commission                                   |

# I. Activity Overview/Summary

## **PROGRAM OVERVIEW**

Pursuant to Cooperative Agreement No. AID-621-LA-16-00002, the International Executive Service Corps (IESC) implements the Feed the Future Tanzania Enabling Growth Through Investment and Enterprise Program (ENGINE). The period of performance for the award is September 1, 2016 – August 31, 2020.

IESC is joined by sub-contractors International City/County Management Association (ICMA), Mennonite Economic Development Associates (MEDA) and Diligent Consulting Limited. Under this Agreement, IESC supports the United States Agency for International Development's (USAID) Development Objective 2: Inclusive broad-based economic growth sustained.

## **QUARTERLY PROGRESS REPORT**

The purpose of this document is to report the program's progress in fiscal year 2020's (Fiscal year (FY) 20) first quarter. The FY19 Annual Progress Report was submitted during this reporting period.

## **Milestones**

### **COMPONENT 1: IMPLEMENTING POLICIES FOR GROWTH**

- Supported three Public Private Dialogues (PPDs);
- Disseminated Local Government Authority Competitiveness Index (LGACI) baseline data and guided/supported local government authority (LGA) core teams to develop respective LGACI implementation plans that were presented in the LGAs' Council Management Team meetings for approval and adaptation;
- Two LGA policy reforms approved by the respective authorities: Mbeya City Revenue Enhancement Plan; Kilosa Strategic Plan, Kyela Strategic Plan, and Morogoro Investment Promotional Strategies;
- Facilitated 28 process analyses in six LGAs, including the Urban Municipal Council (MC), West A MC, West B MC, Chake Chake Town Council (TC) and Wete TC and Kilosa District Councils (DC);
- Supported further implementation of the Mbeya Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) communication and marketing strategies and facilitated TCCIA partnership workshop in Iringa;
- Supported the President's Office for Regional Administration and Local Government (PO-RALG) in designing the Tanzania mainland Regional and Local Government Strengthening Program.

### **COMPONENT 2: BUSINESS DEVELOPMENT SERVICES**

- Sixty-one business development service providers (BDSP) received technical assistance (TA) from four volunteer experts (VE) and short-term technical assistance (STTA) provided by a local consultant;
- A total of 1,459 Micro, Small and Medium Enterprise (MSMEs) purchased \$209,147 worth of business development services (BDS) from ENGINE supported BDSPs;
- Through the e-Coupon mechanism, 310 MSMEs purchased BDS for the first time; and,
- A set of guidelines and a training program for private cooperatives trainers was developed and approved by cooperatives' stakeholders.

### **COMPONENT 3: FINANCING FOR GROWTH**

- Mobilized three STTAs yielding a new environmental policy for Amana Bank, the adoption of new innovative marketing approaches at Yetu Microfinance Bank, and improvements to the microfinance framework and policies of the new loan application and contract forms at Jumia ya Changomoto which have been adopted;
- 82 financial institution (FI) staff received training, including 55 bankers, through the Tanzania Institute of Bankers (TIOB) across three courses created through ENGINE support;
- Through its grant activity, Yetu Microfinance issued over 300 agriculture loans totaling nearly \$97,000, nearly 80 percent of which were to women or youth; and,
- A total of 183 MSMEs, 17 BDSPs and eight FIs connected at four business to business (B2B) linkage meetings.

### **CROSS-CUTTING VALUE CHAIN ACTIVITIES**

- Poultry keepers in the village of Makifu in Iringa reported their first sales. The activity in Makifu was aided by the placement of a local value chain volunteer to support the village;
- Solar salt farming expert, Dr. John Cox, conducted a three-week assignment in Pemba assessing ten salt farms and provided recommendations to improve quality and productivity; and,
- At the request of Tatepa, an agricultural holding company in Mbeya, ENGINE coordinated with the Southern Agricultural Growth Corridor of Tanzania Centre (SAGCOT) to hold a meeting to discuss critical challenges facing the avocado sector.

### **CHALLENGES AND CRITICAL ISSUES**

#### **COMPONENT 1: IMPLEMENTING POLICIES FOR GROWTH**

Sudden changes of volunteer availability resulted in the postponement of many assignments planned, including TCCIA district chapter organizational development (OD) assignments in Kyela, Kilosa, and Mufindi, and investment promotion strategies in Kilosa and revenue enhancement plan in Morogoro. Locally, the long and bureaucratic By-law review processes, especially in three mainland LGAs of Morogoro MC, Mbeya City Council and Iringa MC, have posed a challenge at approval stages, which has delayed the full implementation of the reforms. This activity's importance will be re-assessed for ENGINE's support for the remaining implementation period. Lastly, the slow implementation of LGACI by core teams in mainland Tanzania LGAs, while presenting and seeking approval from their respective management teams, resulted in the delayed implementation of this activity.

#### **COMPONENT 2: BUSINESS DEVELOPMENT SERVICES**

Despite numerous efforts by ENGINE to mobilize BDSPs to formulate their regional networks/alliances, it has taken longer than anticipated to complete the networks' registration processes in Iringa, Morogoro, and Zanzibar. The delays have been partly due to cumbersome registration requirements, such as the required National Identity cards for Tanzanian citizens which the majority of BDSP owners do not have. It also took extra time to convince some of the BDSPs of the benefits of regional networks/alliances.



### **COMPONENT 3: FINANCING FOR GROWTH**

Partner responsiveness continues to pose a challenge. Delays at Amana Bank in responding to USAID's request for a revolving loan fund policy cost the program more than one full quarter of implementation and related results last year. With limited time remaining, such delays can significantly shorten time available for implementing and capturing impact. Difficulties receiving timely reporting data and TA needs are common among several FI partners.

### **CROSS-CUTTING VALUE CHAIN ACTIVITIES**

The Swahili Coast Salt Company (SCSC) has faced several challenges in their efforts to produce and sell high quality salt. These include: irregular weather patterns with excessive rain curtailing harvesting periods; poor design of existing salt farms; contractual challenges for a land lease with the government needed for the construction of a salt processing and packing plant; and delays in securing financing for the salt farmers. As a result, SCSC's farmers have been unable to undertake investments required by SCSC, including equipment upgrades and BDS training. SCSC's own investments for their processing plant have been delayed, with the firm relying on an interim plant in Unguja.

## **II. 1<sup>st</sup> Quarter FY20 Progress**

### **COMPONENT 1: IMPLEMENTING POLICIES FOR GROWTH**

**Public Private Dialogues:** ENGINE supported three PPDs across all 11 ENGINE LGAs this quarter. The PPDs were conducted during stakeholder workshops in the Urban Municipal Council and a southern highland avocado meeting in Mbeya on November 7, 2019. The third PPD was held during a special forum in Mbeya on October 24, 2019.

ENGINE facilitated and supported 11 LGAs' LGACI core teams to prepare LGACI implementation plans, present them to their respective council management teams (CMTs) to share and review baseline data results and receive approval for them. By the end of Q1, five LGAs presented at CMT meetings to discuss baseline data, draft implementation plans, and gather comments on how to improve permit approval and implementation processes.

**Work with PO-RALG:** In December 2019, PO-RALG and ENGINE agreed to migrate the Policy Reform Priority Setting Tool (PRPT)/LGACI Online System Server to the National Internet Data Centre (NIDC) for hosting, as requested by PO-RALG. In December 2019, ENGINE requested hosting procedures from NIDC and received pertinent application forms and service agreement documentation for review. The engagement processes with NIDC will be finalized in January 2020, and the system will be online, operational, and accessible to all 11 ENGINE LGAs.

**Policy Reforms:** ENGINE supported six policy reforms activities which reached stage 3. These include individual strategic plans for the five Zanzibar LGAs and one for Kilosa District Council. The Mbeya City's Strategic Plan, Revenue Enhancement Plan, and Investment Promotion Strategy reached stage 5. The initiation of implementation is awaiting a ceremonial launch in the coming quarter. Kyela's Strategic Plan and Morogoro's Investment Promotion strategies were approved by LGA management, leading to the attainment of stage four (approval).

ENGINE continued to strengthen TCCIA Regional Chapters in Communication and Marketing Procedures which were implemented during year three in Mbeya, Iringa, and Morogoro.

### **Lessons Learned**

In Tanzania mainland, ENGINE continued to support the design of the Regional and Local Government Authority Strengthening Program, an implementation vehicle for the new National Decentralization Policy drafted in 2019. Further national level consultations and PO-RALG ministerial management meetings were held to discuss progress. Under the supervision of ENGINE's Component One staff, Policy Research for Development (REPOA) consultants completed the initial draft of the policy this quarter, which was signed off by PO-RALG senior management.

Teaming international VEs with local consultants to undertake policy reform assignments is vital: it complements skills and experiences and has led to effective implementation in this quarter, as well as local capacity building.

## **COMPONENT 2: BUSINESS DEVELOPMENT SERVICES**

**Identification and Engagement of New BDSPs:** During the reporting period, four new BDSPs (two in Morogoro and two in Iringa) were identified, assessed, and signed agreements to collaborate with the ENGINE program. This brought the total number of BDSPs with signed agreements with ENGINE to 134 (cumulatively).

**Provision of Technical Assistance (TA) to BDSPs:** Four VEs provided TA to 61 BDSPs from across the four regions of the ENGINE Program. One volunteer trained and coached eight BDSPs from Iringa on aspects of international food standards and Global Good Agricultural Practice (Global GAP), while another volunteer trained 40 BDSPs from Zanzibar (including Pemba) and Iringa on facilitating market linkages for MSMEs. A local short-term consultant trained 18 BDSPs in Zanzibar on aspects of Islamic financing, with the objective to enhance capacities of BDSPs to link MSMEs to financial institutions that provide Islamic banking products. As a result of the TA provided, 13 BDSPs reported to have introduced 21 new products/services during the reporting period.

**Facilitation of Linkages between BDSPs and MSMEs:** During this reporting period, ENGINE staff participated in more than ten meetings/events to facilitate business linkages between BDSPs and MSMEs. In Zanzibar, ENGINE conducted meetings with Amana Bank, the Micro, Small and Medium Industrial Development Agency (SMIDA), the Business and Property Registration Authority (BPRA), Nafaka, Water Resources Integration Development Initiative (WARIDI), and the Advancing Youth programs to plan for business linkages events between ENGINE BDSPs and the MSMEs working with each respective program and institution. In Morogoro, ENGINE collaborated with the NAFKA, WARIDI and Lishe Endelevu programs to link six BDSPs with 260 MSMEs involved in horticulture, poultry, rice, maize milling, and sanitation enterprises. In Mbeya, ENGINE collaborated with the NAFKA Program to link 18 BDSPs with 19 MSMEs involved in rice milling. In Iringa, ENGINE collaborated with another six USAID IPs (Mboga na Matunda, NAFKA, Advancing Youth, Lishe Endelevu, WARIDI, and Farmer to Farmer) to organize a B2B meeting that brought together ten BDSPs, three financial institutions, and 79 MSMEs (including producer groups, millers and agro-input dealers). As a result of the linkage meetings and improved marketing efforts by BDSPs, a total of 1,459 MSMEs purchased services from ENGINE supported BDSPs during this reporting period, a 22 percent increase over the same reporting period last year. The value of BDS sales by ENGINE supported providers is \$209,147, a 40 percent increase over what was achieved in FY19 Q1.

**Strengthening BDSPs Regional Networks:** As part of ENGINE's sustainability strategy, the team intensified efforts to facilitate the formation and strengthening of BDSP Regional Networks. A VE was deployed to provide OD support to the four new networks. As a result, all four regional networks managed to draft their basic documents (including constitutions, articles, and memoranda of understanding). The network in Mbeya managed to complete the

registration process and acquired an office during the reporting period. The registration processes of the remaining three regional networks are ongoing.

**Provision of e-Coupons to MSMEs:** During the reporting period, 310 MSMEs from agribusiness value chains received e-Coupons to purchase BDS at discounted prices from ENGINE authorized providers. A total of 343 that were distributed this quarter and in previous ones were redeemed. Cumulatively, partnering BDSPs have issued 1,602 e-Coupons to MSMEs and 1,511, or 94 percent, have been redeemed. As a result of the e-Coupon initiative, 20 BDSPs have attracted new clients who purchased services worth approximately \$209,000 during the reporting period.

### **COMPONENT 3: FINANCING FOR GROWTH**

**Consultant and Volunteer-led Technical Support:** Local environmental expert, Mr. Florence Nyuki, worked with Amana Bank counterparts to develop a new environmental management policy with an accompanying manual and project screening appraisal tool. Mr. Nyuki trained 18 Amana Bank officers on the new materials.

Ms. Elizabeth Okunda, worked with Yetu Microfinance Bank for two weeks as a volunteer expert in December to improve their marketing practices with a focus on deposit mobilization. After meeting with Yetu's leadership, branch staff, and clients, Ms. Okunda worked closely with Yetu's marketing team and helped them understand how to better use different communication channels, craft compelling messages, and plan and track a marketing campaign. Ms. Okunda also conducted a formal training on sales and marketing and customer service. As a result, Yetu has adopted a new marketing and sales strategy featuring many of Ms. Okunda's recommendations such as revising its incentive structures featuring a different product each week, registering their clients on Yetu's mobile platform, and hiring interns to focus on deposit mobilization.

In October, Mr. Jack Meyers spent two weeks with Zanzibari credit cooperative Jumia ya Changomoto (JyC). Mr. Meyers sought to improve JyC's organizational and decision-making structures to optimize its operations. As a result of Mr. Meyers' efforts, JYC revised its microfinance framework and policies, as well as streamlined its loan application and contract template.

**Broader Financial Sector Support through TIOB:** TIOB offered two trainings of content previously co-created with ENGINE. In October, TIOB offered its Nonperforming Loan (NPL) Management training course. Twenty-five participants from nine FIs attended the course, which received an overall rating of 4 out of 5, or "very good." In November, TIOB held a training on SME Risk Management. This was the first time that this course was offered by the Institute. Ten participants from four financial institutions attended the course, rating it as very good. Twenty other participants were trained this quarter on credit risk modeling through TIOB's online training course, also developed through ENGINE support. ENGINE aided TIOB in conducting its first informational webinar. Focused on crop insurance, about a dozen participants attended. TIOB also began implementing its strategic plan after receiving approval from its governing council in December. Previously developed with support from ENGINE, the strategic plan focuses on building alliances, improving value for members, and moving TIOB toward financial independence.

**Business Linkages and Market Facilitation:** As mentioned in the prior section, ENGINE staff helped organize and facilitate a multi-implementing partner (IP) B2B linkage event in Iringa. In total, 125 participants representing seven USAID programs attended the two-day event. Early reports from FINCA, one of the 3 participating FIs, indicate that they have been considering some groups from the Feed the Future (FTF) Tanzania Mboga na Matunda (MnM) Program for loans. Also, in November, ENGINE collaborated with the USAID Waridi program to hold two additional two-day business linkage events, the first in Iringa and the second in Morogoro. Together, these two events featured 80 MSMEs, 14 BDSPs and two financial institutions. In Zanzibar, ENGINE connected 24 recently trained poultry

keepers to representatives from five financial institutions: Yetu, Amana, the Micro, Small and Medium Industrial Development Agency (SMIDA), National Microfinance Bank (NMB) and CRDB. Avelyne Mponda, the Agency Manager at Yetu Microfinance Bank, said of the event: “After presenting different products offered by Yetu Bank, [the poultry farmers] were very happy and interested in our products, especially Islamic microfinance, which is going to start soon. Some of these poultry farmers have already come to our office for different services that we are offering.”

The Bizfundi market linkage and information platform added 85 newly registered MSMEs and four new BDSPs. In total, the platform has over 3,500 registered MSMEs over 100 BDSPs and five financial institutions. This quarter the Bizfundi team also developed a new targeted bulk messaging feature for BDSPs. This feature will be introduced next quarter, along with the launching of the process for identifying a new host organization for the platform.

### **CROSS-CUTTING: VALUE CHAIN ACTIVITIES**

**Salt:** The SCSC’s premium line “Zalt” officially launched and is currently featured in 60 properties. ENGINE was able to connect SCSC with Asilia and &Beyond lodges, as well as with Tanzania Trade Development Authority (Tantrade) for information on accessing the East African market. Solar salt expert, Dr. John Cox, completed his initial assessment of ten salt farms on Pemba. Dr. Cox’s recommendations on farm layouts and technical processes will help improve productivity and quality. After several unsuccessful attempts to secure financing for salt farmers, SCSC was able to reach an agreement with SMIDA. Loans are expected to be issued in the coming quarter.

**Poultry:** After four months raising chickens, the Makifu village in Iringa saw its first sales of eggs to nearby lodges. Makifu poultry farmers also invested an additional TSH 1.1 million in more chicks to increase their overall production. In addition, four Makifu poultry producers attended training through Silverlands’ Technical Poultry Education Center (TPEC) in Mafinga. The five-day training focused on raising poultry as a business. Training participants have since shared their new knowledge with other poultry keepers in their village. ENGINE coordinated a second, three-day TPEC poultry training in Zanzibar, which included 18 participants. In both cases, participants paid the full training costs.

**Avocado:** In advance of the new European Union’s (EU) Plant Health Regulation which focuses on the prevention of entry or spread of plant pests within the EU that came into effect in December 2019, ENGINE helped to facilitate two industry-wide discussions. Held in Mbeya and at the SAGCOT Centre in Dar es Salaam, these meetings brought together Mbeya’s largest avocado packers and processors, as well as representatives from the Government of Tanzania, multilateral development agencies, and MnM program. The regulations require all plants and plant products imported to the EU to have a phytosanitary certification or to have successfully undergone a risk assessment. These requirements will involve substantial additional costs.

### **PLANNED ACTIVITIES FOR NEXT REPORTING PERIOD**

#### **COMPONENT 1: IMPLEMENTING POLICIES FOR GROWTH**

**PPDs Facilitation:** During FY20 Q2, PPDs will take place through the facilitation of Regional Business Council (RBCs) and district business councils (DBC) in all 11 LGAs, as well as during the planned LGA and private sector development assignments, namely: five Investment Promotion Strategies (IPS), five Revenue Enhancement Plans (REPs), Zanzibar Planning Commission (ZPC) Growth Strategy Review, LGACI/PRPT training of trainers (TOT) trainings,

Communications and Advocacy Groups Capacity Building workshops, and Social Economic Profile reviews, among other policy reform activities.

**Volunteer Expert and Consultant Assignments:** In the upcoming quarter, ENGINE will engage VEs and local consultants to support the development of new Revenue Enhancement Programs and Social Economic Profiles, provide reviews of growth strategies and agriculture and nutritional policies, and OD of three TCCIA district chapters. ENGINE will also work with the Institute of Rural Development Planning (IRDP) to support advocacy and communications groups in Morogoro, Mbeya, and Iringa.

**Roadmap Development:** ENGINE will support the review of Kyela DC customary land ownership procedures and fees schedule and prepare a roadmap in collaboration with the Feed the Future Land Tenure program.

**PRPT and LGACI:** ENGINE will support the remaining six mainland LGAs' LGACI Core Teams to finalize presentations to their respective CMTs to obtain clearance and approval for its adaptation and use. Additionally, ENGINE will facilitate PRPT/LGACI online system installation and hosting on the NIDC Server. The team will also undertake Training of Trainers workshops on the system in all LGAs, as well as handover the system to PO-RALG & PO-RALGSD.

**Policy Review and Implementation:** ENGINE will continue to oversee the design of the Regional and Local Government Strengthening Program (RLGSP). The first draft is projected to be finalized and submitted for approval from PO-RALG in the next quarter. As part of the design of RLGSP, ENGINE will facilitate zonal-level consultations with regional authorities in Morogoro, Arusha, and Mwanza with outreach to Tabora and Mtwara.

Policy reviews to be supported in include reviews of by-laws in eight LGAs, review of Zanzibar National Business Council (ZNBC) Act No.10, and Food Security and Nutrition Policy. ENGINE will also "fast track" policy reforms to Stage 5 and publish and print the final deliverables including six investment promotion strategies, one revenue enhancement plan, and nine strategic plans and a business formalization survey action plan.

## **COMPONENT 2: BUSINESS DEVELOPMENT SERVICES**

**Provision of Technical Assistance to BDS Providers:** At least four VEs and two STTAs are anticipated to provide assistance to 80 of ENGINE's supported BDSPs in the second quarter FY20. In Zanzibar, the program will collaborate with the Properties and BPRA to strengthen capacities of Zanzibari BDSPs on the provision of business registration services to MSMEs.

**e-Coupon System:** At least 100 additional MSMEs will be issued e-Coupons next quarter. Issuance of e-Coupons to MSMEs will not go beyond the end of March 2020.

**Facilitation of linkages between BDSPs and MSMEs:** Meetings in each location will be organized in the coming quarter to create business linkages between BDSPs and MSMEs. The aim is to link BDSPs with MSMEs from specific business clusters that have been identified to have significant demand for BDS. These include clusters such as sunflower oil processors, maize and rice millers, avocado producers, poultry and horticulture farmers. ENGINE will continue to collaborate with other development actors and IPs to link BDSPs with their MSME beneficiaries.

**Facilitation of Linkages between BDSPs and Government Institutions:** Meetings in each location will be organized to connect the BDSPs' regional networks to key regional and local government departments and foster working relationships. Stakeholders include the departments of agriculture, trade, cooperatives, and livestock development.

**Expanding BDS for Cooperatives:** In an effort to expand BDS to cooperatives, ENGINE will work with the Tanzania Commission of Cooperatives Development (TCDC) and Moshi Cooperatives University (MoCU) to deliver new guidelines and training programs for private cooperative trainers. It is anticipated that at least 20 private cooperative trainers will be trained in the coming quarter and receive permits to offer services to cooperatives.

### **COMPONENT 3: FINANCING FOR GROWTH**

**Credit readiness training to BDSPs:** Based on demand from BDSPs, a refresher training on credit readiness will be given to BDSPs in Mbeya, Iringa, and Zanzibar. Designed to help BDSPs improve the chances for small & medium enterprises (SME) clients receiving credit, it will be led by the same SME finance expert who developed and delivered the previous credit readiness training in early 2018. To promote sustainability, local partner Diligent Consulting will co-deliver this training.

**Consultant and Volunteer-led Technical Support:** Three TA assignments are planned for FINCA Tanzania. These include customer service, recovery and debt collection, and business process reengineering for FINCA’s analytics department. Additional recruitment will begin next quarter for experts to conduct regional trainings on customer engagement and credit screening and appraisal.

**Business Linkages and Market Facilitation:** ENGINE will provide another round of training to BDSPs across its ZOI on the Bizfundi platform. The training will highlight recently developed features, such as the searchable database of financial institutions, loan products, and a new targeted bulk SMS messaging feature. The training will also be used to promote the launch of ENGINE’s call for applications to take over the platform—official announcements are scheduled to begin in mid-January.

### **CROSS-CUTTING VALUE CHAIN ACTIVITIES**

Solar salt expert, Dr. John Cox, will return to Pemba twice in the next quarter to monitor the application of his recommendations and further calibrate his TA based on observed output. Aside from improving productivity on its salt farms, SCSC’s priorities for 2020 include HACCP certification and access to international markets. ENGINE will look to support SCSC with these efforts as practical.

ENGINE plans to replicate the Makifu poultry production model in two nearby villages. Capitalizing on the successful egg sales this quarter, ENGINE aims to facilitate at least one long-term purchase contract with a lodge.

## **III. Cross-Cutting Activities and Issues**

### **GRANTS**

**Component 1:** This quarter, the Institute of Rural Development Planning (IRDP) submitted a \$72,000 subgrant application to ENGINE. The activity would support the enhancement of policy analysis, lobbying, and advocacy skills to other prospective partner organizations. Once finalized, the application will be shared with USAID for review.

**Component 2:** MICROPHAS launched a MSME-BDSP conference and expo in Morogoro, bringing together 12 institutions/organizations from the public and private sectors with over 100 MSMEs in Morogoro. ASHTECH started airing a promotional campaign through community radios and conducted a roadshow in Iringa. Following its awareness campaign, ASHTECH commenced trainings to MSMEs in villages throughout the Mufindi District. Start

and Improve Your Business Association of East Africa (SIYB) conducted trainings to MSMEs from three wards in Mbeya using Improve Your Business (IYB) modules, with a total of 50 MSMEs paying training fees.

All six of ENGINE's BDSP subgrantees were assessed. Four have been granted no-cost-extensions through April 30, 2020, so that they may achieve a significant portion of projected program outcomes. The subgrants with HD Agribusiness and PROMISE were terminated on December 16 and 18, respectively, due to poor performance.

**Component 3:** Subgrantee Yetu Microfinance Bank sought approval from the Bank of Tanzania (BOT) for the new Sharia-compliant savings and lending products and newly constituted Sharia Advisory Board ENGINE helped develop in previous reporting periods. Yetu received BOT approval for the new products but is still awaiting approval of its advisory board. Once received, Yetu will start issuing Sharia-compliant loans to clients in Zanzibar. On the mainland, Yetu issued 312 loans valued at nearly \$97,000. They also conducted outreach to 157 people in Malolo village in Iringa and trained another 53 on business opportunities in agriculture.

In December, following an in-person meeting between ENGINE, USAID, and the managing director of Amana Bank, the bank responded to USAID's request for their revolving loan fund policy. USAID provided comments at the close of the quarter. It is hoped that a resolution can be reached next quarter, allowing the subgrant activity to begin.

## ENVIRONMENTAL COMPLIANCE

The ENGINE-supported development of a new environmental management policy, manual, and related tools for Amana Bank through a consultancy conducted by a locally hired specialist ended this quarter. The new policy takes into consideration requirements of Tanzania's National Environment Management Council (NEMC), the Zanzibar Environment Management Authority (ZEMA), and USAID's Development Credit Authority (DCA). The materials were validated throughout the bank and ultimately approved by Amana's Management Committee. The policy is now slated to be approved by Amana's Board of Directors at their next meeting in February 2020. Acting Head of Financing Management of Amana Bank, Abubakar Adam, said, "[This] support to Amana Bank was fruitful. [Beforehand], we had no idea how to incorporate environmental management aspects into our systems."

## GENDER & YOUTH

Over 50 percent of the participants of ENGINE supported LGA policy reform trainings that helped develop strategic plans and by-laws were either women, youth, or both. ENGINE supported stakeholders' and full council by-law consultations, and groups representing women and youth provided significant contributions to areas affecting their livelihoods, such as the Fishing Landing Site by-law. Components 2 and 3 conducted B2B events in Zanzibar and Iringa in partnership with other USAID IPs aimed at increasing networking opportunities for MSMEs run by youth and women. In Zanzibar, 11 ENGINE BDSPs and 15 FTF Advancing Youth entrepreneurial youth groups met and networked. The focus of their discussions was market linkages. In Iringa, ENGINE facilitated a USAID IPs B2B event focused on enhancing business opportunities of youth and women owned MSMEs through matchmaking activities. Out of 126 entrepreneurs who participated in the Iringa B2B Event, 56 were women and 67 were youth.

Component 3 continued to technically support partnering FIs respond to the needs of women and youth. About 75 percent of Jumuiya ya Changamoto and Yetu Microfinance Bank customers are women and/or youth. Offering technical support has a significant impact to these segments in the long run. Through its subgrant with ENGINE, Yetu issued loans to 246 women and/or youth amounting to \$71,897.

## SUSTAINABILITY

**Component 1:** To ensure the appropriate application of the PRPT/LGACI online tool for sustainability beyond ENGINE's existence time, capacity building of all 11 LGAs' LGACI Core teams is a priority for FY20. Getting this system uploaded to a government server is important to ensure the longevity of these tools.

**Component 2:** The program continued to champion the idea of formulating BDSP regional networks as one of the strategies to ensure sustainability of the BDS market. In the coming quarter, a local consultant will be deployed to provide OD support to the four networks with an aim of making them operational by May 2020.

**Component 3:** TIOB brought in more than \$38,000 in revenue from training courses co-created with ENGINE this quarter. The courses continue to be offered on a recurring basis and serve as a source of additional revenue for the institute. The additional revenue is important because TIOB's new strategic plan (also developed with ENGINE support) calls for seeking financial independence by cultivating a stronger member base and offering more content.

## FINANCE AND ADMINISTRATIVE HIGHLIGHTS AND ISSUES

**Staff Recruitment:** There were no changes of key personnel this reporting period. The field office hired Mnana Suleiman as the Program's Finance Manager in November, filling a role that had been open since August 2019.

**Value-Added Tax:** ENGINE did not receive VAT refunds from the Government of Tanzania during this quarter.

## IV. Monitoring, Evaluation, and Learning

With results from all components intervention activities expected to mature during the final year of project implementation, the focus of monitoring, evaluation and learning (MEL) efforts during this quarter was on planning and laying the groundwork for measurement activities during the year. Discussions were held with management and component teams to identify performance indicators whose results to date remained below projected levels. Component intervention activities that are major contributors to these indicators were then prioritized for measurement.

To support this measurement, a key effort during the quarter was to consolidate all available records of MSMEs that have accessed BDS from partners over the past three years, and then matching these with the database of all MSMEs who had been surveyed by ENGINE during the same period. A call survey was then conducted to reach those MSMEs who had yet to report the impacts of their BDS usage. Their names were also given to ENGINE field representatives and BDSP partners in each region to interview directly where possible. The first impact assessment of the poultry value chain activity in Makifu was also carried out during the reporting period. The results from the study not only contributed to key indicators, but also provided crucial feedback to the component 2 team on issues impacting the sustainability of the business model, as well as potential for the future rollout of the activity.

**Upcoming Activities:** In the coming quarter, the first measurement of impacts on target beneficiaries from the salt value chain activity will be carried out. At the business enabling environment level, verification of policy reforms being implemented by public and private sector institutional partners that have reached final "Approval" and/or "Full and effective implementation" are planned. As a follow up to the baseline LGACI capture in Year 3, the MEL team will also support the Component 1 team in capturing the Y4 LGACI scores of LGA partners- with potential reporting on this custom indicator (1A) for the first time in the upcoming quarterly report.



## ANNEX 6: SUCCESS STORIES

# Business License Road Map Praised by Local Business Sector

Entrepreneurs from the Tanzanian city of Iringa expressed their appreciation for the newly improved, transparent, and streamlined process for officially registering their businesses. With the assistance of USAID Feed the Future Tanzania Enabling Growth through Investment and Enterprise (ENGINE) Program, the Iringa Municipal Council reviewed and revised the municipality's business license policies and processes with a new roadmap, which is now posted and publicly available in the municipality's commercial areas. This has removed the confusion and delays many business owners have recently faced while attempting to renew their business licenses.



Entrepreneurs reading the business license roadmap at the Iringa town marketplace.

According to the local Trade Officer, Mr. Thabit Muba, the Iringa Municipal Council has observed an increase in revenue collected from business license payments since the improvements were made. In 2018, 2,660 licenses were issued/renewed, and another 2,940 in 2019. This made for a 46 percent increase in revenue collection from 264,104,405 TZS during the 2017-2018 fiscal year to a projected 385,000,000 TZS in the 2019-2020 fiscal year. Mr. Muba said one of the reasons for this increase is the easy access to various fee structures and procedures that are easier to follow with the new comprehensive roadmap.

In 2017, the Iringa's council realized that they were experiencing low revenues and delays in business license payments. This led them to request ENGINE's support in documenting business license procedures and a fee schedule roadmap. In May of 2017, ENGINE collaborated with staff from the council to review and document business license procedures and fee schedules. The process was conducted in accordance with the national Business Licensing Act No.25 from 1972.

"We are grateful to ENGINE's support in ensuring our municipal council has a business license roadmap. ENGINE helped us to document the roadmap entailing a business fee structure and procedure to be followed that has been produced and displayed at the marketplace and at the office of the Trade Officer. This has facilitated easy access to information regarding business licenses to all entrepreneurs in the municipality and on seeing this, the businesspeople are motivated to make timely payments for their business licenses", stated Mr. Muba.

The newly developed roadmaps are still on display in a local market area, the Municipal Trade Officer's office, and at the office of the Gangilonga Ward Executive Officer. They were also uploaded onto the local government authority's website for easy accessibility and wider coverage.



**Peter Ngwiso waiting for customers at his shop.**

"We no longer see people flocking at the Trade Officer's office requesting information on the fees and procedures for making business license payments. This gives ample time for trade officers to work on other official assignments."

Mr. Thabit clarified that having roadmaps displayed at public places has increased public trust in the municipal council's management as entrepreneurs can transparently observe all required procedures and fees. This has also removed opportunities for unnecessary fees sought by middlemen that claimed to be helping people get their business licenses.

Peter Ngwiso, a salesperson at the Ngwiso Shop, testified on these improvements and explained that contrary to the past, the process for renewing his shop's 2019 business license was easy and smooth. This time he knew all the required steps and didn't face any surprises by reading the roadmap displayed at the marketplace.

"This year our shop's business license renewal process was shorter and completed within one day. Through reading the roadmap displayed at the marketplace, I knew all the required documents and procedures and visited the Trade Officer's office with the right documents and amount of payment already prepared. I hope my fellow businesspeople are similarly finding this knowledge useful", Peter declared.

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## New Digital Platform Helps Young Entrepreneurs Find Loyal Customers

Ipyana Twijulege is a 27-year old entrepreneur who owns the Pysha Food Products Company in the Kyela District of the Mbeya Region. He started his food processing company in December 2017. The company processes and packages nutritious porridge meal, rice, cassava flour, rice flour, ginger, cinnamon and palm oil.

"When I started my business in December of 2017, I never thought of having loyal customers; I focused only on getting as many customers from the Kyela District as possible. Thanks to ENGINE for inviting me to learn on how the Bizfundi digital marketing platform works. I now have permanent customers that I constantly supply my products to", commented Ipyana M. Twijulege.



**Ipyana Twijulege of Pysha Food Products Company holds several of his packaged food products.**

The Feed the Future Tanzania Enabling Growth through Investment and Enterprise (ENGINE) Program launched its BizFundi digital platform in November 2017. The platform allows business owners to quickly and easily identify Business Development Services Providers and financial institutions. It also provides an opportunity for businesses to advertise their products. To date, the registered users of the platform include over 3,500 SMEs, over 100 BDSPs and five financial institutions.

Ipyana explained that at the beginning of forming the company, his monthly income was 60,000 Tshs, which he earned through selling nutritious porridge meal. This income did not satisfy his needs and it stayed constant until he attended the Bizfundi digital platform orientation workshop organized by the ENGINE program in the Mbeya region in May 2019. The workshop gathered a total of 20 Small and Medium Enterprise (SME) participants that were trained on how to use the Bizfundi platform.

At this orientation workshop, Ipyana introduced his business to the workshop participants and shared his contacts with them. Most of them liked what he was doing, and they showed interest in ordering Pysha food products.

"After this training, I had follow-up conversations with five SMEs and since August 2019, I have been constantly supplying them with rice, nutritious porridge meal and palm oil upon receipt of their orders. The five customers are from Tukuyu District, Iringa and Mbeya City.

Through these orders my monthly income have raised from 240,000 Tshs in July 2019 to 2,970,000 Tshs in November 2019. This have raised my monthly profit from 25,200 Tshs in June 2019 to 550,000 Tshs by November 2019,” stated Ipyana.

“I am so grateful to having the opportunity to learn about the Bizfundi platform and getting registered to it, since August 2019 I have been freely advertising my products through this platform. One customer living in Dar es Salaam who saw my products through the bizfundi platform made a phone call inquiring for my products. I am still following up with him to see how I can start supplying him with Pysha food products and I believe several others have already seen my products as well. I look forward to getting connected to more customers and hence my business growth.” explained Ipyana.



**SME participants being trained on how to use the Bizfundi platform**

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