

**JOBS
WORKING
PAPER**
Issue No. 15

Untapped Potential:
Household Enterprises
in Tanzania



WORLD BANK GROUP
Jobs

UNTAPPED POTENTIAL: HOUSEHOLD ENTERPRISES IN TANZANIA



WORLD BANK GROUP

© 2018 International Bank for Reconstruction and Development / The World Bank.
1818 H Street NW, Washington, DC 20433, USA.
Telephone: 202-473-1000; Internet: www.worldbank.org.

Some rights reserved

This work is a product of the staff of The World Bank with external contributions. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Nothing herein shall constitute or be considered to be a limitation upon or waiver of the privileges and immunities of The World Bank, all of which are specifically reserved.

Rights and Permissions



This work is available under the Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO) <http://creativecommons.org/licenses/by/3.0/igo>. Under the Creative Commons Attribution license, you are free to copy, distribute, transmit, and adapt this work, including for commercial purposes, under the following conditions:

Attribution—Please cite the work as follows: María Laura Sánchez Puerta, María Julia Granata, Odette Maciel Becerril, Gwendolyn Heaner, and Mohamed Ihsan Ajwad. 2018. “Untapped Potential: Household Enterprises in Tanzania.” World Bank, Washington, DC. License: Creative Commons Attribution CC BY 3.0 IGO.

Translations—If you create a translation of this work, please add the following disclaimer along with the attribution: This translation was not created by The World Bank and should not be considered an official World Bank translation. The World Bank shall not be liable for any content or error in this translation.

Adaptations—If you create an adaptation of this work, please add the following disclaimer along with the attribution: This is an adaptation of an original work by The World Bank. Views and opinions expressed in the adaptation are the sole responsibility of the author or authors of the adaptation and are not endorsed by The World Bank.

Third-party content—The World Bank does not necessarily own each component of the content contained within the work. The World Bank therefore does not warrant that the use of any third-party-owned individual component or part contained in the work will not infringe on the rights of those third parties. The risk of claims resulting from such infringement rests solely with you. If you wish to re-use a component of the work, it is your responsibility to determine whether permission is needed for that re-use and to obtain permission from the copyright owner. Examples of components can include, but are not limited to, tables, figures, or images.

All queries on rights and licenses should be addressed to World Bank Publications, The World Bank Group, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2625; e-mail: pubrights@worldbank.org.

Photo credit main report: ©World Bank and ©RSA. Further permission required for reuse.

Photo credit cover: Odette Maciel. Further permission required for reuse.

Abstract

The World Bank in collaboration with the Tanzania Social Action Fund (TASAF) conducted an assessment on the constraints and opportunities faced by non-farm household enterprise owners when starting and growing a business. The report highlights the findings from two applied methodologies: a qualitative toolkit and a quantitative analysis. The toolkit included several qualitative techniques: focus groups, life stories, key informant interviews, and a community mapping exercise administered to 385 individuals from eight communities, among whom about a third were beneficiaries of the countrywide TASAF III - Productive Social Safety Net (PSSN) program. The quantitative data had rich information on 7,400 Tanzanian households and included a specific section on household enterprises. We found that the major constraints household enterprise owners face when starting or growing a business are: lack of access to financial resources; weak markets and high competition among themselves; and lack of skills. Participants also identified severe weather conditions (i.e. droughts and rainy season) as a risk for their businesses and their communities. The report concludes with recommendation for TASAF and the Tanzanian government as they move forward towards the next phase of the PSSN program.

Acknowledgements

This report was prepared by the World Bank Group's (WBG) Social Protection and Jobs Group. The principal authors are María Laura Sánchez Puerta (Senior Economist, Jobs Group, WBG), María Julia Granata (consultant), Odette Maciel Becerril (consultant), Gwendolyn Heaner (consultant), and Ihsan Ajwad (Senior Economist, Social Protection and Jobs, WBG). Joanna Corzo (consultant) edited the life stories. Any errors or omissions are the responsibility of the team. The report was prepared under the general direction and ongoing support of Dena Ringold (Practice Manager, Social Protection, WBG) and David Robalino (Manager, Jobs Group, WBG).

Many colleagues in the WBG, including the Tanzania Country Office, provided excellent input, comments, and guidance at various stages of the development of this report. The authors are particularly grateful to Muderis Abdulahi Mohammed (Senior Social Protection Specialist, WBG), for his ongoing support and comments to this document. The authors acknowledge the rich suggestions, comments and experiences shared by World Bank Staff: Emily Weedon (Social Protection Specialist), Patrick Premand (Senior Economist), Indhira Santos (Senior Economist), Nina Rosas (Senior Economist), and Samantha Chimal (Social Protection Specialist).

We extend a special thanks to the Tanzania Social Action Fund (TASAF), in particular to Mr. Amadeus Kamagenge (Director of Community Support) for his leadership and commitment to pursue this research; and to Tumpe Lukongo (Ag. Research and Development Specialist) and Tatu Mhando Mwaruka (Ag. Livelihoods Enhancement Manager) for their continuous support and feedback. We thank the Regional and Local Government Authorities on the Mainland and the Second Vice President's Office in Zanzibar, for their key role in ensuring adherence to the study design.

The underlying analysis is based mainly on data collected by Research Solution Africa (RSA). In particular, we would like to thank Aisha Said and Ephanuel Mati and fieldwork recruiters and facilitators: Abel, Gwakisa, Hussein, Farida, Martha, Mwajuma, Joseph, Emmanuel, Abdallah, Ismail, Sarah and Asha.

This report has been made possible with the funding from the World Bank's Rapid Social Response (RSR) Multi-Donor Trust Fund. RSR is supported by the Russian Federation, Norway, the United Kingdom, Australia and Sweden.

Table of Contents

Abstract.....	iii
Tables	viii
Figures.....	viii
Abbreviations	x
Executive Summary.....	xi
Tanzanian Context and Program Overview	xi
Report Methodology.....	xi
Findings	xii
Recommendations	xiii
Policy and Regulations	xiii
Financial Resources.....	xiii
Weak Market and High Competition	xiv
1 Introduction	1
1.1 Tanzanian Context	1
1.2 Tanzania's Social Safety Net and Social Action Fund (TASAF).....	2
1.2.1 Productive Social Safety Net (PSSN):	4
1.2.2 Public Works Program.....	5
1.2.3 Enhancement of Livelihoods and Increasing Incomes	5
2 Research Methodologies	6
2.1 Qualitative Assessment Methodology	6
2.1.1 Sample Selection for the Qualitative Assessment	7
2.1.2 Descriptive Statistics for the Qualitative Assessment.....	10
2.1.3 Limitations of the Qualitative Assessment	12
2.2 Quantitative Assessment Methodology	13
2.2.1 Sample Selection for the Quantitative Assessment.....	13
3 Household Enterprises Characteristics	14
3.1 Characteristics of household enterprises	16
4 Findings	20
3.1 Lack of Access to Financial Resources.....	21

3.1.1 Access to Credit.....	23
3.1.2 Start-up Capital	27
3.1.3 Bank Accounts and Mobile Banking.....	29
3.1.4 Savings and Savings Groups	30
3.1.5 TASAF Program’s Cash Transfers	34
3.2 Weak Markets	38
3.2.1 Poor Community and Clients, Small Market	38
3.2.3 Fluctuating prices	40
3.2.4 Business Networks and Support	40
3.3 Poor Infrastructure	42
Access to Markets	42
3.4 Education and Skills	44
3.3.1 Entrepreneurial Skills	44
3.3.2 Additional Skills Needed	46
3.3.3 HEs' Employees	47
3.5 Market Regulations.....	48
3.6 Weather as a Risk to Productivity	50
3.5.1 Lost Production of Livestock and Crop	51
3.5.2 Agricultural Machines and Inputs	51
3.7 Perception of the Job Situation.....	52
3.8 Gender Issues.....	54
3.8.1 Managing household budget	54
3.8.2 Gender and time constraints	55
3.9 Preferred Interventions	56
3.10 Households Not Running a HE	57
5 Discussion.....	57
6 Recommendations	58
Policy and Regulations	58
Financial Resources.....	59
Weak Market and High Competition	59
Education and skills.....	60
Agricultural Production.....	60

Bibliography	61
--------------------	----

Annexes

Annex 1. Focus Group Discussion (FGD). Guiding Questions

Annex 2. Life Story Interviews (LSI) – Guiding Questions

Annex 3. Key Informant Interviews (KII) – Guiding Questions

Annex 4. Community Mapping (Community Roster)

Annex 5. Selected Life Stories

Annex 6. Main differences with previous Qualitative tools

Annex 7. Summary of interviews conducted by region

Annex 8. General features of the regions and districts selected for the assessment

Annex 9. Module F -TZ Household Enterprises – Questionnaire from PSSN IE Midline 2017

Tables

Table 1: Summary of TASAF-III's Main Components	3
Table 2. TASAF-III Presence in Selected Communities.....	9
Table 3. FGD participant characteristics, by gender	11
Table 4. Key Informant Interviews' Participant Characteristics.....	12
Table 5. Life Story Participant Characteristics	12
Table 6. Estimated coverage/access to mobile phones. Information obtained from Key Informant Interviews (such as community leaders) and from observation	29

Figures

Figure 1. Geographical Representation of TASAF-III Operations.....	4
Figure 2. Selected PAAs/districts for the qualitative research	8
Figure 3. Characteristic of Focus Group Discussions' Participants	10
Figure 4. Region of Focus Group Discussions.....	10
Figure 5. Type of Household Enterprise (HE) Participating in the FGDs	11
Figure 6. Geographic Representation of the Quantitative Survey.....	14
Figure 7. Educational Level of head of household	15
Figure 8. Geographic Area of HEs	16
Figure 9. Sectors in which HEs Operate	16
Figure 10. Age of HEs	17
Figure 11. HE Monthly Revenues	18
Figure 12. HEs Operational Expenses	19
Figure 13. Main Constraints to Productivity	20
Figure 14. Use of Grant for Business.....	22
Figure 15. Percentage of HEO who got Formal Loan (from bank or financial institution), within the last 12 months	24
Figure 16. Household Members Borrowing Money from Someone Outside the Household, within Last 3 Months.....	25
Figure 17. Average Start-Up Capital, Non-employers.....	27
Figure 18. Source of Start-Up Capital.....	28
Figure 19. Household Mobile Phone and Mobile Money Account Usage	30

Figure 21. Membership in credit or savings group	31
Figure 20. Where HEs Keep their Savings	31
Figure 22. Participation in community savings and/or credit groups (HE and AEs, beneficiaries of PSSN).....	32
Figure 23. Perceived potential impact of savings groups on business	33
Figure 24. HE FGD use of cash transfer money.....	35
Figure 25. Involvement with interventions designed to help businesses	41
Figure 26. HEOs Access to Markets outside of Community.....	42
Figure 27. HE Place of Operation	44
Figure 28. Skills Need According to HE Owners.....	46
Figure 29. Current employees within HE	48
Figure 30. Bribery Experience	50
Figure 31. Participants' Perception of the "Job Situation"	52
Figure 32. Who is better at managing money?.....	54
Figure 33. Time available to work on their business	55
Figure 34. FGD participants' opinions on most-needed intervention	56
Figure 35. Reason why not running a HE	57

Abbreviations

AE	Aspiring Entrepreneurs
BRAC	Bangladesh Rural Advancement Committee (NGO)
CB-CCT	Community Based- Conditional Cash Transfer
CBT	Community Based Targeting
CCT	Conditional Cash Transfer
CDI	Community Development Initiatives
CGAP	The Consultative Group to Assist the Poor (housed at the WB)
CM	Community members (FGD participants who are not HE or AE)
CMC	Community Management Committees
CMCo	TASAF Community Manager Coordinator
COMSIP	TASAF Community Savings and Investment Promotion Groups
FGD	Focus Group Discussion
FINCA	FINCA Impact Finance (Bank)
GoT	Government of Tanzania
HE	Household Enterprises
KII	Key Informant Interviews
LE	Livelihood Enhancement
LGAs	Local Government Authorities
LSI	Life Story Interviews
MDG	Millennium Development Goals
MFI	Microfinance Institutions
NGO	Non-Governmental organization
NSGRP	National Strategy for Growth and Reduction of Poverty (MKUKUTA in Kiswahili)
PAA	Project Area Authority. It refers to District in mainland Tanzania and sheia in Zanzibar. Geographical areas targeted by the PSSN.
PMT	Proxy Mean Test/Proxy Means Testing
PSSN	Productive Social Safety Net
PWP	Publics Work Program
SACCOs	Saving and Credit Cooperative Organization
SSA	Sub-Saharan Africa
TASAF	Tanzania Social Action Fund
TGT	Tanzania Gatsby Trust
UCT	Unconditional Cash Transfer
Vibindo	Umbrella national association representing small business across Tanzania
VICOBA	Village Community Bank
WB	World Bank
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA in Kiswahili)

Executive Summary

This report provides an overview of non-farm household enterprises in Tanzania. Using qualitative and quantitative methodologies, the study profiles household enterprises (HE) in Tanzania, and identifies major constraints to productivity gains and growth. A particular emphasis was placed on how HEs benefit from the Tanzania Social Action Fund (TASAF) program, a national program that provides cash transfers, public works, livelihoods enhancement, and support for savings groups to the poorest people. The report concludes with recommendations for the government and TASAF as they move forward towards the next phase of the program.

Tanzanian Context and Program Overview

HEs provide an opportunity for employment in an economy that is shifting away from agriculture but still lacks sufficient non-farm employment. As Kweka and Fox (2011) documented, agriculture is the primary economic activity of Tanzanian households, but the number of people employed in this sector has been declining since 2006, and its income is stagnating. At the same time, nearly 850,000 individuals a year enter the labor market seeking employment and as a result, non-farm employment is growing rapidly. However, non-farm employment is limited, forcing individuals to create their own employment through HEs. From 2000-1 to 2006, the HE sector grew by almost 13 percent, faster than the overall labor force and wage employment, in agricultural and non-agricultural sectors.¹ Across Tanzania, 24.4 percent of households reported having a HE as their primary employment and 65.9 percent reported it as a *primary or secondary* employment.² Increasingly, workers in the agricultural sector see HEs as an alternative or complementary source of income, on a full- or part-time basis. This is also the case in urban and peri-urban areas, where households tend to rely more heavily on HE income as a result of lack of jobs and lack of farming activities in these areas.

Before 2000, Tanzania had very few small-scale social protection programs, in limited parts of the country. The government has since started rolling out the countrywide productive social safety net (also known as PSSN)³, through the Tanzania Social Action Fund (TASAF). In 2013, the government set the short-term goal of reducing the incidence of extreme poverty by half and started to implement TASAF's third phase (TASAF-III)⁴, this contained key economic inclusion components, some at pilot stage, including: public works, livelihood enhancement, and support for savings groups to the poorest people⁵.

Report Methodology

The report presents findings from data gathered using two methodologies: a qualitative toolkit and a quantitative survey. The toolkit was designed to measure HEs' constraints to productivity gains and included four tools: Focus Group Discussions (FDGs), Key Informant Interviews (KIIs), Life Stories (LS), and a Community Mapping. The qualitative toolkit gathered information from 385 individuals, around a third of whom were TASAF-III beneficiaries. Special efforts were made to include individuals who own or work at a *non-farm* HE. In addition, participants were selected to gather different perspectives according to gender, location, type of program beneficiary, and role in the HE. Key stakeholders selected for the KIIs

¹ Kweka and Fox 2011

² Kweka and Fox 2011

³ Ulriksen, M. (2016); Mchomvu, T. & Maghimbi (2002: 19); Lерisse, Mmari & Baruani (2003).

⁴ World Bank (2016).

⁵ The report uses TASAF-III and PSSN interchangeably to define beneficiaries of the cash transfer program while it uses PSSN++ to identify beneficiaries who have access to economic inclusion components on top of the monetary transfer.

included local government, TASAF and NGO representatives as well as village savings leaders and bank/local financial institutions staff. The second methodology gathered quantitative data from 7,400 households in Tanzania and included a specific section on non-farm household enterprises useful to create a profile of HE, identify their constraints, and corroborate findings from the qualitative assessment.

Findings

The most frequently mentioned constraint to starting, growing, or sustaining a business was lack of access to financial resources. The majority of HEs reported that they do not try to access formal loans because these instruments impose conditions that are difficult to meet. Moreover, although savings groups and informal loans are available in the market, very few respondents utilize them. HEs do not access these financial resources mainly as a result of: complicated paper work and procedures, difficulty making periodic payments, high interest rates and lack of collateral, and lack of awareness of financial opportunities. However, some respondents do take advantage of these opportunities, for example, participation in savings group was slightly higher among PSSN beneficiaries in communities where TASAF offered this component.

The analysis suggests that HE growth is also constrained by a weak market, low diversification and therefore a high degree of competition from similar HE sellers. Moreover, lack of mobility and poor roads further restrict HE markets to locations near owners' home. Most HEs sell their products in their own communities. These factors condition profitability as they need to lower their prices or offer them on credit, which is seldom repaid.

Nearly all respondents think that education or skills are useful or very useful for their business, although most do not consider lack of education or skills to be a significant constraint to productivity. There appeared to be a lack of awareness of skills that would be useful for a business to succeed among participants, the same was true of the potential benefits that additional skills could provide. Many respondents also cited poor weather as a risk to communities' harvest, businesses and road conditions. Constraints to agricultural production applied to nearly all respondents for whom agriculture was a primary or secondary activity. Respondents were aware that a poor growing season could negatively affect everyone, even those not directly involved in agriculture.

Despite constraints to HE productivity detailed above, respondents were still overwhelmingly positive about the potential benefits of owning a non-farm business. Being one's own boss, the potential of becoming very successful, and having access to emergency funds were the main reasons why people preferred a business to wage employment. This finding was surprising given that nearly all respondents judge the 'job situation' to be *bad* or *very bad* and that Tanzania has been heavily affected by drought, heavy rains, and price fluctuations in the last five years.

In general, respondents are positive about TASAF's PSSN cash transfer program. Many beneficiaries use the program to cover basic needs (health and education for children) and when possible, to start or expand a business. Attitudes are more tempered when it comes to the public work program (PWP), which requires work on roads, dams, farming, and street cleaning. PWP participants, although grateful for the chance to work, regard payment as the major benefit of the program.

Men and women seemed to face similar constraints to productivity, but they tend to overcome these constraints in different ways. When constrained by finances, women tend to join savings, local credit, or other groups more than men. This might be because women are often the direct recipients of the TASAF

cash transfers. Women are also particularly successful in forming community savings groups and are perceived to be better managers of household money. However, they are culturally limited in the type of work they are allowed to do and by their domestic duties, which limit their potential time and scope on HE engagement.

Recommendations

The following specific recommendations are based on the findings of the qualitative assessment, some of which were also found in the literature. Most are general, and are for the government of Tanzania and associated programs that deal with livelihoods and economic inclusion; other recommendations are specific to TASAF. Section 5 provides more background and detail on the recommendations.

Policy and Regulations

- **Tailor policy reform to support HEs:** an explicit policy and institutional framework need to be tailored to support HEs to promote their importance to the local economy and as income generators for the poor. Any such framework needs to be integrated into the broader policy agenda of Tanzania in order to help facilitate and coordinate multi-sectoral ministry and agency activities targeted toward the HE sector.
- **Promote advocacy groups for HEs at local and regional level:** very few HEs or aspiring entrepreneurs (AEs) are currently members of organizations, business associations or cooperatives aligned with the products or services they offer. Such groups could provide bargaining power to HEs, facilitate the flow of information, and represent them in the policymaking agenda.
- **Continue promoting comprehensive interventions for the poor.** For example, BRAC-Graduation Approach.

Financial Resources

- **Facilitate sharing success stories where HEs have borrowed money and provide information on available financial resources, including savings groups, credit and loan institutions, and the TASAF program.** A small number of survey participants received a loan within the last 12 months and most HEs do not participate in savings groups, many are reluctant to join savings or credit groups out of fear of not keeping up with the payments or of a member absconding with the group's savings.
- **Identify and support local loan opportunities tailored to HEs' and AEs' needs (formal and informal).**
- **Emphasize investment in productive activities and in saving with the *cash for work* program's transfers.**
- **Consider potential benefits of introducing mobile phone banking services for HEs.** There is a huge potential for this type of technology to deliver financial services to communities where there are no nearby banks or financial institutions. The study showed that many families have access to mobile phones, but few have used them for financial transactions; many respondents were not aware of mobile phone banking.
- **Continue to tailor the activities and sub-programs of the PWP.** Further tailoring the program may enable more PSSN beneficiaries, in particular older women, to take part.

Weak Market and High Competition

- **Provide information, incentives, and resources for HEs to move toward product diversification.** HEs in Tanzania tend to operate in poor economies, with limited demand; many participants described high levels of competition as a result of similarity of products in their limited market.
- **Facilitate information on viable value chains and access to markets beyond their communities.** This will help with product diversification and with increasing market size, especially in communities where individuals' purchasing power is weak.
- **Create cooperatives and business associations at the community level and beyond.**
- **Explore the possibility of promoting/organizing regional fairs, where HEs could sell their products and services.**

Education and Skills

- **Consider providing specialized business training for HEs.** Most respondents recognized that they have only basic knowledge for running their businesses. Training on management, accounting, marketing, financial literacy as well as on how to deal with price fluctuations and a small customer base could help HEs deal with the difficulties of the market.
- **Offer specialized technical skills training to help HEs and AEs diversify goods and services.** Technical training should be aligned to items with potential high demand within their communities and reachable markets; for the identification of these items, additional research will be needed.
- **Facilitate linkages and apprenticeships between successful HEs and smaller ones or aspiring entrepreneurs.** Paid or unpaid apprentices could be helpful for HEs and entrepreneurs to learn skills and knowledge on successful businesses.

Agricultural Production

- **Continue focusing TASAF PWP sub-programs on solving specific, long-term problems in villages.** A special attention could be paid to those related to the infrastructure needed for agricultural production (e.g. irrigation systems, dams, storage, pest control, etc.).
- **Provide subsidized (or non-subsidized) quality agricultural inputs to HEs.**

1 Introduction

This report profiles non-farm household enterprises (HEs) in Tanzania and identifies their main constraints to productivity gains and growth.⁶ The reports draw findings from two rich sources of data: a qualitative toolkit carried out with 365 individuals and data from a quantitative survey interviewing 2,627 HE owners. In addition to identifying constraints to HEs, the report also tries to understand how they benefit from the TASAF-III social protection program. TASAF-III provides cash transfers, public work, livelihoods enhancement, and support for savings groups to the poorest people in the country, many of whom are HE owners. These detailed findings will help inform further adaptations of the intervention. The report concludes with recommendations for the government and TASAF as they move forward towards the next phase of the program.

1.1 Tanzanian Context

Tanzania has experienced relatively high GDP growth (7%) over the past decade, and continues to face key development challenges. Tanzania has a population of 55.5 million, with a population growth rate over 3% and a GDP per capita of \$879.19 (WDI 2016). Consequently, although the rate of poverty has recently declined (from 86% in 2000 to 49.1% in 2011), the absolute number of people living in poverty has not.⁷ An estimated 12 million Tanzanians live in extreme poverty, earning below \$0.60 per day.^{8 9} Moreover, the country ranks low (151) in the Human Development Index (HDI = 0.531) and inequality remains high (Gini coefficient = 37.8).

Although the proportion of people working in the agriculture sector is slowly decreasing, it remains the primary economic activity of many households. In 2014, 76.96 percent of the population (age 15 and older) was employed, of which 68.5 percent was in the agriculture sector.¹⁰ According to the National Bureau of Statistics (2014), at least one member of 72.8 percent of households in Tanzania works in agriculture, 45.1 percent earn self-employment income, and 26.3 percent earn wage employment income.¹¹ This reflects the rural working age population of 61.4 percent in 2014).

Household Enterprises (HEs) have become an important means of increasing and diversifying household income for Tanzanians facing poor working conditions and low labor demand.¹² Although non-farm employment is growing, it is not growing fast enough to satisfy labor supply, given that 850,000 individuals enter the labor market every year. 74 percent of employed individuals in Tanzania have vulnerable employment, either in unpaid family jobs or own-account jobs¹³, and as in other African countries, many

⁶ “Non-farm household enterprises (HE) are unincorporated, non-farm business owned by households. They include self-employed people running business, may employ family members without pay, but may also include < 5 non-family workers on a continuous basis.” (Filmer and Fox, 2014). HE can also be identified as “very small enterprises not legally separated from household activities. They consist of self-employed (or own account) workers and unpaid family members engaged in non-farm business activities. From the standpoint of enterprise surveys, they are tiny firms consisting of a single entrepreneur, perhaps working with unpaid workers who are likely to be family members.” (Kweka and Fox, 2011).

⁷ Based on the global poverty line of \$1.90 USD per day (2011 PPP) (% of population). (World Bank: povertydata.worldbank.org)

⁸ UNDP, 2016

⁹ “Basic needs poverty declined from 34.4 percent to 28.2 percent between 2007 and 2011/12 and extreme poverty declined from 11.7 percent to 9.7 percent.” Source: HBS 2007 and 2011/12; taken from the World Bank (2015).

¹⁰ WDI 2014

¹¹ Agricultural income includes income from work performed “on their own farms either in crop growing, forestry, livestock or fishing as either self-employed persons or as unpaid family helpers.” Self-employment income includes income from “work for profit or family gain in their own non-agricultural enterprise.”

¹² Kweka and Fox, 2011

¹³ UNDP, 2016

Tanzanians opt for household enterprises (HE) as a primary or secondary form of employment^{14 15} Kweka and Fox (2011) documented growth of almost 13 percent in the HE sector from 2000/1 to 2006, this is faster than the growth of the overall labor force and of wage employment in agriculture and non-agriculture sectors. They identified that 24.4 percent of households in Tanzania reported HE as a form of primary employment, while 65.9% reported HEs as a primary or secondary employment. Another review.¹⁶

Despite the growing importance of HEs and their role in creating employment, they face mayor challenges, even at policy level. They are not included in the government's policy framework as the government is unsure whether to view HEs as positive or whether their informality poses a problem¹⁷. Also, many HEs do not grow or survive very long, and their workers remain poor¹⁸. However, with a national policy focus on job creation, HEs can play a role creating pathways out of poverty¹⁹. The focus of this report is to understand the constraints and potential opportunities that HE owners face when starting and growing their businesses.

1.2 Tanzania's Social Safety Net and Social Action Fund (TASAF)

The Tanzanian government has been working towards developing and strengthening a robust social safety net since 2000. Few social protection programs existed in the 1990s, they were small-scale, covering only specific geographical areas. The Poverty Reduction Strategy Paper (PRSP) for 2000 to 2003 created the basis from which the government developed its first national organizing framework the strategy, aligned with Tanzania's Development Vision 2025 and the Millennium Development Goals (MDG), focused on growth, poverty reduction, quality of life, social well-being, governance and accountability. Two five-year National Strategies for Growth and Reduction of Poverty followed the PRSP: NSGRP I (2005-2010) and NSGRP II (2010-2015) also called MKUKUTA I and II.²⁰ These strategies recognized the importance of social protection policies and safety nets.²¹

To meet these national strategies and to reduce poverty, the government of Tanzania created the Tanzanian Social Action Fund (TASAF) in 2000. This fund has supported several projects:

- **TASAF- I (2000-2005):** this started in 1999 with a pilot project implemented in eight poor districts in mainland Tanzania (rural and peri-urban areas), it later expanded to 40 districts in the mainland and Zanzibar, reaching 1.9 million direct beneficiaries. It had three main project components: Community Development Initiatives (CDI), to improve accessibility and delivery of economic and social services; Public Works Program (PWP), a labor-intensive safety net scheme targeted to poor rural areas; and Institutional Development (ID), which provided operational support.²²
- **TASAF-II (2005-2013):** this built on the first phase and was implemented in all Local Government Authorities (LGA).²³ The project promoted a community-driven approach using the National Village

¹⁴ Kweka and Fox, 2011

¹⁵ See, for example, Iyenda 2005; Du Toit 2004; Haggblade, Hazell, and Reardon 2010; Lanjouw, Quizon, and Sparrow 2001.

¹⁶ Morisset and Haji, 2014

¹⁷ Kweka and Fox, 2011

¹⁸ Filmer and Fox, 2014

¹⁹ Kweka and Fox, 2011

²⁰ Ulriksen, M. (2016); Tanzania Ministry of Finance (2010). IMF Country Report No. 06/142

²¹ IMF Country Report No. 11/17

²² TASAF (2011); Ulriksen, M. (2016); Lерisse, Mmari & Baruani (2003); Evans et al. (2014); and www.tasaf.go.tz.

²³ LGA and PAA (Project Area Authority) are similar. PAA is the name utilized by TASAF to identify the geographical areas targeted by the PSSN. PAA refers to District in mainland Tanzania and sheia in Zanzibar.

Fund and the Capacity Enhancement components, which facilitated the continuation of the PWP safety net, it also helped to create community savings groups, and Community Management Committees to support community-based sub-projects, including savings groups (COMSIP).²⁴

Throughout TASAF II (2007), and with the assistance of the World Bank, the government designed a pilot for a community-based conditional cash transfer (CB-CCT) program targeted to the poorest and most vulnerable groups. The program was managed and implemented centrally, but had a strong community approach, selecting beneficiaries using community-based targeting techniques.²⁵ After running the pilot phase in three districts, the government officially launched the CB-CCT in 2009, and provided the first conditional cash transfer payment in 2010.

The government implemented TASAF III in 2013, which continues today. Its objective is "to enable poor households to increase incomes and opportunities while improving consumption," by targeting 33.6 percent of the population, who live under the poverty line, in all LGA/PAA in the Mainland and in Zanzibar.²⁶ TASAF III was supported by several development partners, including the WB, and had four main project components as detailed below. A summary of the main components can be seen in Table 1 and the Geographical Coverage can be seen in Figure 1.²⁷

Table 1: Summary of TASAF-III's Main Components

TASAF-III's intervention		Components	Coverage to Date
PSSN	Productive Social Safety Net	<ul style="list-style-type: none"> • Unconditional cash transfer to poor households • Conditional cash transfer to poor households with children and pregnant women 	<ul style="list-style-type: none"> • All 26 regions • 161 Districts/PAA • 1.1 million households
PSSN ++	PWP: Public Works Program	<ul style="list-style-type: none"> • Cash for work program, for TASAF-III beneficiaries who work in exchange for money. • Creation of community assets and development projects. 	<ul style="list-style-type: none"> • 21 regions • 44 Districts/PAA • 300,000 households
	LE: Livelihoods Enhancement (in pilot stage)	<ul style="list-style-type: none"> • Support new or existing community saving groups. This– includes former Community Savings and Investment Promotion Groups (COMSIP) in TASAF II 	<ul style="list-style-type: none"> • LE: 5 regions, 8 Districts/PAA • COMSIP: 13 regions, 52 Districts/PAA.

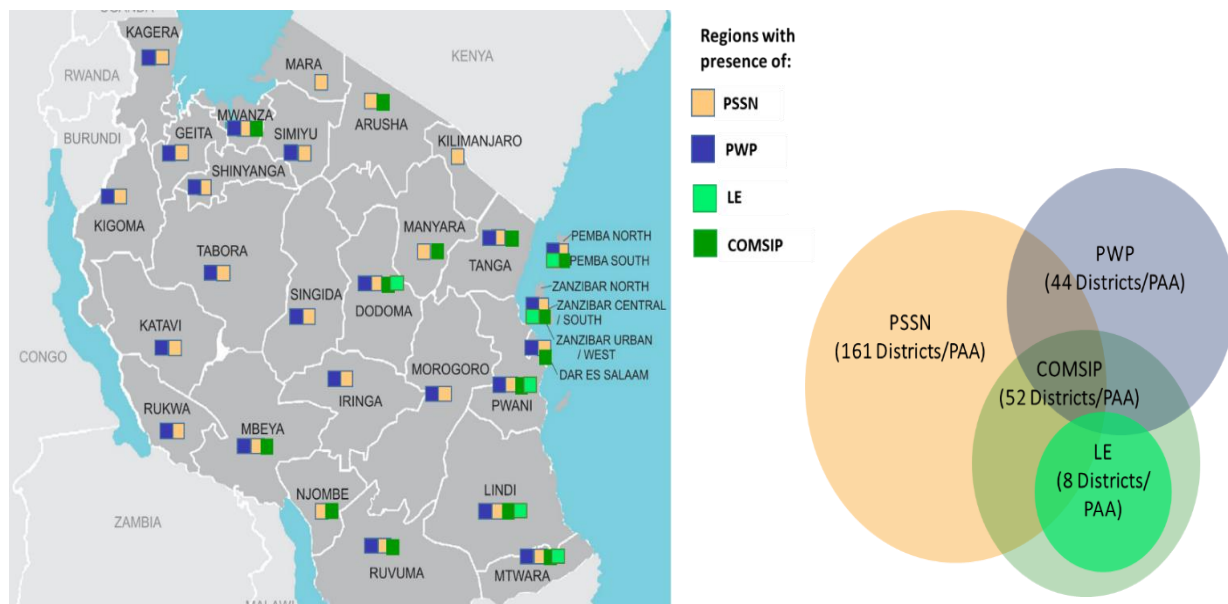
²⁴ TASAF (2011); TASAF (2008), and www.tasaf.go.tz.

²⁵ Three districts (part of TASAF I and II) were selected for the pilot: Bagamoyo, Kibaha, and Chamwino. Targeting was done through the CMC – democratically elected by potential beneficiaries- and overseen by the Village Councils. Alaedini (2013); and Evans et al. (2014).

²⁶ www.tasaf.go.tz/

²⁷ Development partners include: the UK Department for International Development (DFID), the Swedish International Development Cooperation Agency (Sida) and U.S. Agency for International Development (USAID). TASAF (2011); Ulriske, M. (2016) and World Bank (2016).

Figure 1. Geographical Representation of TASAF-III Operations



Source: own elaboration

1.2.1 Productive Social Safety Net (PSSN):

The PSSN is being rolled-out across the whole country and is the biggest cash transfer program in Tanzania. It targets 13.5 million people living below the poverty line. Households receive a cash transfer and are able to participate in other components of the program, according to their needs. The program includes an unconditional cash transfers (UCT) to all households to cover basic needs; it also provides a conditional component (CCT) targeted to children and pregnant women focused on education and health services. To identify the poorest families, the program used Proxy Means Testing (PMT) techniques on top of the Community-Based Targeting (used in TASAF II). Some beneficiaries also participate on the Public Works Program (PWP), earning additional money, to cope with the seasonal hungry period (*details below*).

- **Total Beneficiaries to date:** 1.1 million households
- **Geographical coverage:** 161 Districts/PAA in Tanzania Mainland and Zanzibar in high poverty level villages
- **Eligibility criteria:** Poor and vulnerable households
- **Targeting methods:** PMT, CBT and Geographical Targeting
- **Cash Transfer:** bi-monthly
 - **Unconditional:** approx. USD6 per household per month
 - **Conditional:** based on the number of children, a maximum amount of USD23 per month per household.²⁸ According to World Bank (2013), conditions include:
 - Education: enrollment of children aged 5-18 in pre-primary, primary and secondary education (where available) and regular attendance for at least 80% of school days per month.

²⁸ www.tasaf.go.tz and TASAF (2013). According to World Bank (2016b: p 8) "the average CCT transfer is about TZS 21,000 (roughly US\$13), representing 21% of monthly consumption among PSSN households." Rates may be revised to take into account inflation. TASAF (2016); Fiszbein and Schady (2009); and Garcia, M., Moore, C.M.T. (2012).

- Maternal and infant health: all pregnant woman shall attend at least four prenatal medical examinations; regular check-ups (at least one per month) and micro-nutrients for children younger than 2 years; routine check-ups (at least once every six months) for children aged between 2 and 5 years; full immunization to children younger than five years.
- Attendance at workshops for nutrition and investment in human capital.

1.2.2 Public Works Program

The Public Works Program is a “safety net intervention that provides temporary employment to enrolled poor households to work on labor-intensive activities ... helping beneficiaries meet consumption needs during the annual hungry season.”²⁹ The program was designed to cover 600,000 households³⁰. Activities (‘subprojects’) included in the PWP are: reforestation, water management, land recovery, construction of terraces to mitigate erosion, small scale irrigation schemes, and road rehabilitation. The Local Service Providers, the Community Management Committees (CMC), and their Coordinators (CMCo) are responsible for the day-to-day management of this component while TASAF's technical staff is responsible for supervising through regular visits.

- **Beneficiaries to date:** approx. 300,000 households
- **Geographical coverage:** active in 44 Districts/PAs. According to TASAF, over 3,000 subprojects were implemented by May 2017 in these PAs.
- **Eligibility criteria:** PSSN beneficiaries need over 18 and to be able to work.
- **Transfer:** 15 days of paid work per month for a maximum of fourth months (max. 60 days in total). Payment is conditional on attendance and completion of tasks. The daily rate is equivalent of TZS 2,500 (approximately \$1.35 USD per day), which means that a household can earn additional TZS 37,500 (approximately \$23 USD) in one month and TZS 150,000 (approximately \$80 USD) in one year (60 days).³¹
- **Frequency of the payments:** wage payment should be monthly “within three weeks of the fortnight period in which they undertook the work.”³²

1.2.3 Enhancement of Livelihoods and Increasing Incomes

The livelihood enhancement (LE) component focuses on promoting savings among beneficiaries to increase incomes and investments in activities that can increase livelihoods. LE includes community saving groups (the former COMSIP in TASAF II), group capacity building, business development skills and, financial literacy and technical training. Depending on available financing in the future, this component may provide grants to saving groups or eligible individuals.³³ The aim of the component is to support 250,000 households, but it is currently at a pilot stage and being introduced progressively to complement the PSSN and PWP components.³⁴

- **Geographical Coverage (pilot stage):** 8 Districts/PAs part of the PSSN
- **Eligibility criteria (pilot stage):** PSSN beneficiary households interested in forming saving groups and existing COMSIP are eligible for this component.

²⁹ <http://www.tasaf.go.tz/index.php/tasaf-components/supported-interventions/public-works-program>

³⁰ World Bank, 2016

³¹ Ibidem, World Bank (2013) and World Bank (2016b). Rates may be revised to take into account inflation.

³² www.tasaf.go.tz and TASAF (2013).

³³ During TASAF II, a total of 1,778 COMSIP were formed. World Bank (2016).

³⁴ www.tasaf.go.tz, TASAF (2016), and (World Bank, 2016).

- **Transfer:** grant amounts vary and requests are submitted through savings group proposals.

TASAF III includes two other interventions: i) Targeted infrastructure development, aimed at supporting development and rehabilitation of infrastructure from education, health and water sectors; and, ii) Capacity Building, aimed at ensuring adequate program implementation by communities, Local Government Authorities.

2 Research Methodologies

The report contains results from analyses of two different sources: a qualitative and a quantitative database. The main research methodology in the report is the qualitative assessment while the quantitative results provide more background and information. This section describes both methodologies and gives a summary of the sample selection, descriptive statistics, and limitations to each study.

2.1 Qualitative Assessment Methodology

The goal of the qualitative assessment is to understand the constraints and opportunities faced by non-farm household enterprise owners when starting and growing their businesses. Participants are from three types of households: (i) beneficiaries of TASAF III, (ii) those receiving PSSN and those receiving complementary interventions (PSSN++), and (iii) non-beneficiaries. The report will provide information to let the government of Tanzania know how the program is boosting beneficiaries' livelihoods and what their opportunities and constraints are when operating a household enterprise. Above all, the assessment will identify recommendations to reduce constraints and create better pathways to sustainable livelihoods.

The report presents findings from a qualitative assessment, adapting a toolkit used in other African countries to the Tanzanian context. A toolkit was developed in 2015 to measure household enterprises' constraints to productivity in Liberia and was later implemented in Nigeria, Cote d'Ivoire and Zambia³⁵. Here, the toolkit was provided to a local research firm after adapting it to the Tanzanian context and the program activities, it was also translated into Swahili ((See *Annex 1 through 4, and 6*).

The toolkit included four qualitative tools carried out in 8 selected communities (one per region):

- Focus Group Discussions (FGD): forty FGDs, five per each of the 8 selected communities;
- Key Informant Interviews (KII): sixteen one-on-one in-depth interviews with key community stakeholders, two per village. Key participants include village executives, local bankers, NGO managers or representatives, and TASAF community manager coordinators (CMC);
- Life Story Interviews (LSIs): sixteen in-depth interviews (half with female and half with male) with successful and unsuccessful HE owners to understand their specific cases (see *Annex 5*);
- Community Mapping: carried out with observation of the local context and consultations with village executives, to gain an understanding of the local context and community factors that may contribute to enterprises' performance.

Distinct interview guides for each tool were administered. Specific guidance for FGDs and KIIs were administered depending on the participant's role in the household enterprise sector (HE, AE, or CM).

³⁵ Chapman, E. W. and Heaner, G.K. 2016

Additional KII Guides were used with various stakeholders. A separate interview protocol was prepared for participants chosen to give their Life Stories. Questionnaires and consent forms were translated into Kiswahili (see *Annex 1-4* for more details).

2.1.1 Sample Selection for the Qualitative Assessment

The target population of this study is owners and workers of non-farm household enterprises, representing different household types, including beneficiaries of TASAF III. The qualitative assessment had a total of 385 participants, between the ages of 20 to 60.³⁶ See *Annex 7* for details of interviews conducted in each region. Participants of the qualitative assessment included representatives of three types of households:

- PSSN beneficiaries, beneficiaries of Productive Social Safety Net program only (cash transfer);
- PSSN++ beneficiaries, those who participate in the other TASAF III components on top of the cash transfer (i.e. Public Works Program, Livelihood Enhancement, Savings Groups, etc.); and,
- Non-beneficiaries, for comparison purposes.

Participants were selected purposefully to capture gender diversity, geographical variance, and key stakeholder roles in the household enterprise sector; those roles include:

- Household Enterprise Operators (HE)
- Aspiring Entrepreneurs (AE), and
- Community Members (CM), neither HE or AE, but consume their products and services.

Some FGDs were mixed by gender; some had only female participants with female facilitators and some had only male participants with male facilitators. For the KIIs, the report authors selected local government representatives, NGO representatives, village savings leaders, TASAF staff, and banks and local financial institutions staff.

Referrals, random and purposive sampling techniques, and snowballing, were used to select and recruit participants. After courtesy call with village executives, TASAF staff, and Community Member Coordinators the recruitment teams went to the selected villages. The recruiters used a previously developed recruitment questionnaire that determined participant inclusion criteria (*Annex 6*). The majority of PSSN recipients are women, as such it was relatively easy to find female participants, but this was not the case for male PSSN beneficiaries. For the Life Stories, the team relied mostly on referrals from community members or from village executives, which were later validated with observations. Finally, for the Key Informant Interviews, the selection of participants was somewhat different, purposive sampling was used after the team identified organizations that were operational within or close to the communities.

The methodology and sample size implemented in FGDs and KIIs are consistent with the literature and empirical data on household enterprises. Guest, et.al. (2016) found that a sample of three to six FGDs will likely capture about 90% of important themes in studies with a relatively homogeneous population and using a semi-structured guide. Others have found similar results for FGDs.³⁷ Namely et al. (2016)

³⁶ In Geita, one female and male participant older than 60 were invited to the FGDs. They were HE owners and well versed, so the team decided to include them in the research.

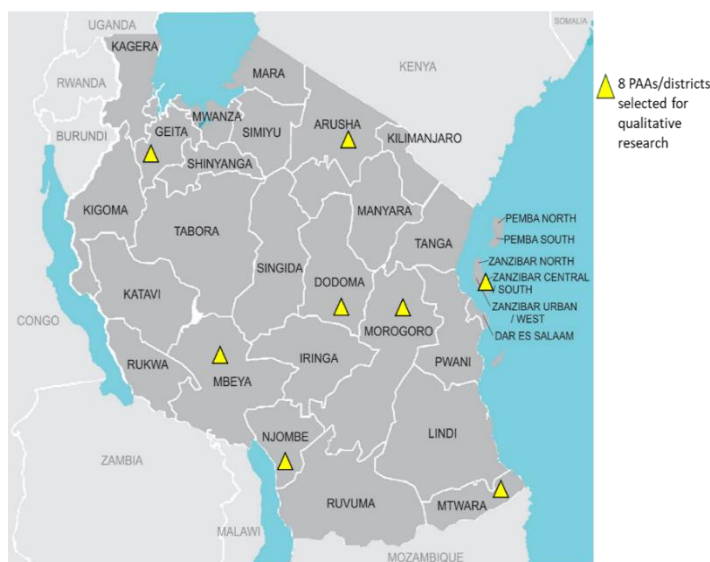
³⁷ Coenen, et.al. (2012): five FGD were enough to reach saturation for their inductive thematic analysis. Guest and McQueen (2008), taken from Namey, Emily (2017).

consider that six to twelve in-depth qualitative interviews could be adequate to reach ‘saturation’ and that almost no new concepts are found after 20 similar interviews.³⁸

The qualitative assessment was carried out in 8 communities/villages in 8 different districts/PAs of Tanzania. These districts were purposefully selected to ensure that data captured the geographic, economic and cultural diversity of the country as well as the different contexts under which the TASAF III program operates. Other factors were also considered for district selection, including location, proximity to national borders, and urban/rural characteristics. The TASAF III cash transfer component was present in all selected districts/PAs, although, not all districts had access to complementary program components³⁹. Certain logistical factors were also considered (i.e. accessibility to the village and feasibility of conducting the research in a reasonable amount of time). For every village that was selected, a back-up village was identified.⁴⁰ TASAF staff experts and World Bank Country Office staff also provided information on the local context of the selected areas. Figure 2 shows the location of the villages. See Annex 8 for general features of the regions and districts that were selected.

Table 3 summarizes the communities and types of interventions in each of the selected districts.

Figure 2. Selected PAAs/districts for the qualitative research



Source: own elaboration

³⁸ ‘Saturation’ in a qualitative research is the point when incoming data produce little or no new information. Namey, et.al. (2016): 8 interviews to reach 80% saturation (range 5-11) and 16 interviews to reach 90% saturation (range 11-26). Morgan, et.al (2002): Approx. 80-92% of concepts identified within 10 interviews. Guest, et.al. (2006): 12 interviews to reach 92% saturation. Francis, et.al. (2010): Most themes identified within 5-6 interviews. Saturation reached within 14-17 interviews. Coenen, et.al. (2012): 13 interviews to reach saturation through inductive approach and 8 through deductive approach. Hagaman and Wutich (2016): <16 interviews at site level. Taken from Namey, Emily (2017).

³⁹ Livelihoods Enhancement, Community Savings and Investment Promotion groups, or the Public Works Program

⁴⁰ The back-up village was used only in Geita TC.

Table 2. TASAF-III Presence in Selected Communities

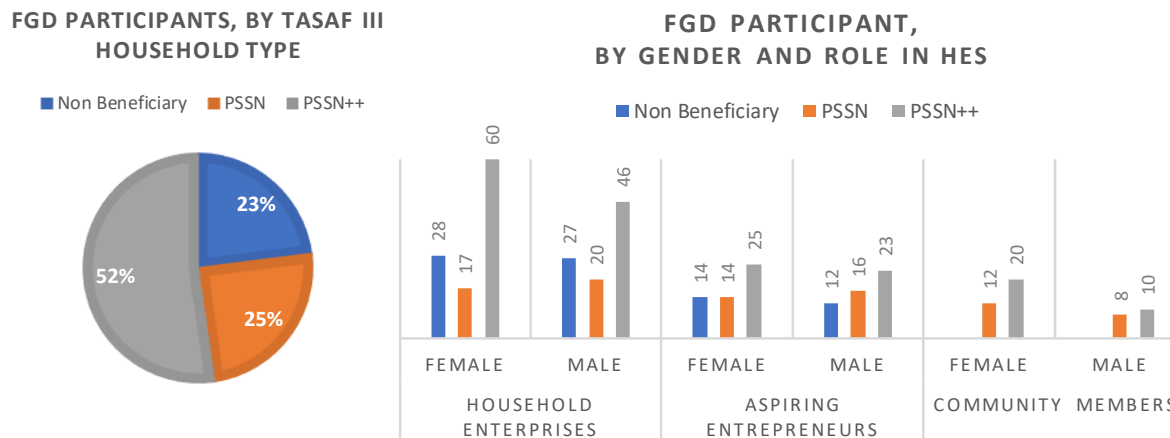
Region	PAA / District	Village / Community	# of hh beneficiaries	PSSN	Availability of PSSN ++ Components			
					Savings Groups	Livelihood Enhancement	Public Works	Type of public works identified in the village
Geita	Geita TC	Kasamwa (backup)	348	Yes	No	No	No	
Mbeya	Mbozi	Iwalanje	223	Yes	No	No	No	
Morogoro	Kilosa DC	Madoto	29	Yes	No	No	Yes	<ul style="list-style-type: none"> • Clearing the land and building a cashew nut farm (approx. 10 trees).
Arusha	Arusha DC	Ekenywa	570	Yes	Yes	No	No	
Njombe	Njombe TC	Mgendela	76	Yes	Yes	No	No	
Dodoma	Chamiwino DC	Mlowabarabarani	550	Yes	Yes	Yes	Yes	<ul style="list-style-type: none"> • Man-made dam (Mahuta) • Irrigation farming (tomatoes, spinach) • Tree nursery (oranges) • Road rehabilitation (Makangwa)
Mtwara	Mtwara DC	Namkuku	276	Yes	Yes	Yes	Yes	<ul style="list-style-type: none"> • Digging and cleaning up the drainage /sewage system. • Cleaning up some public areas: hospitals, school, police station, churches, mosque, etc. • Cleaning up the roads. Covering up holes on roads. • Putting bags with sand in strategic places to prevent erosion.
Zanzibar	Unguja - Magharibi	Pangawe	166	Yes	Yes	Yes	Yes	<ul style="list-style-type: none"> • Planting mango and avocado trees. • Cleaning up streams and roads.

2.1.2 Descriptive Statistics for the Qualitative Assessment

Focus Group Discussions

Figure 3 shows the distribution of the 352 participants of the focus group discussions. More than half of participants were recipients of the PSSN++ program⁴¹. Gender balance was achieved and more than half of participants were household entrepreneurs.

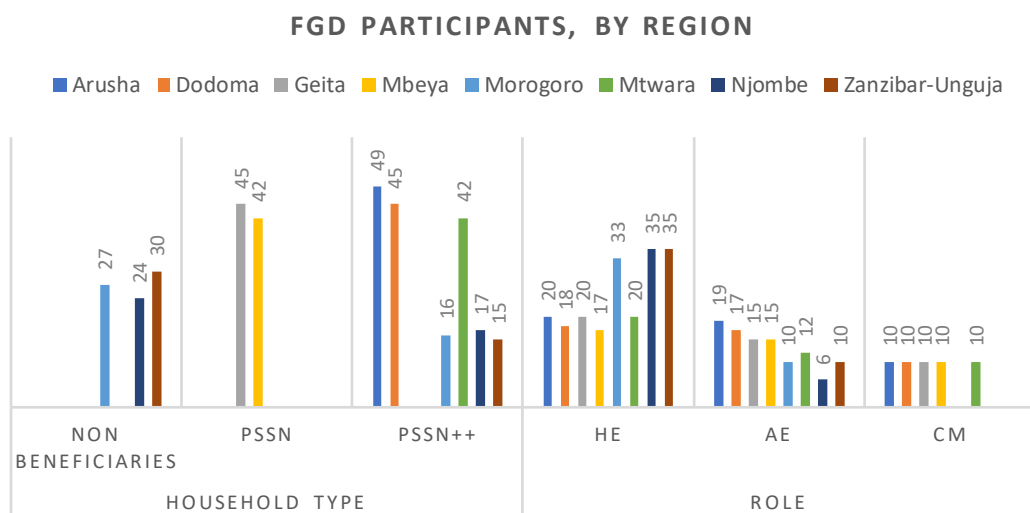
Figure 3. Characteristic of Focus Group Discussions' Participants



Source: qualitative database

Figure 4 shows the distribution of the 352 focus group participants by district. Consistent with the design of the program, there are regions where there are no program beneficiaries, regions that have only PSSN (the cash transfer), and regions where most participants have PSSN++. Discussions were held with HE owners and AEs in all regions.

Figure 4. Region of Focus Group Discussions



Source: qualitative database

⁴¹ cash transfer and either the public works program, the savings groups, or livelihood enhancement component

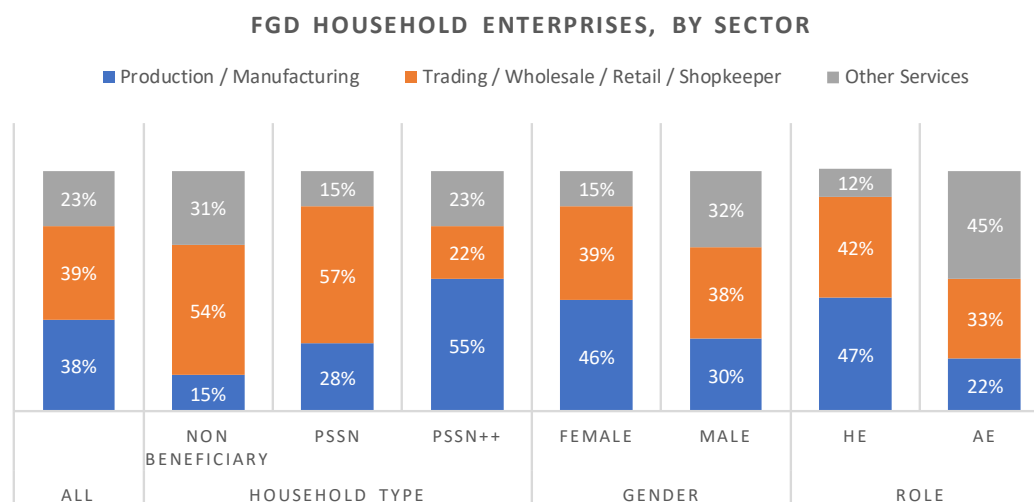
Table 3 provides basic demographic characteristics of study participants. PSSN beneficiaries are older and significantly less educated than non-beneficiaries, likely due to the TASAF target population. This is consistent with TASAF's findings from 2016 that: "less than half (46%) of PSSN beneficiaries, who are 14 years or older, have completed primary school; and they have on average 6.7 years of schooling. Younger generations have higher literacy and schooling levels." Moreover, women are slightly older and less educated than men. They also tend to be divorced/separated or widowed while men are more often single or married.

Table 3. FGD participant characteristics, by gender

	Household Type			Gender	
	None	PSSN	PSSN++	Female	Male
Sample Size	81	87	184	191	162
Age (Mean / Median)	31.7 / 30	38.6 / 38	37.3 / 37	37.8 / 36.5	34.6 / 33.0
Mean # Children	2.1	3.1	2.7	2.7	2.6
Median Education Level	Secondary 2	Primary 7	Primary 7	Primary 7	Primary 7
% with higher than Primary 7	56.8%	11.4%	20.1%	19.5%	34.6%
% Married or Cohabiting	51.9%	60.9%	58.2%	49.4%	69.1%
Single	38.3%	14.9%	23.4%	20%	30.3%
Divorced or Separated	4.9%	12.6%	8.2%	15%	1.2%
Widowed	4.9%	11.5%	9.2%	15.8%	0.6%

Figure 5 shows diversity of economic activities depending on the type of beneficiary. Among PSSN beneficiaries and non-beneficiaries more than half are involved in trading, wholesale, retail, and shopkeeper activities while 55 percent of PSSN++ beneficiaries work in production and manufacturing activities. Other service activities are more prevalent among men than women, for example, bodaboda (motorbike) drivers. Finally, HEs tend to focus more in production and manufacturing activities (47%) while AEs focus on other services (45%).

Figure 5. Type of Household Enterprise (HE) Participating in the FGDs



Source: qualitative database

Key Informant Interviews (KIIs)

Two Key Informant Interviews (KIIs) with stakeholders were conducted in each community.

Participants included local government officials, TASAF local staff, and NGO representatives.

Participants' characteristics can be seen in Table 4. There is no gender balance as men tend to hold these types of role in the community.

Table 4. Key Informant Interviews' Participant Characteristics

	Female	Male
Total # KIIs	4	12
Age Range	27 - 43	33 - 66
Education Range	Secondary 4 to Bachelor's Degree	Primary 7 to Advanced Degree
Years Working in Institution	2 to 9	1 to 14
Institutions Represented	TASAF + 2 NGOs	Local government, TASAF, Akiba Commercial Bank + 3 NGOS

Life Stories

Two Life Stories per community were conducted, sixteen in total. Table 5 shows participant characteristics.

Table 5. Life Story Participant Characteristics

	Female	Male
Total # Life Stories	8	8
Age Range	28 - 50	30 - 60
Education Range	None - Secondary 3	None - Secondary 4
Years Working at HE	1 to 42	1 to 7
Type of HEs Represented	Selling fresh produce/meat and dry goods, selling cooked/baked food (in a kiosk, street or own home), tailoring, pottery, making and selling paper bags, Livestock rearing and selling	Selling charcoal, shoe shine, car parking, public transport driving Selling fresh produce/meat/fish, cooked food and dry goods, Livestock rearing, selling dried fish

2.1.3 Limitations of the Qualitative Assessment

It is important to be careful when interpreting the findings as this is a qualitative study, and is not designed to be representative of the entire population of TASAF III's beneficiaries. Response distributions are sometimes presented in terms of percentages of participants, based upon the field-level coding and revision of notes, but numerical results are not statistically significant here. For example, when we present: 'females had access to XYZ more often than males ' it should be interpreted as 'among those who were sampled, females had access to XYZ more often than males', rather than 'in Tanzania' or 'in this region', 'females had access to XYZ more often than males '.

Although the team made efforts to secure a representative sample, three issues were encountered in the field that limits the scope of the analysis:

- **Age and gender diversity:** due to the design of the program, this was not always possible. As mentioned, the PSSN cash component is mostly provided to adult females, who live in the household and are responsible for the children.⁴² It was also difficult to find many male household enterprises. As a result, some FGDs have fewer than 10 participants; in other cases, FGDs and LSI have male participants who are household enterprise owners, but are not direct recipients of the PSSN program.
- **Language barriers:** interviews and session moderations were carried out mainly in Kiswahili. The team planned to conduct interviews in another language (Wagogo) in villages in the Chamwino district (Dodoma Region), but not in Iwalanje (Mbeya region). This planning turned out to be superfluous as participants in the Chamwino village were comfortable communicating in Kiswahili. However, some women participants in Iwalanje did not speak Kiswahili nor Wagogo fluently, and FGDs in this village end up having fewer participants than planned.
- **Type of businesses encountered:** most villagers were involved in farming-related activities and it was difficult to find a variety of non-farm household enterprises, particularly in rural areas. In many cases the non-farm enterprises were related to their farming activities or were dependent on their inputs.

2.2 Quantitative Assessment Methodology

The reports use follow-up data from a 2017 impact evaluation survey to identify whether the TASAF-III program had an effect on beneficiary households. In collaboration with the impact evaluation team, our team incorporated new questions to the follow-up survey that were relevant to non-farm HEs. The questions were designed to capture the major obstacles to day-to-day business operations for HEs and constraints to their productivity gains. The survey instruments were translated into Kiswahili, the language in which interviews were conducted.

2.2.1 Sample Selection for the Quantitative Assessment

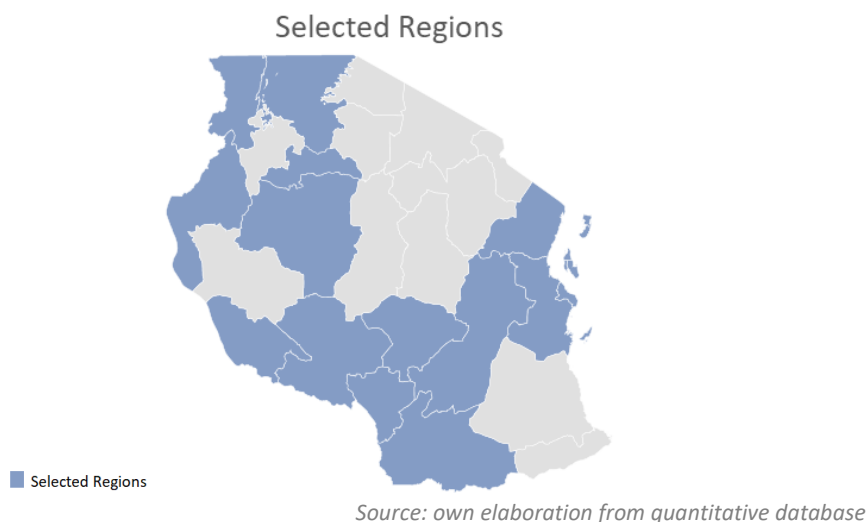
The survey covered a subset of sixteen randomly selected PAAs in Mainland and all PAAs in Zanzibar (see Figure 6 for geographical representation)⁴³. The selected PAAs are considered largely representative of mainland Tanzania and Zanzibar. As the design of the impact evaluation oversampled Zanzibar to report results separately, this report will also present results that distinguish between mainland Tanzania and Zanzibar. The survey captured information on more than 7,400 households, some of whom were participants of PSSN (cash transfer only), some were participants of PSSN++ (cash transfer accompanied by livelihood enhancement components), and others were non-beneficiaries of PSSN/TASAF-III program.⁴⁴

⁴² Fiszbein, A. and N. Schady (2009).

⁴³ World Bank, 2016

⁴⁴ World Bank, 2016

Figure 6. Geographic Representation of the Quantitative Survey



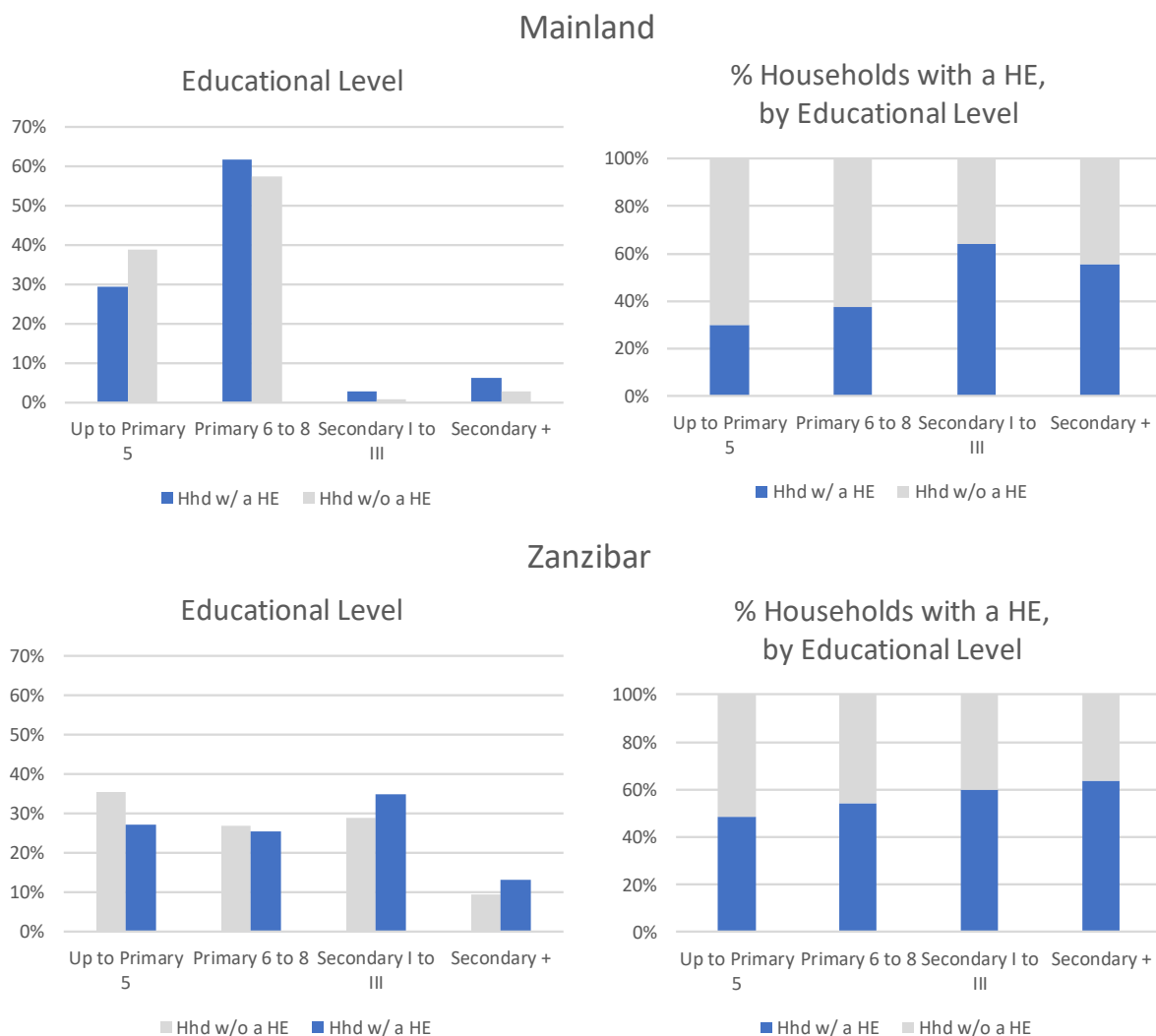
3 Household Enterprises Characteristics

This section provides an overview of distinct characteristics of HEs. It starts by describing differences in household characteristics between those households that operate an HE and those that do not. It provides an overview of what HEs in Tanzania look like. All information in this section is from the quantitative survey.

About 30 percent of interviewed households in mainland Tanzania and 49 percent in Zanzibar owned a non-agricultural HE. The typical households that owned a HE was bigger in size, had younger individuals, their heads of household were more often married and more educated, and they were located in urban areas.

- Households running a HE have some different characteristics than those who don't:
- **They are bigger in size:** on average, households with an HE have 4.79 individuals in mainland Tanzania and 4.55 in Zanzibar while those without an HE have 4.04 and 3.93 individuals, respectively. This difference is statistically significant at 1 percent confidence level.
- **Their household heads are younger:** the household head of those households with an HE are an average of 6 years younger in mainland Tanzania and 3 years younger in Zanzibar when compare to those of households not running HEs (49.81 vs 55.69 for mainland Tanzania and 47.07 and 50.36 for Zanzibar). This difference is statistically significant at 1 percent confidence level.
- **Their household heads are more often married:** in both parts of the country the percentage of married individuals was 10 percent higher for households owning a HE than those who don't. The differences are statistically significant at 1 percent confidence level.
- **Their household heads are more educated:** in both parts heads of household who own an HE had almost one more year of formal education than those not owning one (7.41 vs 6.71 years in mainland Tanzania and 9.39 vs 8.47 in Zanzibar). The differences are statistically significant at 1 percent confidence level. Moreover, as can be seen in the left pane of Figure 7, the proportion of households with an HE increases from 30 percent to 61 percent as the education level of the household head increases.

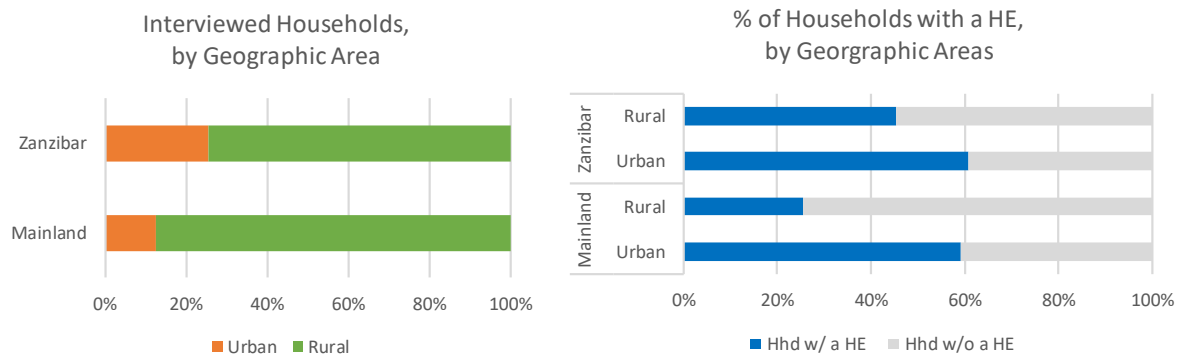
Figure 7. Educational Level of head of household



Source: quantitative database

- In urban areas, a greater proportion of households have an HE:** The vast majority of survey households were located in rural areas (87 percent in mainland Tanzania and 75 percent in Zanzibar, see Figure 8). However, location is a strong determinant of owning an HE; about 60 percent of urban households have a HE (in both regions) but only 25 percent of households with an HE in mainland Tanzania and 45 percent in Zanzibar were in rural areas.
- The proportion of PSSN beneficiaries was the same for households with and without an HE:** Households with an HE are just as likely to be beneficiaries of the PSSN program as those households who do not. 75 percent of all households in mainland Tanzania and 71 percent in Zanzibar received benefits from the PSSN program.

Figure 8. Geographic Area of HEs



Source: quantitative database

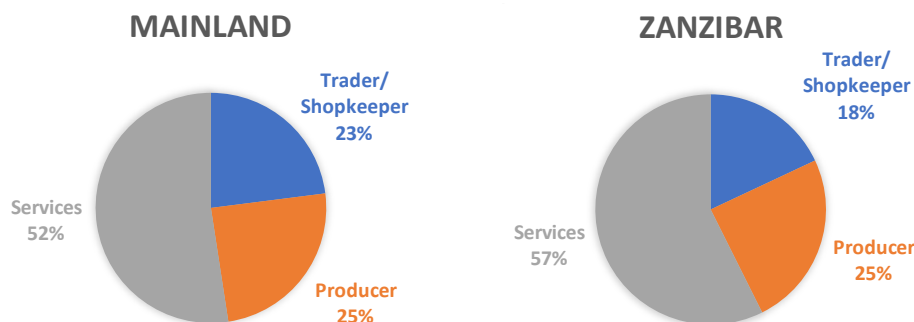
- **HEs are equally owned by men and women:** There were differences when comparing the gender of household heads with and without an HE, nor were there significant differences in the proportion of female and male running HEs.

3.1 Characteristics of household enterprises

The typical HE is in the services sector, has been operating for more than one year, is informal and does not keep financial records. Monthly revenues average between TZS 267,199 to TZS 406,511 (about \$118 to \$179 USD), and most expenses are related to traded goods and raw materials/inputs. The following is a detailed description of HE characteristics.

More than half of HEs declared being in the Services sector (52% in Mainland and 57% in Zanzibar); 25 percent said they were in the Producer sector, and 23 percent in Mainland and 18 percent in Zanzibar reported being in the Trader/Shopkeeper sector (Figure 9). Sector distribution appears to be location-dependent: there is a smaller proportion of producers in urban areas compared to rural areas at 13 percent vs 29 percent in Mainland and 18 percent vs 28 percent in Zanzibar. No gender differences were noted on sectoral distribution. The quantitative data also showed that, in Mainland, 35% of HE owners with a second HE diversified to another sector (40% in Zanzibar).

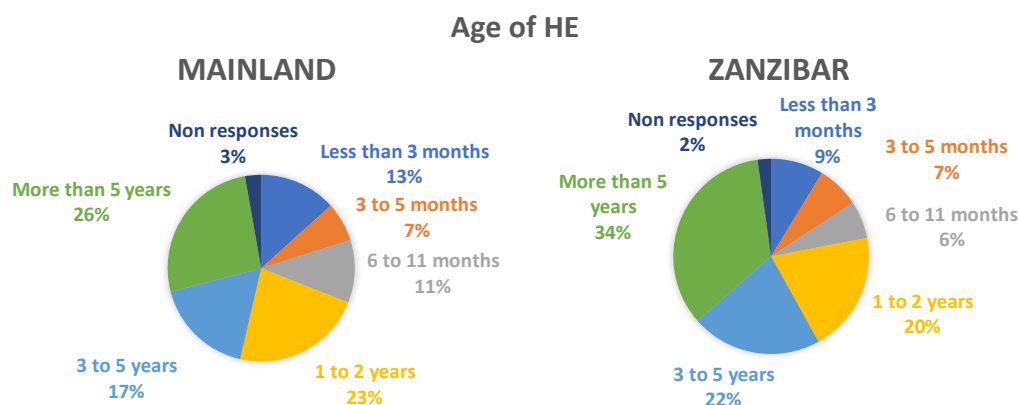
Figure 9. Sectors in which HEs Operate



Source: quantitative database

Most HEs have been operating for more than one year (66% in Mainland and 76% in Zanzibar) and a significant number has been in operation for more than 5 years (26% in Mainland and 34% in Zanzibar) (Figure 10). Male-owned HEs have been operating for a longer time than female-owned ones: 30 percent of male-owned and 25 percent of female-owned HEs have been operating for more than 5 years in Mainland and the difference is even greater in Zanzibar at 43 vs 28 percent). There were no significant differences in HE age by educational level.

Figure 10. Age of HEs



Source: quantitative database

Most HEs are not registered with the business registrations and licensing agency in Tanzania (BRELA): 88.56 percent are not registered. The same is true of Zanzibar where 82.59 percent are not registered with the Business and Property Registration Agency in Zanzibar (BPRA).

Very few HEs keep financial records for their businesses (about 10% in both parts of the country). However, 75 percent of HEs did provide revenue data.

The average monthly revenue of all HEs was TZS 267,199 (about USD 118) in Mainland and TZS 406,511 (about USD 179) in Zanzibar.⁴⁵ As can be seen in Figure 11, HEs' monthly revenue varies depending on owner and enterprise characteristics.

Monthly Revenue Differences according to Characteristics of the Owner/Household:

- **Gender:** Male HE owners in Mainland had average bigger monthly revenues than female owners (difference: TZS 59,342 (USD 26)) while the opposite was true in Zanzibar (difference: TZS 62,590 (USD 28)). However, these differences were not statistically significant.
- **Education:** monthly HE revenues increased as the educational level of the owner increased. In Mainland the differences were statically significant at 1 percent level between those that have at least some secondary education compared to those without it. Although the pattern was the same in Zanzibar, the monthly revenue differences were not statistically significant.
- **Location:** urban HEs tended to earn higher monthly revenues than rural HEs. However, the difference was only statistically significant in Mainland at 10 percent level (difference: TZS 91,412 (or USD 40)).

⁴⁵ All TZS to USD conversions were made using March 2018 exchange rate (1TZS= 0.00044USD).

Figure 11. HE Monthly Revenues



Source: quantitative database

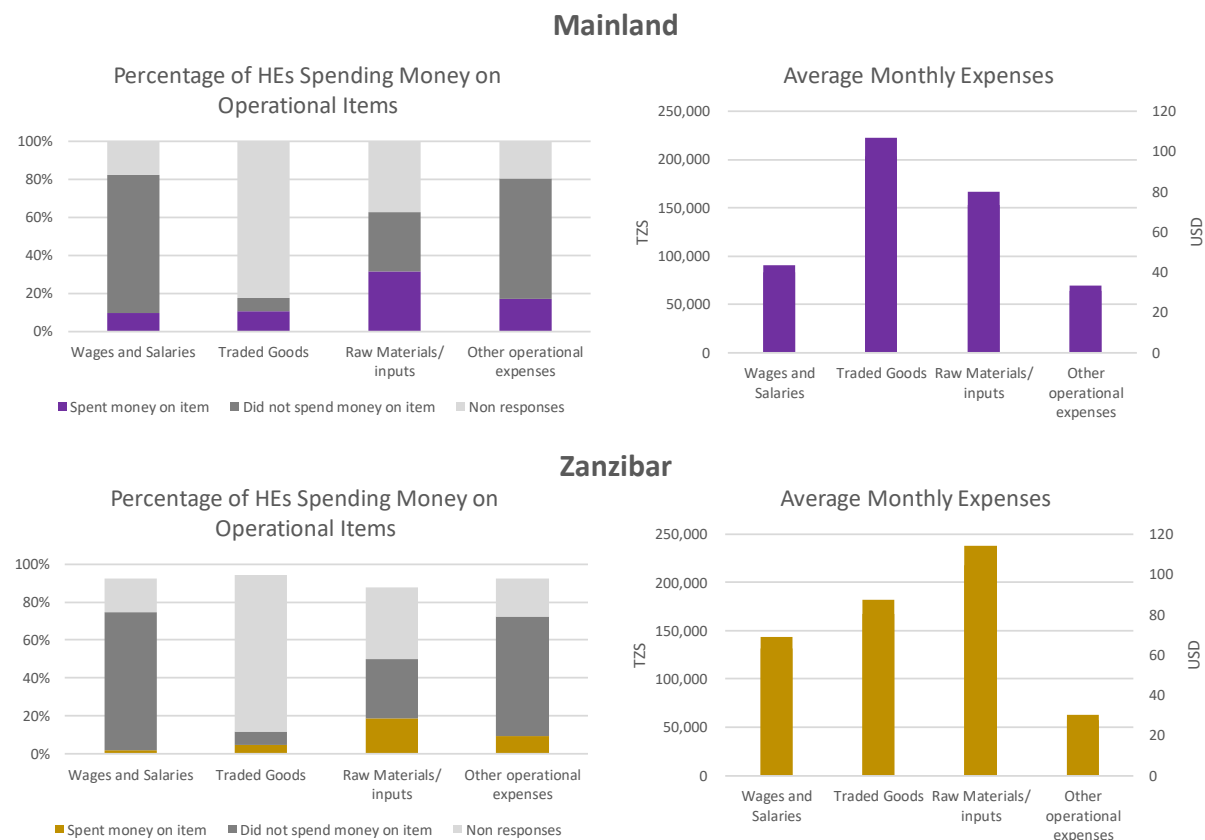
Monthly Revenue Differences according to Characteristics of the HE:

- **HE sector:** HEs in the Trade & Shopkeeper sectors in Mainland had higher revenues than those in the Producer or Services sector. However, the difference is only statistically significant at 5 percent level between the Trader & Shopkeeper sectors and the Producer sector (difference: TZS 136,117 (USD 60)). In Zanzibar, there were no significant differences in monthly revenues.
- **Age of HE:** HE monthly revenues increased with age. In Mainland, monthly revenues increased from TZS 108,151 (USD 48) for HEs with less than 3 months of experience to TZS 297,964 (USD 131) for those with more than 5 years of experience (in Zanzibar revenues increased by more, from TZS 89,926 (USD 40) to TZS 495,074 (USD 218)). Monthly revenue differences were significantly different at 5 percent confidence level between HEs operating for less than a year and those operating for more than a year.

The quantitative survey also asked HEs how they used their revenues. Responses were almost identical in both regions: about 90 percent answered that they paid for household expenses, i.e. food, education, medical, while only 5 percent re-invested the revenues into the business, i.e. equipment, machinery, training. The remaining 5 percent reported diverse expenditure patterns.

Most HE expenses were in traded goods and raw materials/inputs. Figure 12 shows a breakdown of these expenses; results should be interpreted with caution due to non-responses).

Figure 12. HEs Operational Expenses



Source: quantitative database

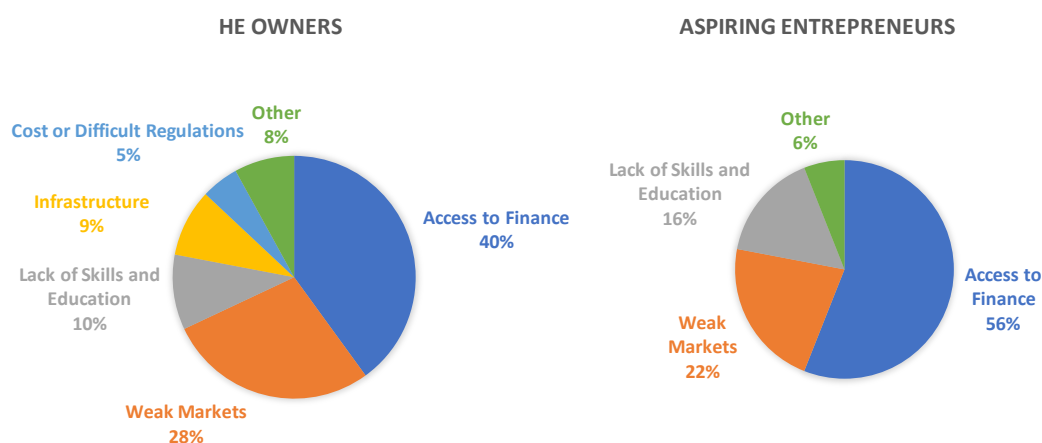
4 Findings

This section highlights major constraints to productivity gains and growth faced by non-farm HEs. The qualitative toolkit was specifically designed to identify HE obstacles, as such the report focuses on these findings and complements them when possible, with data from the quantitative survey and the current literature on HEs in Tanzania.⁴⁶

HE owners and AEs identified similar constraints to productivity. HE owners were asked about the main constraints to being more productive and to increasing HE incomes while AEs were asked about the main constraints to setting up a business. As Figure 13 shows, the main perceived challenge was lack of access to finance: 40 percent of HEs and 55 percent of AEs rated this obstacle as the main constraint. Lack of access to finance includes cost and access to credit, loans, or grants; it was also identified as one of the biggest obstacles to day-to-day operations by the quantitative database.⁴⁷ The second biggest constraint was identified as weak markets for the goods and services that HEs offer 28 percent of HEs and 22 percent of AEs so indicated this in the qualitative assessment. Low product diversification and the high competition that it creates are part of operating in a weak market. The third biggest constraint identified was lack of access to quality infrastructure, including roads, transportation systems, and basic services: more than 9 percent of HEs on the qualitative assessment rated it as main obstacle). This constraint also came third in the quantitative survey and was equally important for HEs in Mainland and Zanzibar. 10 percent of HEs and AEs identified lack of skills and education as a main impediment to starting or growing their businesses. This constraint was also identified in the quantitative survey. Lastly, only 5 percent of respondents rated cost or difficult regulations as a major constraint. A very small number of respondents complained about lack of information, theft and crime, and health/diseases.⁴⁸

MAIN CONSTRAINTS TO PRODUCTIVITY

Figure 13. Main Constraints to Productivity



Source: qualitative survey

In addition to these constraints, participants also highlighted weather conditions as a major risk to their businesses and to their communities' income. Specifically, adverse weather was detected as a major

⁴⁶ As the questions and possible answers of the quantitative survey are not always the same as those in the qualitative toolkit, percentages should be interpreted carefully and comparisons are not always possible.

⁴⁷ In Zanzibar lack of access to finance was the main constraint while in Mainland two other constraints came on top of this one.

⁴⁸ However, for the quantitative analysis, "crime or theft" was highlighted as a major constraint in Mainland.

problem affecting the quality of the current infrastructure and public services making roads impassable, and reducing access to markets or inputs.

The following sub-sections expand on each of the identified constraints to starting, growing, and increasing HEs productivity. When possible, results were disaggregated by household type, gender, and roles (HE, AE, community members/clients (CM)). Respondents also reported on what is keeping them from being more productive and what might help them to overcome these constraints.

3.1 Lack of Access to Financial Resources

The most frequently mentioned constraint to starting, growing, or sustaining a business was a lack of access to financial resources. Nearly half of respondents identified this in the qualitative analysis. In the quantitative analysis, this was a major constraint to HEs in Zanzibar, where half of respondents identified it as the biggest constraint to day-to-day operations and an additional 24 percent identified it as the second largest obstacle.⁴⁹ When asked about the degree of the obstacle, 22 percent of all households interviewed in Zanzibar responded that it was a major one. Women and PSSN beneficiaries in the qualitative assessment highlighted this constraint more often than men and non-beneficiaries. However, there were no significant differences in the quantitative analysis, and no geographical differences were identified. Moreover, lack of funds and capital was the main reason why households not running a HE did not have a business in both Mainland and Zanzibar; it was the second main reason in Zanzibar and third in Mainland for why HEs stop operating (see section 4 for more on households not running a HE).

Some HEs believed that more money would help their businesses grow:

"One of the biggest challenges is that our businesses are small, by the time we are selling the last batch of a stock, we have used part of the returns on other expenses not related to the enterprise. That is why we keep boosting our capital. But if we got slightly bigger capital, we would stock our business to such a level that we can use part of the profit and still run a profitable business." (FGD, Male HE, Geita)

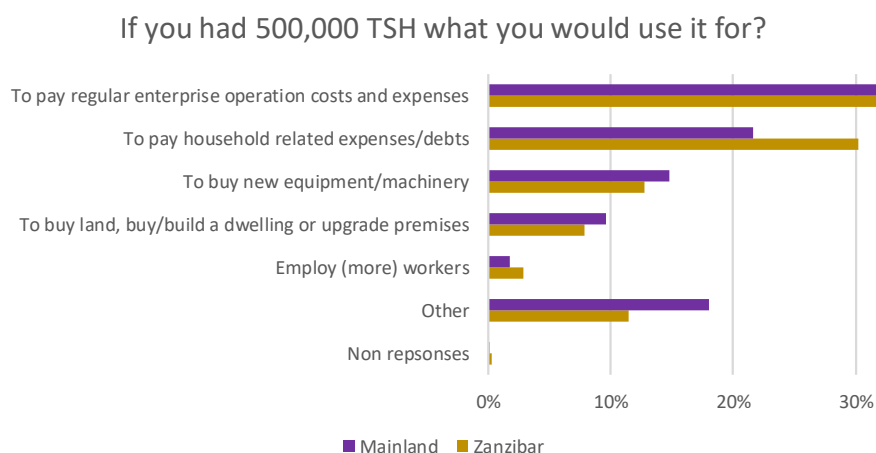
Respondents sometimes faced financial difficulties because they often had to use business money to meet household needs or emergencies. As one participant said:

"The use of money into family responsibilities hinder our capital from growing. We sometimes have to take money from our businesses so that we can use in our daily expenses" (Female HE PSSN++ Beneficiary, Zanzibar).

⁴⁹ In the case of Mainland, about 30 percent identified lack of access to finances as the biggest constraint to day-to-day operations.

The quantitative survey asked HEs what they would do if they were granted TZS 500,000 for their businesses; Figure 14 details these answers. Responses were similar in both regions, more than a third said they would pay regular operation costs and expenses: i.e. raw materials, inputs, and salaries, about 15 percent would buy new equipment, and less than 10 percent would buy land for the HE. Although the question specifically mentioned the grant purpose was for the business, more than 20 percent answered they would use it to pay household-related expenses and debts (i.e. food, medical cost, school, etc.).

Figure 14. Use of Grant for Business



Source: quantitative database

To understand better the constraints suffered by HEs with access to finance, this section is divided into different financial products relevant to HEs, providing an overview of respondents' perspectives on their issues as well as strategies they use to overcome this constraint.

Box 1. HEs and Financial Resources: In the Literature

Overall, access to credit and finance is a challenge in Tanzania. In 2009, 56% of all households did not have access to banking, savings, or credit service. HEs are particularly vulnerable to this challenge, and **many studies have found credit and finance to be the greatest constraint to HEs growth and increased productivity.** For many HEs lack of access to credit is associated with not having a successful business strategy that yields high enough returns to pay back a loan (Kweka and Fox, 2011). Teshome et al (2015) found that none of the beneficiaries participating in their FGDs had savings or a bank account.

Almost half (48%) of HEs that do have access to credit receive it from relatives. This is more common in rural and secondary urban areas than in Dar es Salaam, where 30% of HEs have access from business associations, NGOs, or other projects. However, overall, credit from banks and other financial institutions is less available to HEs than to microenterprises in all regions of Tanzania (Kweka and Fox, 2011).

According to the Bank of Tanzania (2005), there are 1,507 registered Savings and Credit Cooperatives (SACCOS), of which 761 are active with 217,248 members. In 2006, **SACCOS supported 14 percent of HEs.** The reliance of HEs on SACCOS is quite evenly distributed among rural and secondary urban regions and Dar es Salaam (Kweka and Fox, 2011).

In 2006, **rotating savings and credit groups (UPATU)** supported approximately 9 percent of HEs. These groups, locally known as "merry-go-round" groups, meet for a defined period in order to save and borrow together, similar to peer-to-peer borrowing and lending. This type of credit and finance was more common in rural areas (11.3 percent) than secondary urban and Dar es Salaam (4.8 percent and 9.1 percent, respectively) (Kweka and Fox, 2011).

Village Community Banks (VICOBA) are microfinance institutions with self-help groups. VICOBA is a grassroots lending model, which fosters individuals' ability to innovate and manage income generating activities. Through VICOBA groups, groups of up to 30 people meet regularly to save shares and give loans to members. Through VICOBA groups, the group members are expected to save and get soft loans from them by paying a low interest rate which is taken as income to their group. VICOBA groups emphasize capacity building of its members (Lushakuzi, Killigane, and Goodlove, 2017).

HEs struggle with high interest rates. Even when HEs can obtain credit or finance, interest rates are often too high (Kweka and Fox, 2011).

Obtaining credit affects men and women, and youth and adults differently. While 11% of women-operated HEs receive credit, only 5% of male-operated HEs do. Youth face a particular challenge in relation to credit: they are under-age to qualify for a loan and are often more mobile with less unmovable assets than their older counterparts, so lenders trust them less (Kweka and Fox, 2011).

Despite the challenges, Tanzania made excellent progress in bringing financial services to 62% of its population in 2017, compared to 11% in 2006. This progress has made the country a regional leader in the use of digital financial services and putting it on a solid footing to achieve Universal Financial Access by 2020. Tanzania is among the 25 priority countries within the World Bank Group's Universal Financial Access 2020 initiative, whose goal is to enable access to transaction accounts as a first step toward broader financial inclusion (World Bank, 2017). Several authors (including Cook and McKay, 2017; Radcliffe and Voorhies, 2012; GSMA, 2014) have pointed out the benefits that digital finance and mobile banking can have to promote access to financial services among the poor, particularly in rural areas where physical bank branches are expensive to maintain. Benefits also include stimulating innovations in the banking sector.

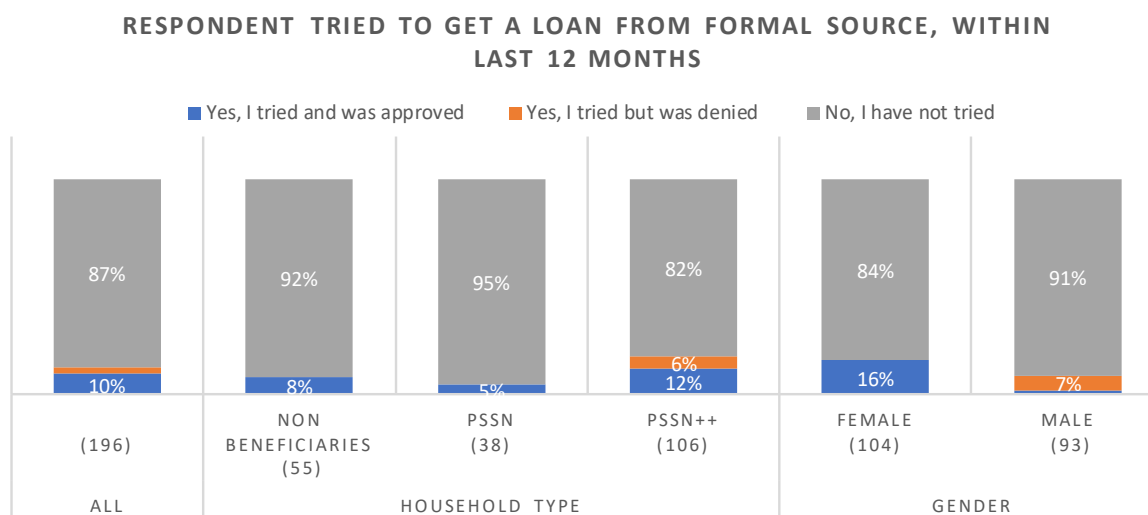
3.1.1 Access to Credit

There are a wide variety of formal and informal institutions that can offer access to credit to HEs in Tanzania. Formal institutions usually include commercial banks, microfinance institutions (i.e. Village Community Banks or VICOBA groups) and NGOs (such as BRAC). Savings and Credit Cooperative Societies (SACCOS) are sometimes considered semi-formal institutions. A total of 5 formal financial institutions were interviewed for the qualitative assessment. These formal institutions provide very similar products (i.e. saving products, credit and trainings), but they target slightly different clients. For example, banks aim at having products tailored to fit all types of income earners (low, middle and high, and children) as well as businesses (small-holder farmers and commercial farmers) while SACCOS and VICOBA groups mainly target low and middle-income earners who have formed and registered self-help groups. VICOBA's local loan groups are particularly popular in Dodoma and Mbeya while the NAMIKA (self-help) group is popular in Geita. Informal institutions include the 'merry-go-round groups', self-help groups, merchant lending, family and relative lending. These informal sources create competition with traditional sources as they offer similar products but with fewer requirements to obtain credit. For example, the merry-go-round groups normally have members contributing a certain amount for a limited period and members

take turns in withdrawing money. The groups are often formed by members of the same family, friends or even people undertaking similar economic activities.

Most HE respondents have not tried to get a loan from a *formal* financial institution in the last 12 months. Figure 15 shows results from the qualitative assessment where, although very few tried to get a loan, PSSN++ beneficiaries were particularly better at getting them (12% compared to 8% of non-beneficiaries, and 5% of PSSN). The figure also shows that women were more successful than men in getting loans 16 percent of women were granted a loan compared to 2 percent of men).

Figure 15. Percentage of HEO who got Formal Loan (from bank or financial institution), within the last 12 months

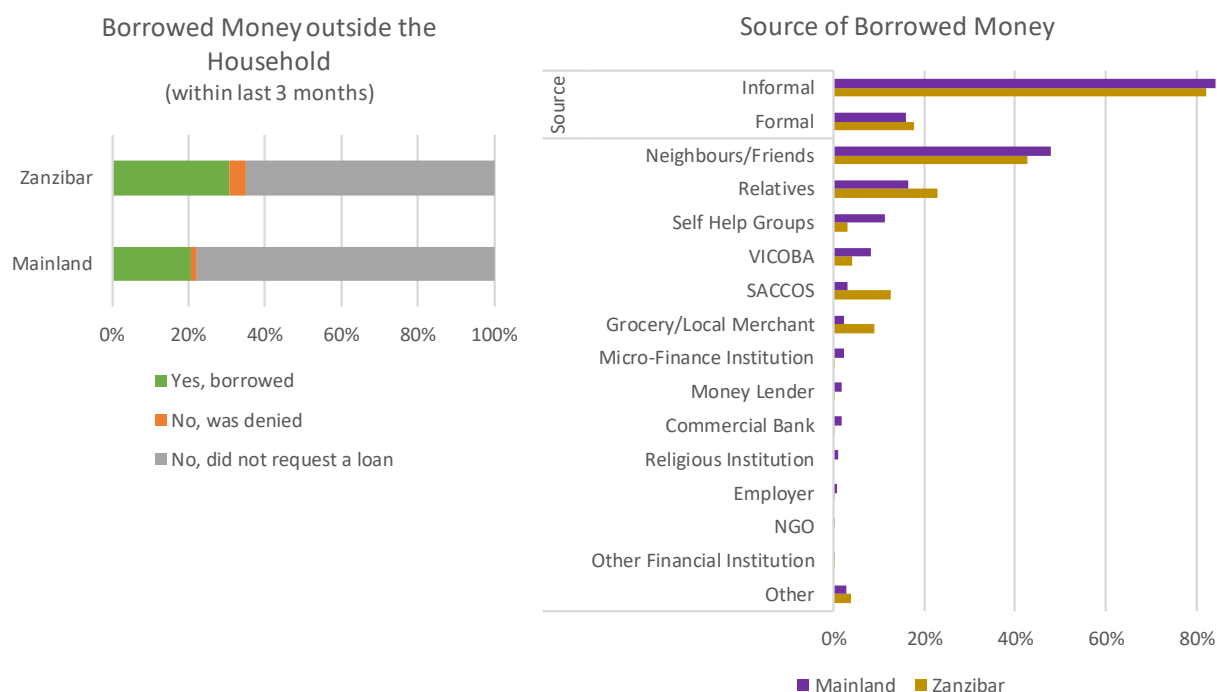


Source: qualitative database

This finding is consistent with data from the quantitative survey in which more than 95 percent of HE owners did not borrow money from a formal source within the last 3 months, see Figure 16.⁵⁰ However, group differences were not statistically significant using this data.

⁵⁰ This percentage includes those who did not borrow any money plus those who did borrow money but from an informal source. The survey did not collect information on borrowing money within the last 12 months.

Figure 16. Household Members Borrowing Money from Someone Outside the Household, within Last 3 Months



Source: quantitative database

When trying to understand what prevents HEs and AEs on getting a loan, we found several issues:

Most HEs do not even apply for a loan - as Figures 15 and 16 show. A female beneficiary said, "Some feel that some banks come, they give the forms, you fill out the forms but then you do not get the money, and the banks never come back." Some respondents declared they had begun the application process, but because they were told they would not receive the full amount they stopped the process. Other respondents complained that institutions were not offering products for HEs: "My capital is very small so I don't see the need of asking for a loan." (FGD, female HE non-beneficiary, Njombe).

Complicated paper work and Procedures. 90 percent of HEs and 93 percent of AEs from the qualitative assessment reported that they do not use formal loans because of the difficulty with meeting their terms and conditions. Even those few who were successful at getting a loan complained about 'the process being long' or 'getting the loan after several hurdles' (see Box 2). One loan recipient explained that to speed up the process she was given the opportunity to pay a bribe, but she refused. Many FGD participants prefer to use local loan groups like VICOBA because they are relatively easier to work with: "A local loan is easier to repay than from a financial institution" (FGD, AE non-beneficiary, Morogoro). In the quantitative analysis, 25 percent of respondents in Mainland and 32 percent in Zanzibar identified complicated paper work procedures as the main obstacle to accessing financial resources.

Making periodic payments is difficult. 15% of respondents of the quantitative analysis in Mainland and 11% in Zanzibar said that the main obstacle to accessing finance is the risk of not having a very stable business, which means that they may not be able to make regular payments and furthermore, may have property or belongings repossessed. "No, I do not think I will manage the regular

contributions because my business is not stable. I have so many family responsibilities and so I cannot manage. I fear because I have seen some of the community members' stuff being taken as a result of credit" (FGD, female, HE beneficiary, Njombe). "If you fail to pay your debt they may take your stuff, like houses or furniture. It may lead to the fall of your business because you may take a loan (from the group) and your business does not do well, they don't care about that what they want is their installment." (AE non-beneficiary, Njombe).

High interest rates. 18 percent of respondents to the quantitative analysis in Mainland and 4 percent in Zanzibar reported that the level of interest rates was often too high for them to consider taking a loan: "High interest rates from financial institutions are the reason why I have never tried to get a loan" (Male HE PSSN beneficiary, Mbeya); "I have heard the Interest rates are very high" (FGD, Female HE non-beneficiary, Njombe).

Lack of collateral was identified by 12 percent of respondents of the quantitative analysis in Mainland as the main obstacle on accessing finance, this figure was 6 percent in Zanzibar Lack of familiarity with application process. Some respondents said that the only information they had on applying for a loan was what others had told them about loans. "We never tried to get loan from Banks because we don't have clear information on loans processes and strict conditions like high collateral rate" (Female HE PSSN++ beneficiary, Dodoma.) This was not reported as a major impediment to getting a loan.

Box 3. HEO Successfully Obtaining a Loan Through Group Effort

"We are a group of 25 women organized in a group called Tumaini Group. We made our group constitution and we brought it to the Ward office and it was approved. Then we made an application for a loan at NMB bank, we went for passport size photos. After that we were able to get a loan of Tsh1M (~450 USD).¹ The main challenge was that the process was cumbersome; there were so many go and return trips. Once we had our passport size photos, we were told to go and take other photos. Then the other challenge was money, we were asked to process our group seal/logo but at that time we had no money. So, we took time before we could do it, but at the end of the day we were able to get the loan." (FGD, Female PSSN beneficiaries, Mbeya)

Box 2. Voice from the field

For the communities interviewed in the qualitative assessment, there is a lot of preference to use informal institutions rather than formal ones, some reasons are:

Cost: formal institutions are perceived to charge a higher cost than those charged in informal institutions. For instance, to open an account with a formal institution one might need passport photos, photocopy of an identification card, and a letter from the village executives or village elders. For the informal account, the required contribution is always sufficient indication that one has an account.

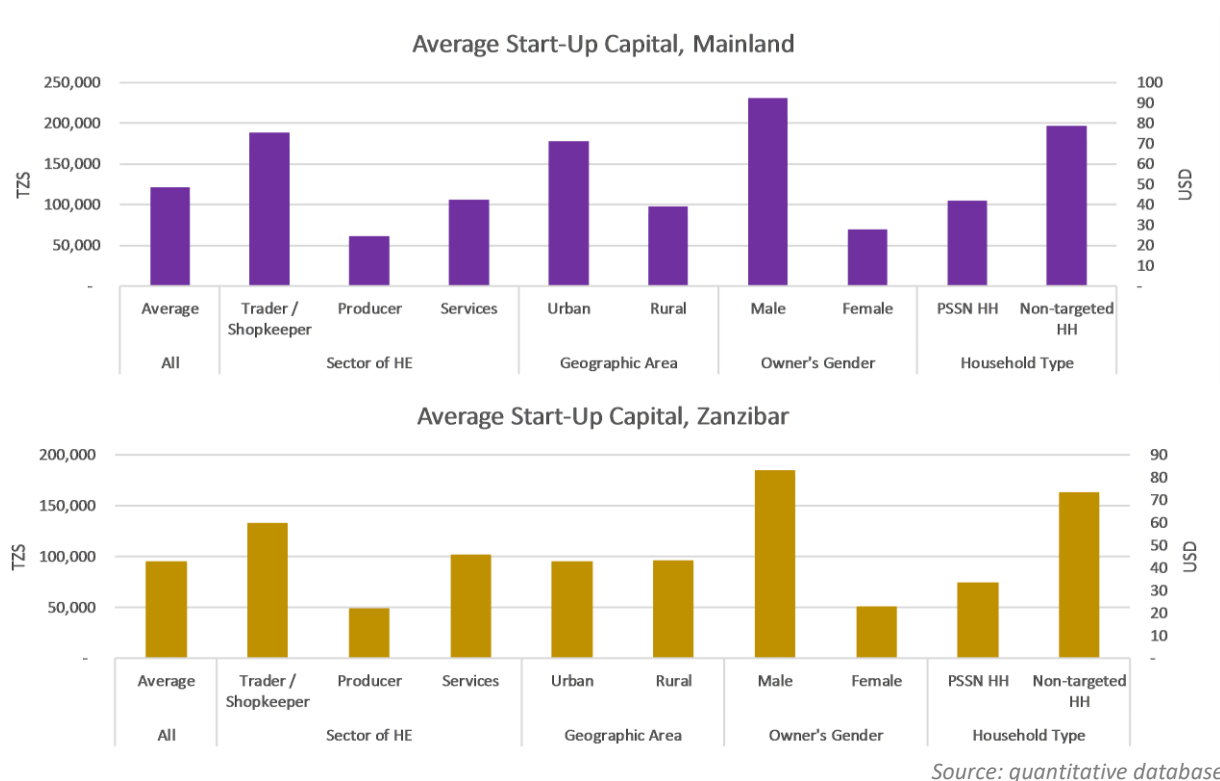
Accessibility: Formal institutions are mainly located in urban centers/ towns, which in most cases are located a long distance from the villages.

Procedures: formal institutions have many more procedures as opposed to the informal institutions. For instance, if a person wants to access their savings from the formal institutions, there are certain procedures to be followed before one can access their savings. Instead, for the informal institutions, one can simply send another person to get their money on their behalf.

3.1.2 Start-up Capital

The average start-up capital for all households with at least one HE was TZS 110,843 (USD49) in Mainland and TZS 95,877 (USD 42) in Zanzibar.⁵¹ The quantitative survey collected information on the amount of capital that was required to start-up the HE, showing significant differences among groups. Figure 17 shows HE sector- and location-specific differences as well as differences by owner's gender and household type. HE start-up capital in the Trade/Shopkeeper sector was about 3 times higher than in the producer sector and 1.5 higher than in the services sector. Urban HEs start-up capital in Mainland was almost 2 times higher than rural HEs; in Zanzibar the averages were about the same. HE start-up capital for male owners was 3.5 times that of female-owned HEs. Lastly, the start-up capital of non-beneficiary households was almost twice that of PSSN beneficiaries.

Figure 17. Average Start-Up Capital, Non-employers



The main sources of start-up capital are as follows and are listed in order of importance, see Figure 18: **Own Savings:** 54 percent of qualitative assessment participants reported using their own savings to start their business; 62 percent of respondents to the quantitative assessment in Zanzibar and 33 percent in Mainland also indicated that they had used their own savings. Respondents recognized the efforts they have to make in order to accumulate savings. For example, AEs usually work for as casual laborers or have a small subsistence farm, both making small-amounts of money. As a Male AE non-beneficiary from Njombe mentioned "We are working on people's business so that we can get money to save so that later

⁵¹ All TZS to USD conversions were made using March, 2018 exchange rate (1TZS= 0.00044USD). About 48% of interviewed HEs responded to this question.

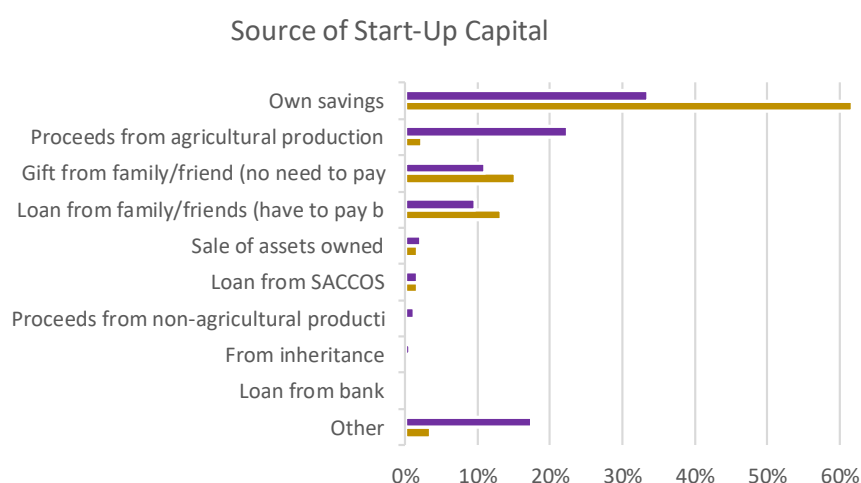
we can start our own business." Other male AE PSSN beneficiary from Mbeya said "We would farm and harvest, then sell what we have harvested and use the profit we make to start our businesses."

Earnings from Agricultural Production: 22 percent of respondents to the quantitative survey in Mainland said that they earned most of their savings from farm produce or livestock sales.

Gift or loan from Family and Friends: 19 percent of qualitative assessment participants; 21 percent of quantitative assessment respondents in Mainland and 28 percent in Zanzibar reported having received the finances that they needed from a friend or family member, in the form of a gift or a loan. Focus group participants described how difficult it was to borrow from people they know, they also described how the harvest seasons made a huge difference in the amount of money that friends and family had available to loan to others (see Box 4 for voices of the field).

Other sources included: local loans from SACCOS, sale of assets, inheritance, and loans from formal banks.

Figure 18. Source of Start-Up Capital



Source: Quantitative database

"Nowadays it is hard to get a loan from the people in your life. Everyone is complaining that life is hard and even if they will borrow you, they would want you to pay them back in interest which may even be big" (Male AE PSSN beneficiary, Mbeya).

"My wife gave me 80,000tsh [~\$35 usd] that she saved from TASAF, and I borrowed 200,000tsh [~\$90 usd] from a friend. (...) With this money I bought 160 chickens, which I later sold for 417,000ths [~\$186 usd]."¹ With the profits I bought (...) two bicycles that I and my wife use to reach other towns to sell our products." (LSI, male PSSN++ beneficiary, Morogoro)

"I have 3 acres of land, which I inherited from my mom, (...) where I harvest sorghum for family consumption and cashew nuts for business." (LSI, female, PSSN++ beneficiary, Mtwara)

"I will take a loan from my friends, especially, during the cashew nut harvesting time since the majority of people will have a lot of money after selling their crops; so, it will be easy for me to get a loan from them" (Male AE PSSN++ beneficiary, Mtwara)

3.1.3 Bank Accounts and Mobile Banking

Bank Accounts

About 90 percent of households that operate or own an HE in Mainland or Zanzibar do not have a bank account. Moreover, only around 3 percent of HEs have savings in their bank account. This is consistent with the fact that 92 percent of HEs in both parts of the country pay in cash for the inputs needed to produce/provide the product/services they sell (quantitative data source). Kweka and Fox (2011) have also documented that between 80 to 90 percent of HEs have no access to banks for saving and credit in Tanzania.

Mobile Banking

In Tanzania, there is huge potential for digital finance and mobile banking to deliver financial services to those families living in communities where there are no banks. The quantitative analysis shows that 72 percent of households with an HE in Mainland and 88 percent in Zanzibar have a mobile phone, this is similar to the regional coverage obtained from Key Informants (see Table 6).⁵²

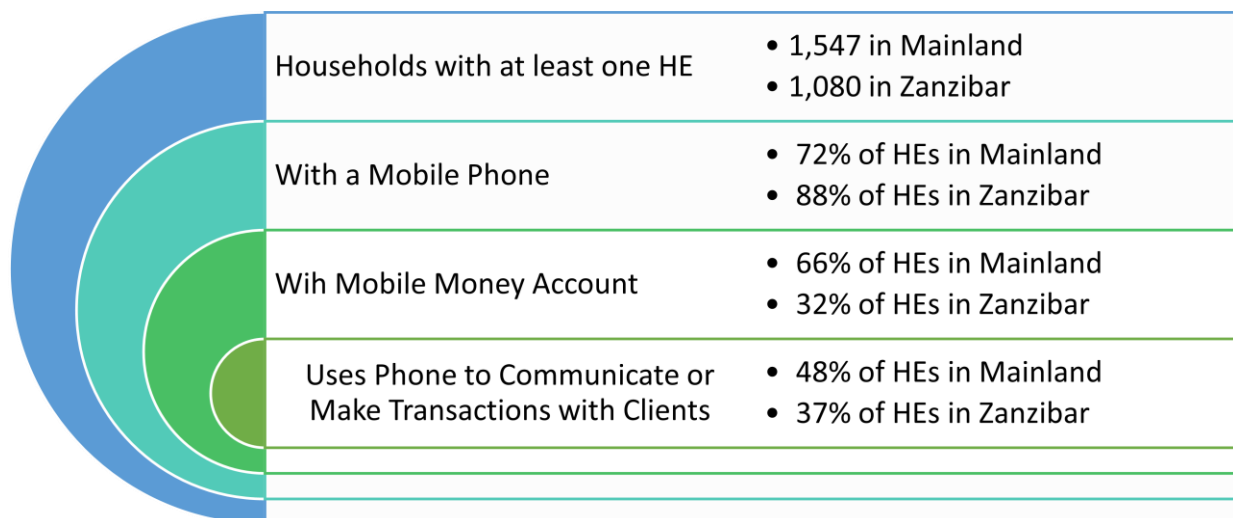
Table 6. Estimated coverage/access to mobile phones. Information obtained from Key Informant Interviews (such as community leaders) and from observation

Community - Region	Access to mobile phones	Access to electricity
Madoto -Morogoro	About 75% of hhs	About 55% of hhs have access to electricity, the rest use solar power.
Mgedela - Njombe	About 80% of hhs	About 60% of hhs use electricity. The rest use kerosene and/or solar.
Pangawe -Zanzibar	About 90% of hhs	More than 80% of hhs use grid power for lighting.
Iwalanje - Mbeya	About 65% of hhs	There is no grid electricity in the village. Approx. 45% of hhs use solar power and/or kerosene or wood fuel.
Mlowabarabaran – Dodoma	>90% of hhs (some use mobile money)	About 85% of hhs are connected to the national grid.
Kasamwa - Geita	About 85% of hhs	About 50% of hhs are connected to the national grid.
Ekenywa- Arusha	>90% of hhs	Only the northern part of the village has access to electricity
Namkuku- Mtwara	About 50% of the hh	About 40% of hh have access to electricity from nation grid

Not every HE with a mobile phone has a mobile account (or uses it) and not every HE uses the phone to communicate with clients. As can be seen in Figure 19, only 32 percent of HEs in Zanzibar have a mobile phone account and only 37 percent use the phone to communicate with clients, despite 88 percent having a mobile phone). In Mainland, the gap is not as big: 72 percent of HEs have a mobile phone; 66 percent has a mobile money account; and almost half use it to communicate or carry out transactions with clients.

⁵² The percentage of households with a mobile phone was significantly lower (56.5%) for households without a HE.

Figure 19. Household Mobile Phone and Mobile Money Account Usage



Source: quantitative database

Some HEs use technology for financial transactions, but many respondents to the qualitative assessment explained that they do not use mobile banking for, in part, because they do not know how it works.

Box 5. Life stories - Mobile money (See other life stories in Annex 5)

"I recently started sending money to suppliers using a mobile money account. I can send money in installments and also accept payments from my customers in this way." (Female PSSN++ beneficiary, life story, Njombe)

"I use mobile money [to make some financial transactions] with clients or to pay for farm inputs." (Male, PSSN++ beneficiary, life story, Dodoma)

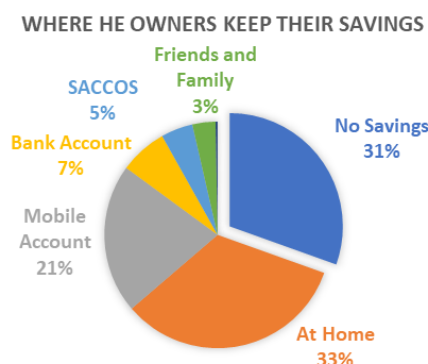


3.1.4 Savings and Savings Groups

The quantitative survey collected data on HE savings: if they have savings, and where they keep them. Figure 20 shows that 31 percent of HEs do not have savings; 33 percent do have savings and they tend to keep them at home. Only 7 percent of HEs kept their savings in a bank, 5 percent used SACCOs and 3 percent kept savings with family and friends. 21 percent of HEs has a mobile money account. The distribution was about the same for Mainland and Zanzibar.⁵³

⁵³ This analysis excludes non-responses which were 61% of households with at least one HE. If non-responses are interpreted as households without savings, then, about 72.7% of HEs do not have savings.

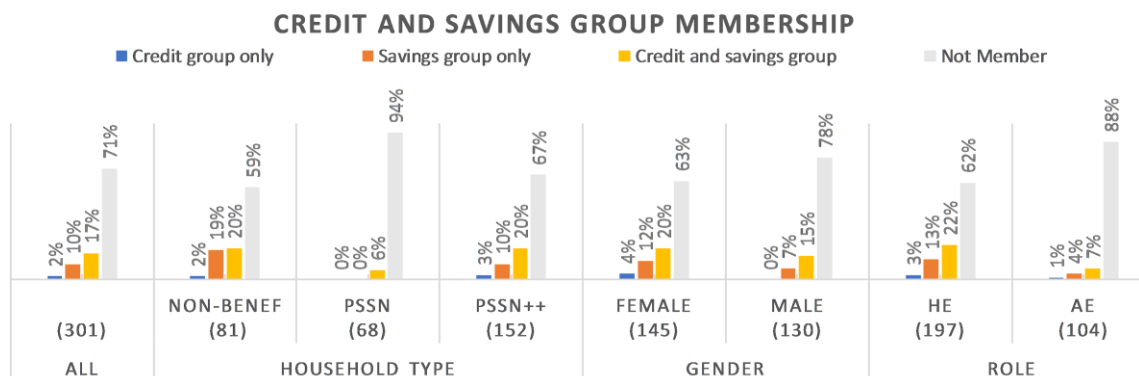
Figure 21. Where HEs Keep their Savings



Source: quantitative database

These findings are consistent with the qualitative assessments where most participants declared that they were not members of any savings or credit group. As Figure 21 shows, 31% of respondents said that they have not participated in any such group within the last 12 months. It is important to note that participation in these groups is voluntary for all TASAF beneficiaries. The analysis does not have access to data from different points in time, and so cannot conclude with certainty if participation rates are steady, increasing, or decreasing. TASAF's implementation reports show that around 7,000 saving groups have been formed since 2013, based on which, it might be safe to assume that rates are increasing. An increase of 7,000 savings groups with more than 133,000 participants represents 76 percent of the 2019 end target.

Figure 20. Membership in credit or savings group



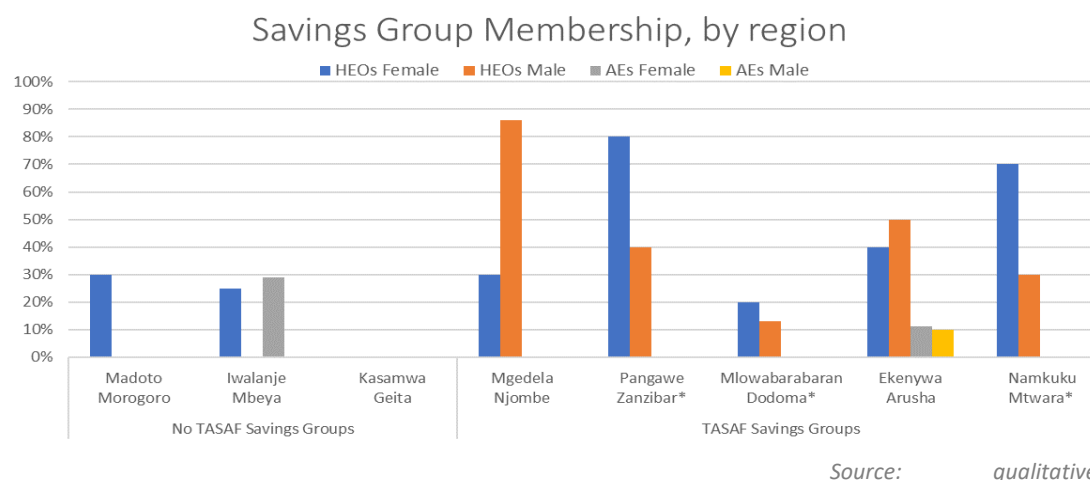
Source: qualitative database

Participation in savings and credit groups varies by household type, gender, and role in the HE sector. Participation was 33 percent for beneficiaries of the PSSN++ component higher than beneficiaries of the cash transfer component only, at 6 percent.⁵⁴ Women also tend to participate in these groups more than men at a rate of 38 percent versus 12 percent. This could be related to the fact that women are more often the direct recipients of the TASAF cash transfer. We also noted that 35 percent of HEs participate in savings groups, more than AEs, where an average of 11 percent participates. This is expected as business owners might have more money to contribute to the group than their paid or unpaid workers.

⁵⁴ For this question it might be misleading to compare beneficiaries of the program with non-beneficiaries, since the former are poorer.

There are also overall regional differences in savings and credit group participation, and these differences remain apparent when disaggregated by gender and by role in the HE. Figure 22 shows how savings groups in some regions have little or no participation, even when TASAF's savings group and/or the LE component was present. For example, Geita has no members and Mbeya just 4 out of 33 (both regions have PSSN-only coverage). Membership was highest in Njombe and Zanzibar followed by Mtwara, Arusha, Morogoro, and Dodoma. Even within regions, there are differences depending on the gender and role of respondent in the HE. For example, in Zanzibar 70 percent of women who own an HE reported being involved in local credit and/or saving groups.

Figure 22. Participation in community savings and/or credit groups (HE and AEs, beneficiaries of PSSN)



FGDs identified that when people are not members of these groups it is generally because they worry they will not have sufficient funds to make regular payments, similar to why they don't borrow money. This is true for beneficiaries and non-beneficiaries. Some also mentioned that they are not familiar with how these groups work, so they would rather not participate. There did not appear to be any barriers to participation in any of the communities, one PSSN++ beneficiary noted: "anyone can be a member if they see the importance of them" (FGD, Male HE PSSN++ beneficiary, Arusha). Suspicion or fear of credit and savings groups is also common among those who have the option of participating in savings groups via the TASAF PSSN++ savings intervention in the five communities visited. For example, in Morogoro, a few years ago a savings and credit group (not from TASAF) was formed in the village, and organizers ran away with the money. Since then, villagers no longer trust such channels for saving and lending money, but they still get involved in merry-go-round groups with close friends.

Box 6. Perceived challenges of being part in local savings or credit groups

"Our businesses are small and therefore we cannot get enough to put aside in a savings group" (FGD, Female PSSN, Geita)

"I would like to but I fear because of the stories I've heard of people losing assets because of loans" (FGD, Male HE PSSN++ beneficiary, Morogoro)

"I would like first to get educated on these groups. We have heard of them but not sure how they will operate, the benefits and the disadvantages of being in them. We need to learn about the saving requirements" (Female HE PSSN Beneficiary, Geita).

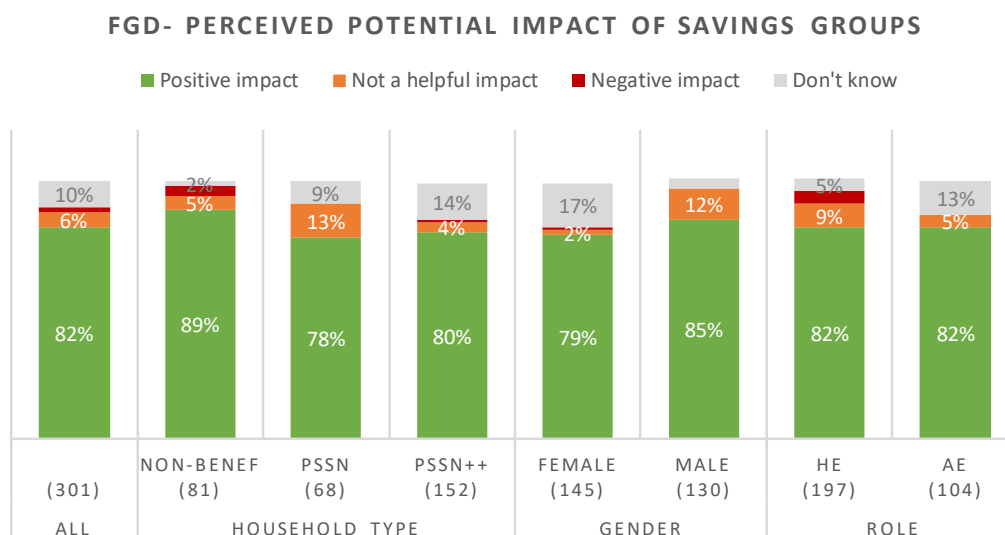
"We would like to as long as the contributions are affordable, many groups are not friendly to poor people like us" (Female HE non-beneficiary, Njombe).

"My business is still in the initial stage I don't have money for contribution because every week we are supposed to put some money as our share" (Female HE PSSN++ beneficiary, Zanzibar).

"There was a local group called 'Yes, I do' where my husband contributed money but some of the organizers ran away with the money." (FGD, female, HEO, non-beneficiary, Morogoro).

Despite people's reluctance to engage in savings clubs, many see that they could have a positive impact on their business; those who are members are satisfied with the experience. Figure 23 shows that the perceived potential benefit of savings groups is high irrespective of household type, gender, and role in the HE sector. Moreover, those who are members are generally happy with the groups (see box 7 for fragments of their voices) and did not mention anything negative. Members did not validate the fears that non-members have with the difficulty of keeping up with payments. The main constraint to joining savings groups, where available, is a combination of perceived fear and lack of awareness of potential long-term benefits of being a member.

Figure 23. Perceived potential impact of savings groups on business



Source: qualitative database

Box 7. Positive experiences from local saving groups

"We are part of a savings group but we can also get loan from (it)"
"This group is helpful because if you have a small amount then, you can increase it. [...] this can help us expand our businesses" "it is a safe place to keep our money." (FGD, PSSN female beneficiaries, Zanzibar)

"I got a loan from the (local savings) group which I used to start building the structure where my shop is now located. I also bought equipment and supplies for my tailoring (...) businesses." (Life Story, female beneficiary, Zanzibar)



"At home, I may use the money at any time but in these groups, there are procedures that will hold me accountable for my savings" (Male HE PSSN++ beneficiary, Dodoma).

"It leads to me work hard so that to find money for weekly payments" (Male AE PSSN++ beneficiary, Arusha).

"They ('merry-go-round'-village based saving groups) are a good way of saving in order to sustain family and also to boost business when it is your turn to receive the money. I was able to boost my mandazi (cookies) business where I started with 1 kg of baking flour and now am able to cook even 5kg of baking flour." (Female, HE non-beneficiary, Arusha)

"I will learn different new things from people in the group apart from getting the opportunity of being granted a loan" (Male AE PSSN++ beneficiary, Dodoma)

"Yes, groups are helpful because people share ideas (business and general life). They are beneficial for social development" (Female AE PSSN++ beneficiary, Dodoma)

"You can have a place to do your savings. It is also a place where you can exchange ideas. In case of emergence, these groups are the places where you can get a quickly help" Female HE PSSN++ beneficiary, Arusha).

Respondents mentioned that there are 'self-help' groups, which community members used to help fellow members in an emergency. For example, these groups help pool money from community members for someone who had a deceased family member. However, these groups are not specifically targeted to helping business in the way that savings groups are.

3.1.5 TASAF Program's Cash Transfers

The TASAF program was designed as a social assistance program, and with the goal of "enabling poor households to increase incomes and opportunities while improving consumption." To this aim, Community Member Coordinators hold regular meetings with beneficiaries of the PSSN cash transfer component before providing the money. Although these meetings do not have a specific discussion agenda, they were designed to educate recipients on the benefits of using the money on health, education and, to some extent, to start an income-generating activity. Beneficiaries of the TASAF programs do not consider the program to be specifically aimed at starting or expanding a business. Visits made to villages during the assessment indicate that some beneficiaries used the money to start or expand their

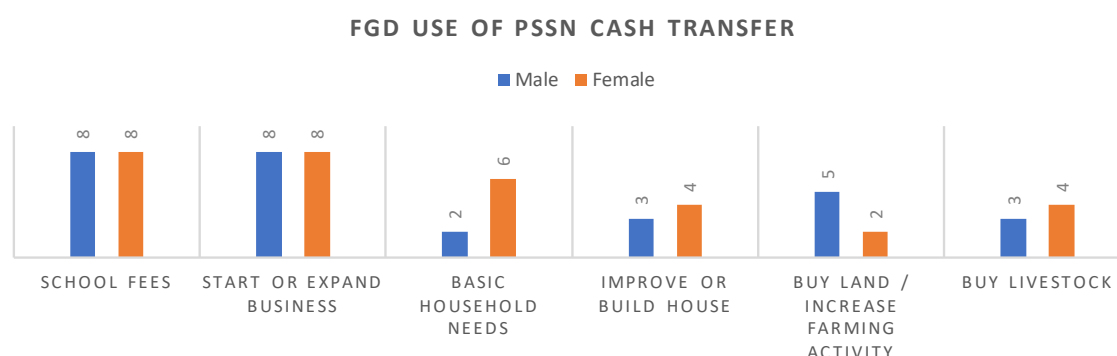
businesses and some were encouraged to start or invest in farming activities. The main findings on each type of beneficiaries of the TASAF program: PSSN and PSSN++ are described below.

PSSN: Cash Transfer Component

In general, PSSN beneficiaries are extremely positive about the program and can specify how they used the transfer. There were no clear differences between PSSN and PSSN++ beneficiaries in terms of what money was spent on, but there were some differences depending on beneficiaries' gender. Figure 24 shows potential use of the transfer as identified by beneficiaries:

- School fees for children or grandchildren
- To start or expand a business
- To supplement daily household expenses, including food and healthcare. Women tend to use money more often for this category.
- To build or improve their homes or the homes of other family members.
- Men tend to put money towards farming activities.

Figure 24. HE FGD use of cash transfer money



Source: qualitative database

The use of the transfer is also reflected on Life Stories of the qualitative assessment (see box 8).

Box 8. Perceived benefits from TASAF cash transfer (beneficiaries) - (See other life stories in Annex 5)

"TASAF's cash transfer program has been useful for community members because it helps to cover basic needs such as school uniforms for our kids and food" (Male, PSSN beneficiary, Life Story, Geita)

"Before TASAF, people used to eat a meal per day; now many villagers are able to afford at least two meals." (Male, PSSN++ beneficiary, life story, Dodoma)

"Before TASAF life was very difficult but now life is easier" (FGD, Female HE PSSN++ beneficiary, Morogoro).



Most non-beneficiaries were also positive about the program's impact on beneficiaries. They explained how it helped to lift the very poor out of poverty and improve the general economic situation in the

community. However, in a few cases, respondents were a bit more tempered in their assessment, noting that there should be more control over how beneficiaries use the money (see box 9).

Box 9. Perceived benefits from TASAF cash transfer (Key informant)

"This [TASAF cash transfer] is a good project but like I said it depends on how the cash received is used. Everyone in the village will know that there is some money expected because a person will go and get local brew on credit and promise to pay as soon as they receive the cash from TASAF. However, in the same village there are individuals who have started poultry businesses that are doing well and are able to generate income to support their families. It is important to educate community members on how well to use the cash they receive. If there is a follow up program I believe there will be good use of the funds but if there are no follow ups then it means people will misuse the funds. If TASAF can link their programs with the local government it would be great because people will have a sense of responsibility when using such funds" (KII, Male Dodoma).

Another KII with a TASAF staff member in Geita had a similar recommendation, because she had observed misuse of money: "There is a case I solved where a husband was taking a money for his own use instead of buying family need so we sat with them, husband and wife, and told them the aims of TASAF money ... finally the husband changed his habit."

Box 10. Voice from the field TASAF's cash transfer program

TASAF's Cash Transfer Program

TASAF is known by almost all community members in the study areas because of the positive benefits in these communities. It is clear in most of the villages that the PSSN program has, intended and unintended, positive outcomes.

TASAF PSSN program cash transfer recipients are mostly women who, in many cases are very old. The beneficiaries feel that there is a significant change in their lives that has come up as a result of being beneficiaries to the program, as evidenced by their life stories. Families that initially used to have a single meal in a day are now able to afford two or three meals a day. Basic social amenities such as education and health are now more affordable for these families, so they are now healthier than before participating in the program. Some recipients have benefited greatly from the cash transfer program; they are more able to pay school fees, and to buy uniforms and books. Many can now afford medical expenses for their families or have been able to renovate their homes and start small businesses using the savings from the TASAF cash transfer. Many beneficiaries are torn between using the money for their daily needs or investing in small businesses as encouraged by TASAF; funds are often used for household consumption.

Some people complain that the amount of money from the cash transfer program is little, but the benefits of it can be seen to depend on the recipient's priorities. Some families have improved their economic and social well-being with their cash transfers and this analysis measures long-term benefits to communities by this standard.

Public Work Program: cash for work

Beneficiaries of the PSSN++ cash for work program (PWP) and community members are positive about the program. They welcome the changes and are grateful for the improvements as a result. Some people value cleaner streets and better organized public places: "Yes, the programs have been useful for the community because the environment are clean after being cleaning by the TASAF's beneficiaries" (Male AE PSSN++ Beneficiary Mtwara). Some also understand the economic potential of the new cashew trees planted thanks to the program in Morogoro. In Dodoma, respondents have reacted positively to irrigation

system that was installed, which helps improve farming activities; they are also excited about other projects such as a dam and road repair).

Box 11. Positive perception about the PWP

"There is TASAF (cash for work program) where we plant trees and dig a well. We get paid and we are able to afford food, medical care and other family needs. Through that program I (and many people) were able to start small enterprises. The program has reduced dependency a lot in the village because many a people have started businesses and others have boosted their existing business." (FGD, Female AE PSSN++, Dodoma).

"We now have access to water in our community through the dam. (...) We are able to transport our products to Makangwa due to the paved road" - FGD, Male HE, PSSN++, Dodoma)

"The (public works) program has been useful for the community members because now we have a shallow well to store water and with the planted trees we can attract more rains." "We also paved a road which facilitates the transportation of products." (Life Story, male, PSSN ++ beneficiary, Dodoma)

Respondents who participated in the PWP have used their earnings on daily needs, improving their homes (e.g. iron-roofing), school fees for children, and expanding or starting a new business. They have started farm-related businesses with livestock, and some have had cashew nut trees planted, although they have yet to reap the rewards as the trees are still young.

PWP participants also have complaints regarding the payment for their work. Beneficiaries in Mtwara, Morogoro and Dodoma have not yet received payment or are experiencing delays in getting paid. "Many have not received their pay for work done in December last year, some of us were paid in April but some not yet" (AE female, PSSN ++ Dodoma) "We received payments after four months. (...) we prefer being paid more frequently" (CC, PSSN++, Dodoma). Even non-beneficiaries know about this issue, which gives them a negative view of the program. A recent study from ISPA (2017) conducted in 10 villages in 4 districts identified that PWP payments were made up to 2-3 weeks after working for 15 days. In some villages some payments were delayed by up to three months. FGD participants indicated that more efficient payment would be immensely beneficial to recipients/workers.

Another limitation of the program is that some beneficiaries are older women who may lack the physical strength to work. ISPA (2017) found that the participation rate for women was more than 70 percent. Although the work could be carried out by any household member able to work (one per household beneficiary from the PSSN),⁵⁵ most women tend to work themselves as they are benefit recipients. This study has found that some beneficiaries volunteer their younger family members for the public work projects in their communities. Older beneficiaries without younger family members may lose the opportunity to make additional money.

Some PWP participants interviewed for this study mentioned that they received injuries while working due to the lack of proper work attire, tools or equipment. The ISPA study (2017) also found that personal protective equipment/gear was not uniform across subprojects., Others got sick (rash, flu) while working but health care was not provided.

⁵⁵ More than one household member may participate if they split-up the number of days to complete the scheduled cycle.

3.2 Weak Markets

Despite lack of finance, the analysis suggests that “Weak Markets” is the main constraint to HEs' growth. FGD participants reported not having a strong market for the products they sell due to poverty in the community, small markets, low diversification and demand for their products. These factors condition HEs profitability.

Box 12. HEs and Access to Active Markets: In the Literature

A major factor that affects the quality of HEs businesses is **proximity to towns and markets**. One study showed that in rural Kagera, HEs as a supplement to farm-based activities assisted people in getting out of poverty only if they had access to towns and markets (De Weerd, 2009).

In another study, a key recommendation to improve and enhancing HE productivity was access to customers and markets, physically or virtually (Morisset and Haji, 2014).

Most HEs are run out of owners' homes or are mobile. Only 8.8 percent of HEs are located in a permanent building outside owners' homes compared to 35 percent which are located in homes and 25.4 percent which are mobile (e.g., *Machingas*). Slightly more HEs in rural areas (36.7 percent) are conducted out of owners' homes than in Dar es Salaam and other urban areas (30.4 percent and 30.2 percent respectively); fewer HEs in rural areas (7.4 percent) are located in permanent buildings other than homes (compared to 10.3 percent and 11.1 percent). However, far more HEs are mobile in rural areas (30.6 percent) than in Dar es Salaam and other urban areas (18.4 percent and 16.9 percent, respectively) (Kweka and Fox, 2011).

3.2.1 Poor Community and Clients, Small Market

Due to the general poverty level, consumers do not have sufficient money to buy and generate a solid market place for HEs nor they can diversify their products and services. Lack of clients was the main reason in Zanzibar for HEs to stop operating (source: quantitative survey), in Mainland it was the third most common reason. Poor harvests greatly affect community members' purchasing power to buy HEs' products and services and low product diversification increases the degree of competition among HEs. From FGDs, 76 percent face this issue 'always' while 13 percent face it 'sometimes.' Those who never face this level of competitions are almost entirely non-beneficiaries of the TASAF-III program, and are relatively richer and have more successful businesses than its targeted population. The following are some voices of HEs who have to deal with poor markets and high competition:

- *"[We have] low selling price of commodities [products]; we [still] sell simply because we don't have a market in our village, so we are forced to sell at low price. Some goods like tomatoes are being wasted due to lack of market"* (Female HE PSSN++ Beneficiary, Dodoma).
- *"There are very few customers; there is high competition amongst ourselves especially because of having similar businesses within our community"* (Female HE PSSN Beneficiary, Geita);
- *"We do have competition in our businesses due to the fact that most of the people are now doing businesses and in our village, we have few opportunities (businesses are very similar) hence when starting business, you will end up doing the same business that others are also doing"* (Female HE PSSN Beneficiary Mbeya);
- *"Few buyers and high competition. Few buyers because of low money circulation. Now we are in a bad economic situation hence no buyers. There is competition in our businesses as in one street"*

you may find most of the people are dealing with the same kind of business" (Female HE PSSN++ Beneficiary, Zanzibar);

- *"It used to be better back then [5 years ago], there was good money circulation comparing with now"* (Male HE PSSN++ beneficiary, Arusha).

A related problem to operating in a poor community is that clients are unreliable, even large ones. A mechanism used by HEs to attract and secure customers is to offer their goods and services on credit, but clients do not always pay. Another common complaint is that customers would place large orders and then fail to buy them. No or delayed payments impact HEs' expected income and their business's purchasing power.

- *"Due to low income of the customers many of them need services on credit, so they stay with money, and we entrepreneurs when we want to buy other goods we can't"* (Male HE Non-beneficiary, Zanzibar);
- Some respondents explained how even larger consumers, like warehouses, would fail to pay: *"We do not get paid on time or at all by these warehouses that we sell cashew nuts to"* (Male HE PSSN++ beneficiary, Mtwara);
- *"Nowadays we sell crops at the village warehouse but we face challenges in payments as we have to wait until they process payments so that for us to be paid and for ones with no accounts they have to wait until people with accounts have been paid"* (Female HE PSSN++ beneficiary, Mtwara).
- *"Some customers may come to your enterprise, example carpenter, and place an order after the furniture completed they don't come to collect them so this sometimes makes conflict between carpenter and customers"* (Male HE PSSN++ Beneficiary, Zanzibar).

To cope with small, poor markets and the high degree of competition, some HEs implement marketing strategies that include:

- **Improving customer care:** *"I am trying to be nice to my clients... to serve my customers as they want"* (Male HE non-beneficiary Zanzibar); *"I use good and polite language with my clients so that I can encourage them to buy more and more from me"* (Female HE PSSN++ beneficiary, Arusha).
- **Increasing the quality and quantity of their products and services,** this may reduce profits but they hope that it will create customer loyalty. *"I sometimes give more of the product/add something on top of what has been bought e.g. if one buys tomatoes for Tsh2,000 I add them several tomatoes"* (Female HE PSSN beneficiary, Geita); *"To give discounts or add them whatever they buy so that they can come back when they need to buy from the market"* (Female HE PSSN++ beneficiary, Arusha).
- **Selling goods on credit.** This is a riskier strategy as customers don't always pay.

Box 13. Life story (Anisa's pots) (See more life stories in Annex 5)

(LSI, female, PSSN beneficiary, Geita). "Anisa" began her business of selling pots 43 years ago when she was seven years old. The pots, ranging from small cooking pots to large household water-holding vessels, have been her main source of income ever since.

Though her business has helped her for four decades, she reports that it is becoming more and more difficult to support herself and her family. She reports that people are spending what money they do have on cheaper and more resilient (won't shatter) imported 'modern' metal pans for cooking and plastic buckets for collecting water.



As product and service diversification are problematic, we asked participants what else is needed in the community and found mixed and unclear responses. HEs were not aware product or service demands within the community and did not consider pursuing another business with potentially higher demand, KIIs were generally unable to tease out specifics of this, except in Zanzibar, where there might be a need for more hairdressers and tailors. Some KIIs said "No, we have all of the required services' or that they simply required 'access to credit' or 'clean water and basic services.'" Community members (CMs) did provide important insights into what was lacking in their communities. In general, most CMs would like more agricultural inputs - pesticides, seeds, tools, fertilizers, machinery - and some also mentioned medicines and healthcare services. Interestingly, almost no CMs identified services that were lacking. The following comments are specific to each community:

- Geita: goods are 'easy' to get and there are lots of choices;
- Mbeya: goods are 'very difficult' to get and many things are not available;
- Mtwara: goods are 'easy' to get, but there are not many choices;
- Arusha and Dome: mixed opinions. Half indicated that goods are available and easy to get while the opposite is true for the other half.

3.2.3 Fluctuating prices

Seventeen percent of HEs and AEs identified inflation as a main risk to productivity. "Inflation rate is very high; as a result, some commodities have a very high price and in the market the customers cannot afford products so we make a loss" (Male HE non-beneficiary, Zanzibar). "They [sellers] have to go to town in Mlowo, where the market is unpredictable because they may reach there and find the prices have gone down and they have paid money to transport their cereals or crops and they cannot take them back home and pay again to take them there. So, they just end up selling at a price that does not benefit them at all." (Male AE Beneficiary, Mbeya).

3.2.4 Business Networks and Support

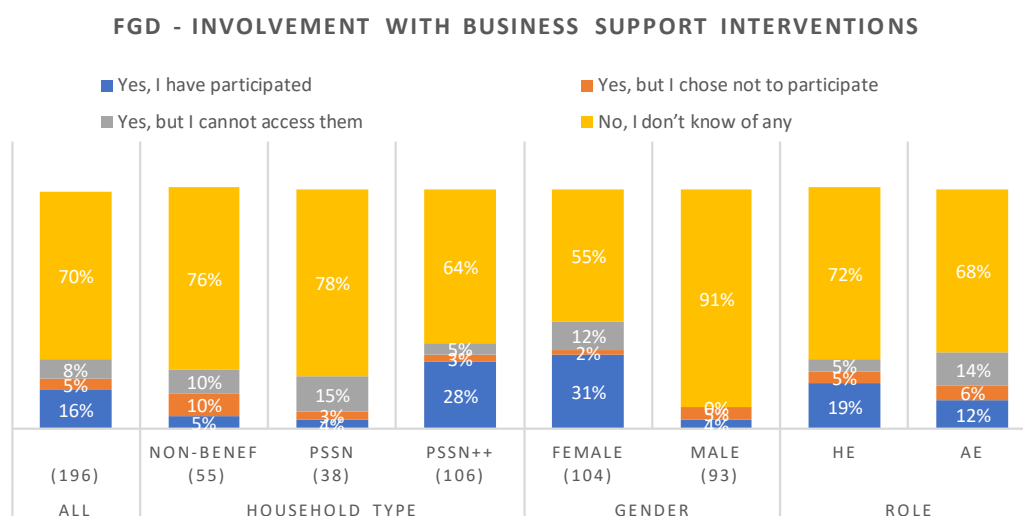
Despite the potential benefits of business networks, 89 percent of FGD participants are *not* members of any business organizations or associations (excluding savings groups) and, those that are, are not in a network that is specifically related to their products and services. Among those that are part of a network, ten are in women's groups and four are in youth groups. Four respondents, all female and all AEs PSSN beneficiaries in Geita, said that they belonged to a 'street group' (sub-village group), which they categorized as a producers group. A female AE PSSN++ beneficiary in Mtwara said she was a member of a cashew growers' association. Lastly, one HE (LSI, male PSSN) in Geita mentioned that several years back he was member of a union/group of workers while working for a local company that produced cotton. He had a positive experience with that group "We usually help each other in farming, for example, the work

that I was supposed to do in a week could be done in a day thanks to the help of the group.” Some HEs reported lack of unity among fellow sellers, which contribute to price volatility: "There is no market (a general market in the community) where we can display and sell our products at a fixed price. In the end of the day, every person just sells their products at their own price because there is no unity between us" (Male HE PSSN++ Beneficiary, Dodoma).

Most respondents receive support and encouragement from their families and friends, but not many get help from institutions or the TASAF program. 64 percent of AEs said that if they started a business their friends and family would strongly support them. This percentage was higher for men (79 percent) than for women (46 percent). Only six percent of respondents, of whom all were women, thought that friends and family would be discouraging. Most of this support is moral rather than financial support.

Few respondents benefit from institutional interventions designed to help them with their business (such as PSSN++). Figure 25 shows that PSSN++ beneficiaries, women, and HEs tend to interact more with these kind of interventions, but most respondents are not aware of them.

Figure 25. Involvement with interventions designed to help businesses



Source: qualitative database

Moreover, recipients of the TASAF program do not generally identify the program as an intervention that has helped them with their business or has improved their livelihoods, even though they used the transfer to start or expand their business. Instead, respondents tend to view the TASAF program as a general social assistance program. The following are some opinions from KIIs on this matter:

- "It has been useful. Families have some money to support their basic needs" KII Male in Morogoro
- "In the last 2 years, TASAF introduced a program covering health for our children and education. We had households that were in very bad shape and have been supported by this program and children have gone to school... and have been able to support their families." KII Male in Njombe

Most people participating in interventions designed to help their businesses are located in Dodoma (57%), Njombe (38%) and Zanzibar (22%). Participants mentioned TASAF specifically in Dodoma, Njombe, Mbeya, and Morogoro, where there is access to PSSN++ (saving groups, LE and/or public works).

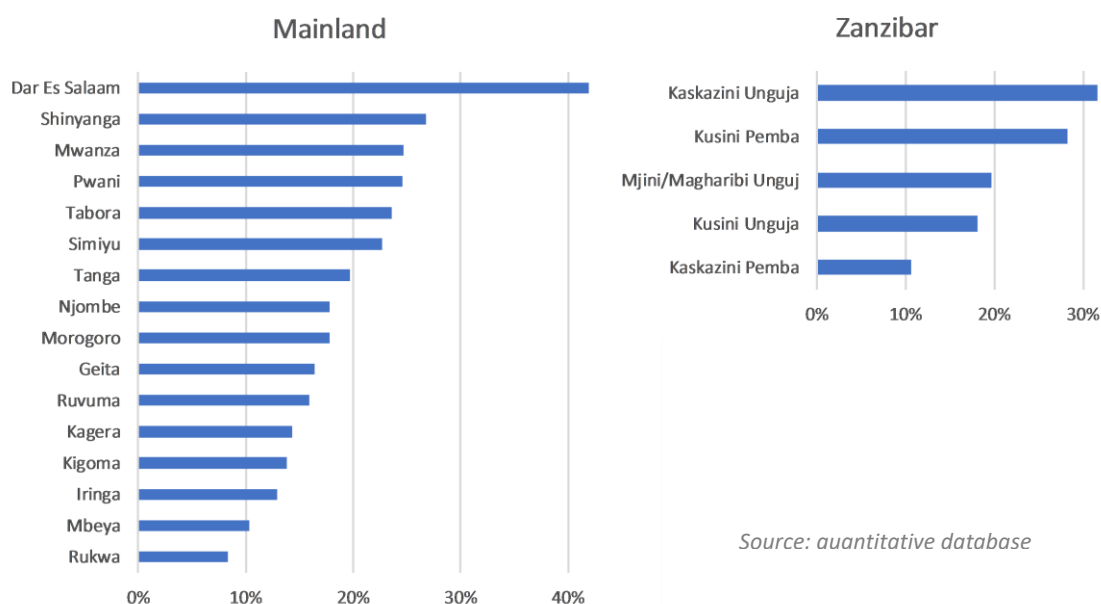
3.3 Poor Infrastructure

Lack of mobility and quality infrastructure, particularly roads and transportation, restricts HEs' ability to work with their own communities. More clients and markets from other communities could help HEs to grow their businesses, but access to more markets mostly depends on the proximity as well as proper road and transportation infrastructure. The quantitative survey included the question on whether HEs sold, or tried to sell, their products and services to other communities besides their own. FDG participants complemented this analysis explaining why they do not sell outside their communities.

Access to Markets

Access to different markets and communities is limited for HEs. Only 77 percent of HEs tried to sell their products at other villages/communities, in Mainland and Zanzibar (source: quantitative database). However, there are some differences depending on the location of the HE – figure 26 shows the percentage of HEs trying to reach other communities. Respondents from Dar Es Salaam as well as Kaskazini Unguja and Kuzini Pemba (both in Zanzibar) reported that they tried to reach other communities (42%, 32%, and 28%, respectively) while those in Mbeya and Rukwa were less likely to reach out to other communities (10% and 8%, respectively). 31 percent of HEs in urban areas in Mainland tried to access other markets, only 19 percent of HEs from rural areas tried to do so, no difference between urban and rural areas was found in Zanzibar. Traders and shopkeepers as well as men in both regions tried slightly more to reach other markets (in both cases 5% more than their comparison groups).

Figure 26. HEs Access to Markets outside of Community



These findings were also reflected in the qualitative assessment, where most HEs sell their goods and services only in their own communities. Respondents from Njombe, Zanzibar-Unguja, Mtwara, and Dodoma were more successful in reaching other communities while those from Mbeya and Arusha were less successful.

Respondents noted that the main issue affecting access to markets is transportation. FDGs participants in Morogoro, Mbeya and Dodoma said that transportation issues were significantly constraining their business because it was too costly, too slow, or too unreliable to transport their goods to their buyers, or,

in some cases, to reach vendors.⁵⁶ A male HE PSSN++ Beneficiary from Morogoro testified "We are forced to use bicycles. Sometimes our bicycles get puncture in the road and we have to walk" (see Box 14 for more stories). Moreover, about 9 percent of HEs in the quantitative database responded that transport infrastructure was the biggest obstacle to day-to-day operations and an additional 5% responded that it was the second most important constraint. When asking to what degree transportation infrastructure was an obstacle to day-to-day operations, 10 percent answered it was a major obstacle, 8 percent that it was a moderate obstacle, and 12 percent a small obstacle.

Box 14. Life Story (bodabodas) (See more life stories in Annex 5)

LSI, female, PSSN++ beneficiary, Morogoro). Transport infrastructure is bad all year long, "only motorbikes [*bodaboda*] can access some roads and the rental cost doubles during the rainy season when roads are impassible. (...) Under these conditions, it is very difficult for me to bring all the commodities I needs, like cassava which is found only far from Madoto."

(LSI, male PSSN++, Morogoro). "There are poor means of transportation and roads are particularly affected during the rainy season. Villagers have to travel very long distances to get basic inputs. (...) I had to travel about 4 hours to buy my first chickens. (...) Our bicycles have been useful to reduce time (...) but still some chickens die during transportation."

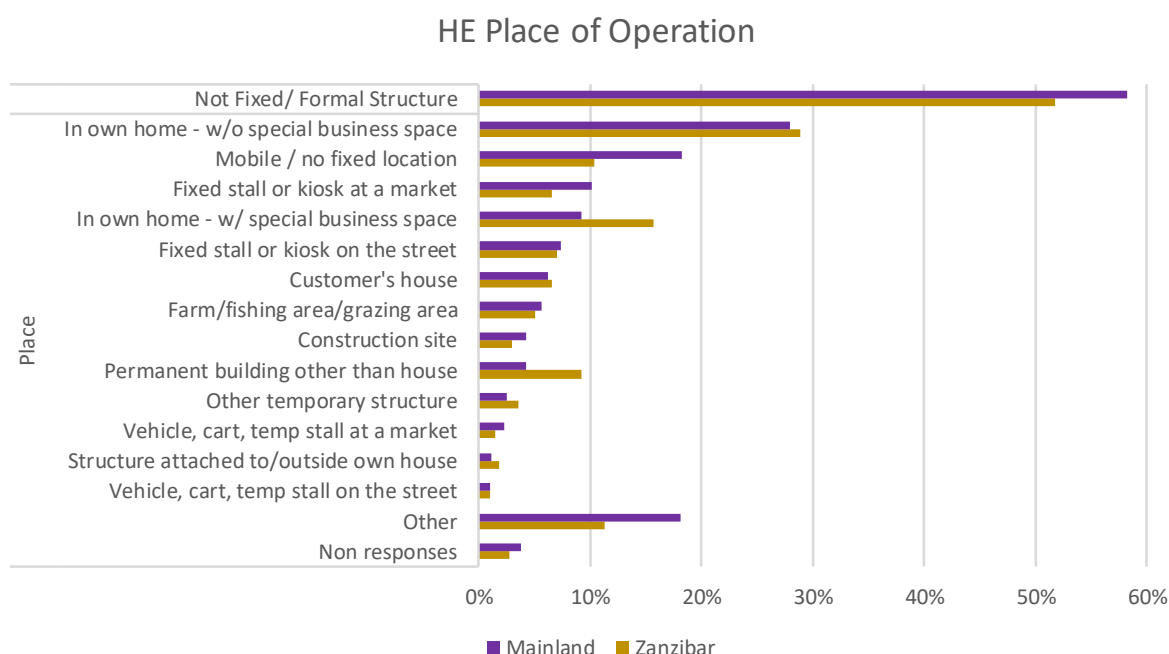


HE Place of Operation

The **physical location for operating an HE also appears to be a problem for HEs**. From FGDs we learned that more than half HEs face problems with finding a business location, either always (20%) or sometimes (33%). Figure 27 shows that about half of HE respondents in the quantitative analysis do not have a formal structure to operate their businesses: about a quarter operates from their home without a designated business space, 18 percent in Mainland and 10 in Zanzibar) have a mobile location or no fixed location, 10 percent of HEs in Mainland and 18 percent in Zanzibar operate from home with a designated space for the business.

⁵⁶ In fact, during field work in Morogoro, the car used by the research team was damaged as a result of poor road conditions.

Figure 27. HE Place of Operation



Source: quantitative database

Participants from the FGDs explained how having a formal structure would help their business simply because it would appear more successful and professional: "There is a challenge of inability to afford formal structures for our business; many customers take formal structures as an indication of good/better business that is doing well and they would like to buy from such outlets" (Female HE Non-beneficiary, Njombe).

3.4 Education and Skills

98 percent of HEs and AEs think that education or skills are useful for their business, however most FGD participants do not consider a lack thereof as a significant constraint to their productivity. These results are consistent with responses from the quantitative analysis Just as only 7 percent of HEs rated unskilled and uneducated workforce as the biggest obstacle to day-to-day operations in both Mainland and Zanzibar. When HEs were asked about the degree of the obstacle, 77 percent did not consider unskilled or uneducated workforce as an obstacle while 10 percent considered it small or negligible in both regions.

A smaller amount of FGDs participants mentioned formal education as necessary to start or sustain a business, interviewees mostly talked about skills they can learn through training programs or apprenticeships. 55 percent of AEs believe that it is important to have specialized training, 11 percent think that secondary education is important, and 34 percent think that basic education is enough. There are no significant differences based on gender or beneficiary status among either HEs or AEs.

3.3.1 Entrepreneurial Skills

HEs and AEs have a significant amount of experience conducting their businesses, but also believe that they would benefit from basic entrepreneurial training. Participants from the qualitative assessment are aware that they lack business-related skills and when asked what would be the most needed intervention,

24 percent responded with Entrepreneurial Training; they considered access to credit more important. Many participants were specific about the particular entrepreneurial skill with which they needed help: customer management, market creation, money management, or savings (see box 15 for voices).

Box 15. Entrepreneurial Skills

"We do lack skills. We do not know, for example, how to manage or increase our businesses. We don't know about other issues concerning with business generation/growth for example, on the issue of savings" (Female HE PSSN++ Beneficiary, Zanzibar);

"We need entrepreneurial skills like training on how to start a business, what to produce and where to produce" Male HE PSSN beneficiary, Geita);

"Skills on how to sell vegetables" (Female AE PSSN++ beneficiary, Arusha).

"I would like to learn skills on better customer management and how to grow my client base" (FGD, Female HE non-beneficiary, Njombe)

"It would be better if they help us in creating or finding market for our business. For example, other than the local market if we can get bigger markets for caps, African print wear, etc. it would really help us" (FGD, Female HE PSSN++ beneficiary, Zanzibar)

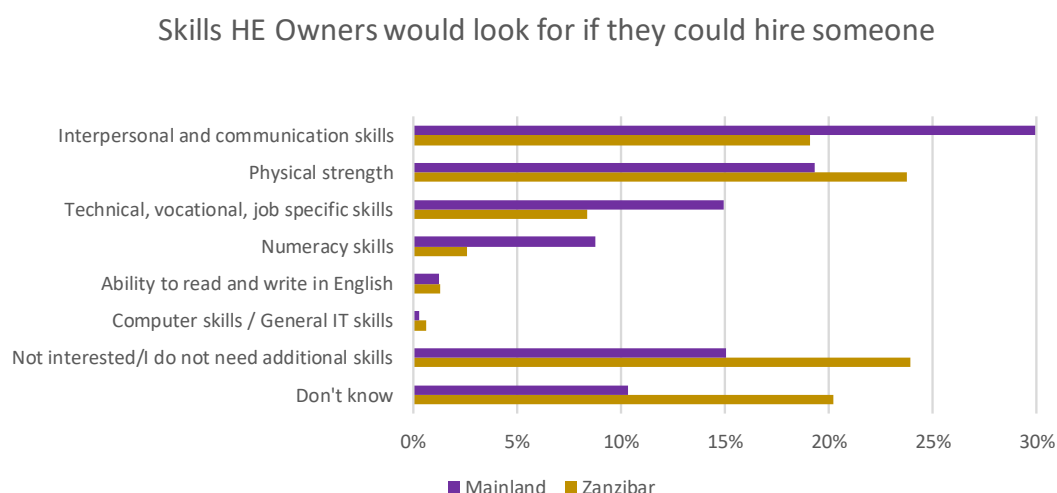
"Money management is the key to growing business - we need to learn on money management (how to save money, how to rotate money in business," (FGD, Female HE PSSN beneficiary, Mbeya).

"I would like to obtain training on how to better manage my business and save and invest my money more wisely." (Female, PSSN++ beneficiary, Life Stories, Arusha.

3.3.2 Additional Skills Needed

The quantitative survey also asked what type of skills and profile they would look for if they were able to hire an additional worker (Figure 28). 15 percent in Mainland and 24 percent in Zanzibar responded that they did not need or were not interested in workers with additional skills. 29 percent of the remaining HEs in Mainland and 18 percent in Zanzibar would look for interpersonal and communication skills, 19 percent and 24 percent would look for physical strength, 15 percent of HEs in Mainland and 8 percent in Zanzibar would favor technical/job specific skills. A significant number of respondents (10% in Mainland and 20% in Zanzibar) said they did not know what type of skills they would need. Only 6 percent of HEs, in both regions, have completed formal training that lasted at least one month.

Figure 28. Skills Need According to HE Owners



Source: quantitative database

From the FGDs we also found that HEs lacked awareness of which skills they would need in order to improve their livelihoods or diversify their products/services. About 16 percent of respondents said that technical training was the most needed intervention (the third most rated option); most participants believed that they would benefit from a new skill or from improving what they currently do. However, few of them were able to be specific about which skills they would actually need and even when they did, it was not clear whether these would have a real impact on their livelihoods or income (see Box 16 for voices). Further research is needed to identify other products and services, and therefore skills, are needed in the community.

Box 16. Experiences with trainings and apprenticeships

"Because all of us are not as educated we end up keeping same type of business; we need to diversify and start like poultry keeping (broilers, layers, etc.) but we don't have the knowledge to do that. Therefore, many of us are doing farming (small scale) as business" (Female HE PSSN++ Beneficiary, Arusha).

"I would like to get training on cash crop farming and poultry-keeping. I could train other fellow farmers" (Male, PSSN ++ beneficiary, Life Story, Dodoma Region).

"I took a 6-month training course in making detergents and then started to sell my own products at home" (Female, PSSN++, Life Story, Njombe).

"My sister and I had seen a female neighbor making pots and became interested in learning the craft. She agreed to teach us and we became her apprentices. Soon we began to earn money selling our own pots" (Female, PSSN beneficiary, Life Story, Geita).

Box 17. HEs and Skills Deficits: In the literature

The **education levels of HE operators is similar to their labor force counterparts**. Over 60 percent of HE operators have completed primary education, but in rural areas the percentage is much lower (17 percent). 80 percent of HE operators have had no training; 12 percent have received vocational or apprenticeship training, and only 4 percent have received on-the-job training. The amount of non-formal training tends to be higher for HE operators who have completed more than primary education (Kweka and Fox, 2011).

The **most common form of informal sector training (IST) is a traditional apprenticeship**. Apprenticeships have been effective at imparting trade skills to mostly male youth. This is less so for females, as apprenticeships often perpetuate traditional, gender-based occupational segregation. Apprenticeship training is also generally regarded as static and unable to keep up with technological advances (Kweka and Fox, 2011).

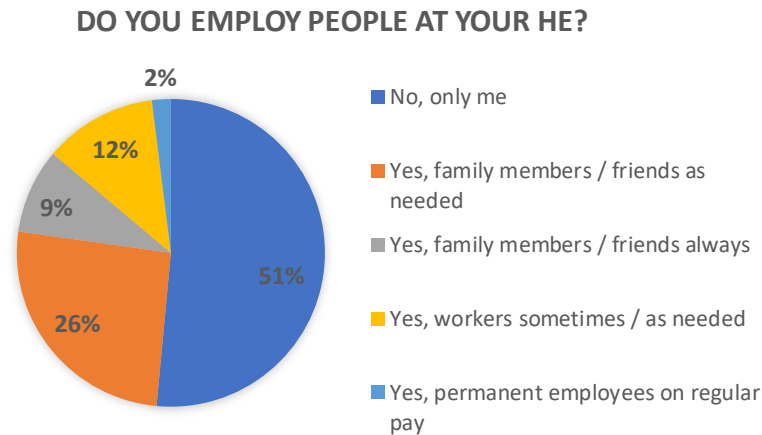
Few public institutions provide training specifically for HEs. Although HE owners are able to participate in training with their wage-earning peers, typically such programs tend to focus on wage earners (Kweka and Fox, 2011). There are a number of challenges with apprenticeships and training programs. First, within training programs, staff members tend to lack basic business skills, such as record keeping, marketing, and pricing, which limits the productivity of graduates. Formal education is often required to be eligible for an apprenticeship, despite the general assumption that they are less stringent (Kahyarara and Teal, 2008). Despite the need for additional training, **most HE owners are unwilling to invest in training**, and must be convinced to participate. This is largely due to the opportunity costs associated with training as it is difficult for HE operators to take time away from their job (Kweka and Fox, 2011).

3.3.3 HEs' Employees

About half of HEs who participated in the FGDs do not have employees, either paid or unpaid. In general, participants would welcome additional help, but either cannot afford it or do not trust others. Some participants pointed out that their businesses are too small and do not need additional help for now.⁵⁷ Figure 29 shows that those who do have people working for them (48 percent), have mostly family or friends as needed. 12 percent hired workers as needed and only 2 percent had permanent paid workers. 52 percent of PSSN++ beneficiaries who have an HE have employees, even though these are usually unpaid family members and friends; 44 percent of beneficiaries of the cash transfer program only (PSSN) have employees.

⁵⁷ In the SSA region, the vast majority (70%) of non-farm enterprises today are pure self-employment, just the owner operating the HE. About 20% of these enterprises include a family member in the operation, and only 10% have hired someone outside of the family. (Filmer and Fox, 2014)

Figure 29. Current employees within HE



Source: qualitative database

Conversations around finding help for a business revealed issues around trust and what participants think a 'good' employee is. Some HEs explained that they were not able to find someone who they trusted: "I don't have helpers because most of the people are not faithful so I am afraid that they might bring about loss in my business" (Female HE PSSN++ beneficiary, Mtwara); "I fear that the workers may steal my money" (female HE non-beneficiary, Njombe). Others were unable to find people who they thought would work hard: "Doing local brews business needs someone else to assist, especially energetic person to carry bucket of brews to bar" (Female HE PSSN++ beneficiary, Dodoma). Among those with paid employees, the main criteria for being a 'good' employee was honesty, being hardworking, and understanding the importance of time management. One male HE non-beneficiary from Njombe had one 'apprentice' that met his criteria: "first, they should have a vocational training certificate and I will be paying them monthly. I made an agreement with their parents that they learn from me as they work."

3.5 Market Regulations

Box 18. Market Regulations and Negotiations: In the literature

"Clean-up" operations are in place in towns and cities. Mobile traders risk harassment and confiscation of assets, which is one of the biggest risks faced by HE owners. This is particularly true for those who are mobile, who do business where the customers are, often close to business centers and markets (Kweka and Fox, 2011).

Forceful evictions affect HEs. This is the result of not following regulations and policies. Evictions can involve loss of kiosks and physical capital, fines and stock confiscations; it may also involve relocation which can lead to loss of customers and increased distance from suppliers. Evicted HEs will also need to rebuild capital which can lead to loss of time trading (Lyons and Msoka, 2007). They may also be sent to jail.

Licensing, registration, taxation, and regulations affect HEs. In some instances, LGAs conduct inspections of HEs, even though most regulations only apply to formal enterprises. HEs generally have

little knowledge of tax code and licensing/registration requirements, they also have little motivation for becoming registered due to cumbersome processes and government bureaucracy.

According to Kweka and Fox (2011, p. 32), *“a change in the LGAs regulation of and attitude towards HEs is necessary to resolve key issues concerning workplaces and the legality of HEs. Regulatory changes need to be accompanied by efforts at positive collaboration between the LGAs and the HEs themselves to find a compromise solution that facilitates rather than restricts HE operations. LGAs need to see HEs as a solution to their employment problems, as well as contributors and not temporary impediments to local economic development.”*

Licensing and Tax Fees

Most HEs are informal. For example, from the quantitative analysis, 88 percent of respondents in Mainland and 82 percent in Zanzibar were not registered in with BRELA (the business registrations and licensing agency in Tanzania) or the BPRA (the Business and Property Registration Agency in Zanzibar) (source: quantitative database).

FGDs participants who have licensing and tax obligations consider them a detriment to their businesses. Particularly in Zanzibar, non-beneficiary males complained about the license process and fees. "In order to have license it takes almost 2 up 4 weeks and some governmental official are involved in corruption during this exercise". However, in other villages, located in more rural areas, this issue was barely mentioned as most HEs are informal. Tax obligations were also mentioned as a burden to businesses in terms of cost and participants do not see where that money goes. A number of non-beneficiary participants said that taxes were not always collected appropriately:

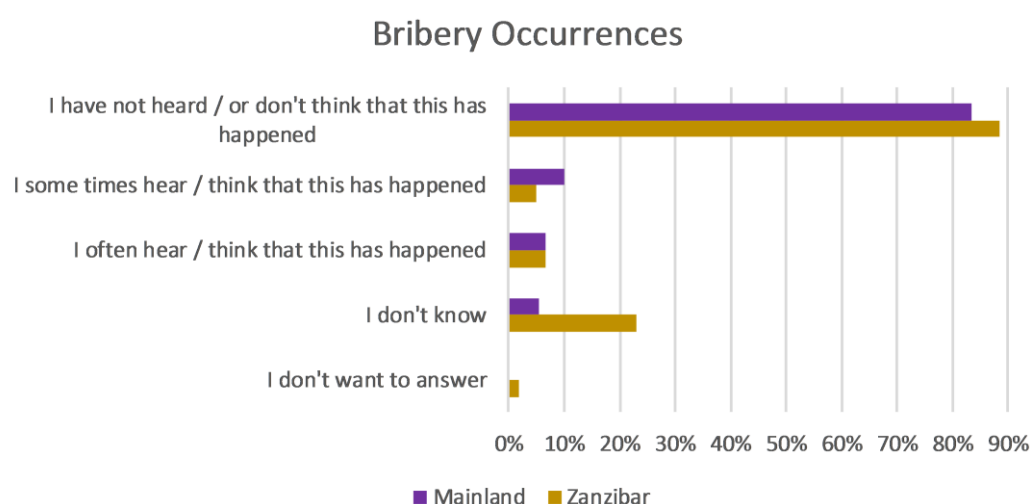
- "Tax collectors don't come on time to collect their taxes (may be three months in a row) and when they come they charge us for not paying on time" (Male HE Non-beneficiary, Njombe);
- "There are so many requirements to meet; compliance with TRA (tax body) and for food and/or pharmacy business you have to meet stringent Tanzania Food and Drug Authority (TFDA) regulations" (Female non-beneficiary, Njombe);
- "Taxes and licenses are very costly. You find the money that you are required to pay tax and get your license is higher than your capital" (Male HE PSSN++ Beneficiary, Arusha).
- "Sometimes I do business with white people (foreigners) but after buying a piece of furniture from my shop they might be required to pay different taxes. This became a disturbance for them, and my customers from abroad stopped due to these regulations".
- "Life has got worse according to our government's poor policies, which hinders the people in their businesses. This is due to taxes going high for example five years back to get a business license was 100,000 Tsh only but today it is twice the number. Still you have to pay the local government 5,000 Tsh every month to pick up the waste for recycling and at times they do not even come to pick up leaving us with no option than spending more money in renting a car to come pick up the trash."

Corruption

Corruption does not appear to be the biggest obstacle to HE's day-to-day operations and productivity.

Most HEs in the quantitative database, in both regions, reported that they had not experienced or heard of public officials requiring gifts or informal payments to be able to operate in certain areas or to 'get things done' (Figure 30). Similarly, 70 percent of HEs from the FGDs reported that they had not been asked or pressured to make gifts or informal payments to public officials to 'get things done'. 12 percent of HEs said that they did have to make such payments once a week, 8 percent had to make payments once a month, and 9% had to do so every few months. This was a problem in certain communities, especially Mtwara where 50 percent of HEs pay weekly; in Geita where 35 percent pay weekly; and in Dodoma where 28 percent pay weekly. Men report making such payments more often than women: 54 percent of men pay sometimes and 20 percent make weekly payments; 8 percent of women have made at least one

Figure 30. Bribery Experience



Source: quantitative database

payment and 4 percent make weekly payments.⁵⁸

Most respondents in the quantitative analysis did not report any of the following: threats to shut down business; threats from customers; shouting, scolding, creating a nuisance in or near the business; vandalism or theft of property; confiscation of property or merchandise; fondling or inappropriate touching; pushing or shoving, beating.

3.6 Weather as a Risk to Productivity

The most common risk mentioned was how poor weather could negatively impact harvests, businesses, and roads. Constraints to agricultural production applied to nearly all respondents for whom agriculture is a primary or secondary activity. Respondents were aware that a poor growing season could negatively affect everyone, including those not directly involved in agriculture, through impacting agricultural productivity, availability of goods, and customer purchasing power for non-agricultural goods and services.

⁵⁸ Note: This was not a blind voting question so it is possible that people felt less comfortable reporting such actions in the group setting.

The most frequent weather-related issue is lack of rain during the dry season (March to August). As one participant said: "Long periods of drought are also a big risk especially to those with livestock they might lose their livestock because they might die of thirst. And those farming are also at risk because they might not reap a good harvest" (male HE PSSN++ beneficiary, Dodoma). The most difficult time for most families is toward the end of the dry season due to lack of availability of food. "From September to February in our community people have hard time getting food and other services after we finish all our food stocks at home. In that time, it is difficult to water so we are using much time to find water" (Male AE PSSN++beneficiary, Arusha).

Too much rain during the rainy season (October to March) and unpredictable rainfalls is also a problem. One participant noted that there are "places of activities such as low lands because most of them are flooded during the rainy season from November to March. So, in these times we have to move to higher ground or close down". The main problem is also that the rainfall is not consistent or predictable, which seems to have worsened in recent years. "In the last like 5 years we have not gotten predictable rains like we used to have. When we expect rains, there is drought and sometimes the rains come unexpectedly. During the rainy season, road infrastructures get worse. The roads become muddy and full of potholes". Other farmers do not remember this being an issue in prior years: "As agriculture is the main activities of income in this village, we depend on rainfall for better harvest, but nowadays climate is unpredictable and there is little rainfall which make crops dry" (CM PSSN beneficiary, Mbeya). Finally, participants in Njombe and Zanzibar also mentioned frost as an issue, but it was generally expected and less significant than the unpredictability of the rain. Weather also affects access to markets as it negatively impacts on roads, transportation systems and public services.

3.5.1 Lost Production of Livestock and Crop

13 percent of HEs and AEs considered livestock and/or crop diseases a major risk to productivity. When this happens, it immediately diminishes the value of the product, in some cases to zero. Most participants attributed crop disease to fungus or pests while some believed they had sown 'fake seeds'. In general, respondents did not know how to deal with the problem. One participant mentioned how extra training on livestock care helped him: "when I started poultry keeping, there was a problem of diseases but luckily enough we had been trained on how to take care of our poultry" (LS 3 Story 2 Arusha). Although most did not identify these diseases as a main constraint to growing or expanding their businesses, a large proportion of HEs and AEs have dealt with these problems in the past.

An additional 14 percent of HEs and AEs said that the loss (destruction or theft) of their production was the main risk to their businesses. Destruction of goods was mainly a result of pastoralists allowing their livestock to graze on another person's farm without their permission. In some cases, this led to conflict: "Conflicts between farmers and livestock keepers because the cows come and eat the farmers' crops. Livestock keepers have threatened the farmers that they are going to harm them" (Female HE PSSN++ beneficiary, Morogoro).

3.5.2 Agricultural Machines and Inputs

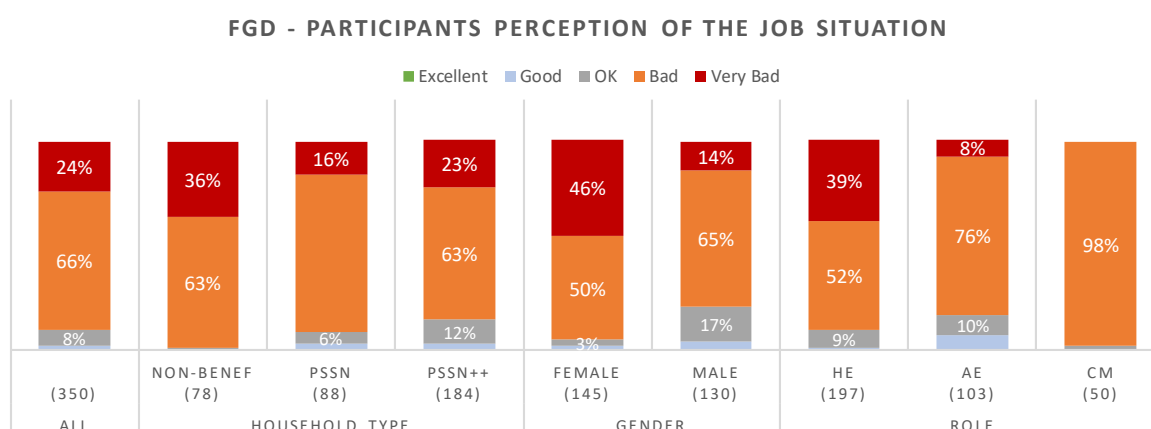
Many participants point out that productivity is reduced as a result of lack decent agricultural machinery and inputs. These included tools for processing and preserving food as well as better seeds to increase yields: "We are not able to (get) buy hybrid seeds that take less time to mature/require less rainfall. We have not been able to do modern farming, many of us still use hand hoes. We are not able to afford animal-drawn ploughs or tractors" (Female AE PSSN++ beneficiary, Dodoma). Some people traveled

to other communities to use machinery. In general, people who requested more sophisticated machinery had very clear ideas about what they needed, as four female PSSN++ AEs in Dodoma remarked: "I would like to access tractors at affordable rates to increase the size of land I farm; Subsidized seeds would help me plant best quality seeds and increase my yields; I would like to get the sunflower refining machine so I can do value-addition for my products before selling; I would want the tomato preserving machine because tomatoes go bad very easily".

3.7 Perception of the Job Situation

Despite constraints to HE productivity, respondents were still positive about the potential benefits of having their own non-farm business. Respondents are positive about having their own businesses even when most respondents judge the 'job situation' to be 'bad' or 'very bad' and when the community has been heavily affected by weather and price fluctuations. The main reasons for being positive include: being their own boss, the potential of becoming successful, and having access to emergency funds.

Figure 31. Participants' Perception of the "Job Situation"



Source: qualitative database

Participants' perception of the job situation in Tanzania was overwhelmingly negative across all types of groups, with some variance in their optimism. FGDs had the same question about how participants perceived the job situation in their community, which include any sort of livelihood strategy and income generating activity. As Figure 31 shows, 66 percent thought that the job situation was bad/below average and 24 percent thought that it was very bad/very poor. Non-beneficiaries were more pessimistic than PSSN and PSSN++ beneficiaries: 36% thought it was very bad compared to 16 percent and 23 percent, respectively. Men were a little bit more optimistic than women: 21 percent of men believe that jobs are fine or better while only 4 percent of women believe so. AEs are a little bit more optimistic than HEs: 8 percent of AEs believe the job situations to be very bad compared to 39 percent of HEs. Nobody thought the job situation was excellent, and very few participants thought it was good.

Box 19. Preference on Start a HE: In the literature

The increase of HEs does not tend to be primarily entrepreneurial, particularly among poor households. Lack of employment, income, and the need for income diversification are the main reasons for engaging in HEs as an economic activity (Kweka and Fox, 2011). Morisset and Haji (2014) also agree with this view since they believe that people enter HEs out of necessity rather than out of personal choice.

The qualitative assessment identified the following are the key reasons for respondents wanting to have their own business:

- Job Stability, Income Reliability, and Access to Emergency Funds:** respondents mentioned that having their own business provided these three highly valued benefits. For example, a respondent explained how an employer can fire them at any time, and they'd be left without anything. As a PSSN++ beneficiary said: "a job is not that permanent; I can be expelled anytime" (Male AE, Mtwara). "Having your own motorcycle is a good job because you will be assured to get 15,000 Tshs every day and will help in increasing your income. (Male AE PSSN++ beneficiary, Arusha). The benefit of always having something to fall back on in the time of an emergency was also valued, even if it did ruin the business. For those selling agricultural produce, there was always food to eat, even if there was not enough to sell; for those selling other goods, they could always liquidate for some quick cash: "The good thing about this is that even if you do not sell all that you have, what remains could be used as food at home" (Male PSSN++ HE Beneficiary, Arusha).
- Potentiality of Income:** 65 percent of respondents, regardless of beneficiary status, said that they had started their own business because they thought it would allow them better income generating opportunities. "kiosks have a good money circulation since people have daily needs such as soaps, sugar, cooking oil, etc. So, they will always be customers" (Male HE PSSN++ beneficiary, Arusha); "[I want to do business] so that I am not depending on the salary in every end of the month; I want to be generating money every day" (Male AE PSSN++ Beneficiary, Mtwara). "It is fast moving- these commodities (green vegetables, tomatoes, onions) are a daily requirement. So, you are assured of customers/selling and will get money for daily upkeep of family" (Female AE PSSN++ beneficiary, Dodoma). A male AE PSSN beneficiary in Mbeya said, "Most of the people in the community who own cars and big houses are very successful farmers. Farming is a good job and we see how it makes people rich in this community. A farmer does not need a big capital, he or she can just start small and grow big". Others considered selling livestock to be particularly lucrative: "Owning a business is a good job, especially the business of rearing and selling livestock such as pigs, goats, cows and chickens. These livestock have a big market" (Male HE PSSN++ beneficiary, Dodoma).
- Entrepreneurial motivations:** more than half of all HEs want to expand their current business a lot; 12 percent would be happy expanding just a little bit; 16 percent would like to diversify their business; and 9 would like to change their business. 7 percent are happy with their current situation. This was different for Geita, where 40 percent of HEs want to change the type of business they have.
- Other benefits of being their 'own boss',** include flexibility, time management, ownership and decision making: "It is good to own your own business because anything that you get will be yours. No one will decide for you the working time. You can easily know your loss and benefits. You decide on your own on what to do for your business" (AE Non-beneficiary, Njombe); "Free in working condition, no one will force you do what you want. The profit you get in the business is yours" (Male HE non-beneficiary, Zanzibar); "I need to have my own business so that to manage myself, I don't need any pressure from bosses. I want to put my own timetable of working" (Female AE PSSN++ beneficiary, Mtwara); "I would like the flexibility of doing business, I can work when and as I want, but work I have to report even when I don't feel like it/am sick" (Female AE PSSN++ Beneficiary, Dodoma); "Self-employment is good because you can control your business and make decisions by yourself. You know what you earn and what you lose if you have made a

loss. Also, you do not have someone on your back to pressure you about what time to be in the office and what time to leave the office. You are just free to work at whatever time you want and for as many or few hours you would like to" (Male HE PSSN beneficiary, Mbeya). Around 6% of respondents said that they started a business simply because they enjoyed the freedom it offered.

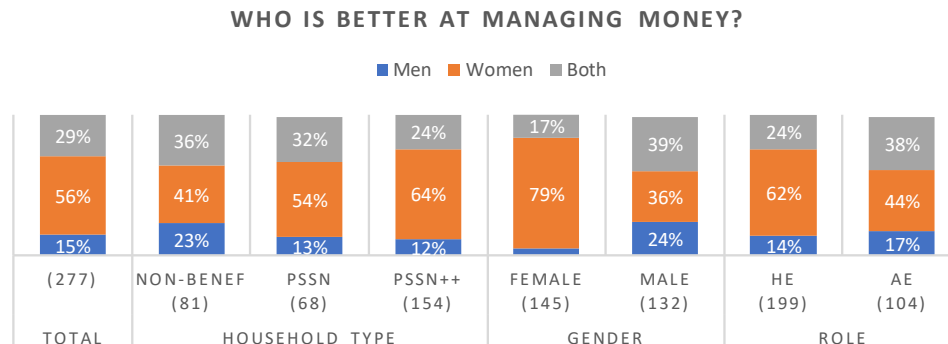
3.8 Gender Issues

It is important to take into consideration that men and women face similar constraints to productivity, but they tend to overcome these constraints differently. For example, women tend to take care of their finances by joining savings, local credit, or other groups more often than men. Women are also more often the direct recipients of the TASAF cash transfers. Moreover, they are successful in forming these community saving groups and are perceived to be better managers of household money. However, women are culturally limited in terms of the types of work they are allowed to do, and domestic duties tend to limit their time to engage in businesses. This has important implications for the type of government assistance programs that are planned for them.

3.8.1 Managing household budget

56 percent of respondents believe that women are better at managing the day-to-day household budget. Figure 32 shows that this is the opinion of all groups: type of beneficiaries, gender and role in the household enterprise sector. In particular, this opinion is stronger among women themselves, HE owners and PSSN++ beneficiaries. (79 percent; 62 percent; and 64 percent respectively).

Figure 32. Who is better at managing money?



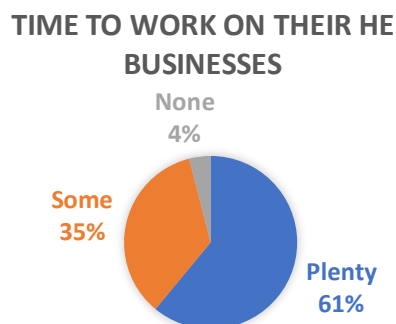
Source: qualitative database

Just over half of all participants know how much money their spouse or partner has. 60 percent of male respondents seem to be better informed about their spouse's income while only 51 percent of women have details about their spouse/partner's income.

3.8.2 Gender and time constraints

Most participants have time to engage in business activities, but there are some gender differences. As Figure 33 shows, around a third only have 'some' time and almost none (4%) say they have no time. Consistent with gender biases and cultural responsibilities, fewer women have "plenty" of time to engage in business activities than men (64 percent vs. 88 percent). Women need to engage in domestic duties in addition to their business while men say quite clearly, "I don't have any [or many] household obligations." Participants generally consider a full day to be 8-12 hours of business-related work; the rest of the day is for domestic tasks. Across communities, participants indicated that women and men tended towards different types of work; "Women mostly engage in farming and selling cooked food but when we go to casual work or on construction sites, mechanics/ garage are meant for men. This is mainly because of our culture and traditions, these are the traditions that we found in place and inherited from our fathers" (KII Male NGO staff, Dodoma).

Figure 33. Time available to work on their business



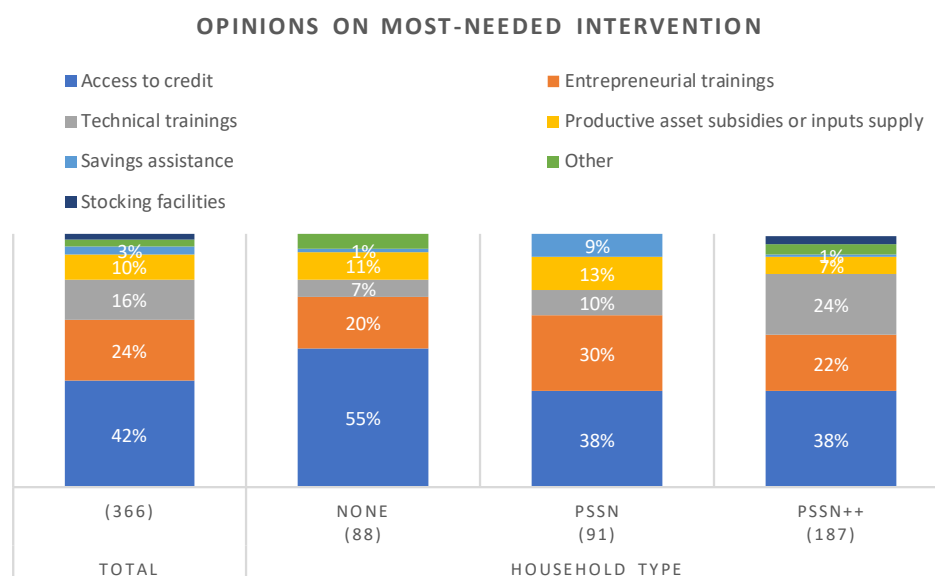
Source: qualitative database

"Two years ago, I tried to sell coconuts. I had to travel to Mtwara to buy them wholesale and sell them in her village on retail. Although the business was profitable, I decided to quit after a year to be able to take care of my children and husband. Now, it is easier to run a food kiosk next to my house and at the same time oversee my family." (Female, PSSN++ beneficiary, Life Story, Mtwara)

3.9 Preferred Interventions

During the qualitative assessment, we also asked participants about the type of assistance program that they considered most useful for HEs and AEs. Responses are consistent with their perception on the most important constraints to start and grow a business. As figure 34 shows, 42% of respondents believe that they need more access to credit and financial instruments targeted to them. 24 percent of respondents also thought that entrepreneurial training was useful and 16 percent thought that technical training was useful. 10 percent of respondents would like to have subsidized productive assets or inputs. The analysis did not find any significant differences between genders and participants with different roles in the HE sector, but it did find some differences between household types: 55 percent of non-beneficiaries responded that they preferred interventions that would help them access finance while 38 percent of both types of PSSN beneficiaries stated the same preference; 30 percent of PSSN beneficiaries were more interested in entrepreneurial training than PSSN++ beneficiaries with 22 percent and 20 percent for non-beneficiaries); 24 percent of PSSN++ recipients had a stronger preference for technical training programs than PSSN (10 percent) or non-beneficiaries (7 percent).

Figure 34. FGD participants' opinions on most-needed intervention



Source: qualitative database

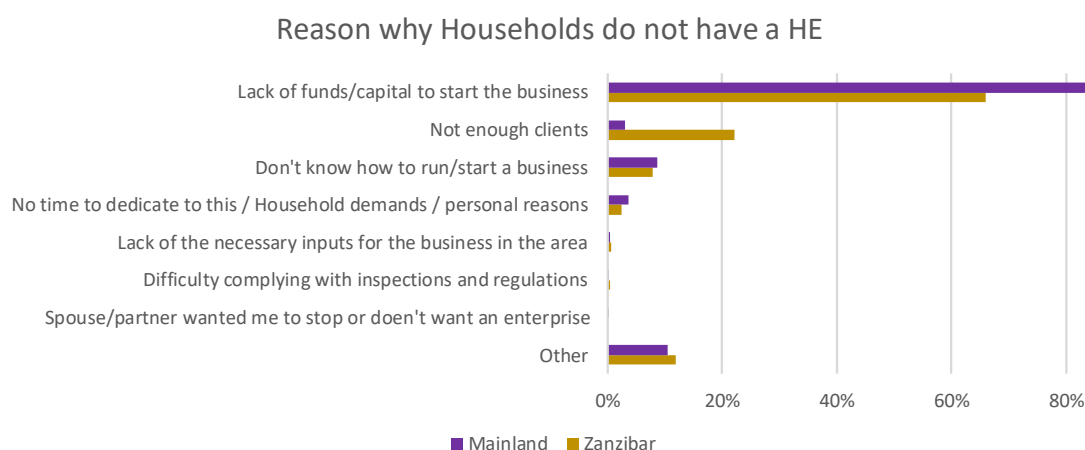
While individuals hope for external interventions, some do have strategies and assets for overcoming the main risks, constraints and barriers to productivity as examples in this discussion have shown. In order to overcome risks that would affect their economic activities and incomes, respondents mainly considered diversification (23%) and this tends to mean diversification between agricultural and non-agricultural activities. 15 percent considered tapping into savings to mitigate risks or asking for a loan from any source (generally friends and family or local loan groups). 19 percent said they did 'nothing' or wanted to do something, but weren't sure how.

3.10 Households Not Running a HE

The quantitative survey asked respondents not owning or running a HE why this was the case. The main reason was lack of funds to start a business (84% in Mainland and 66% in Zanzibar). This was stated more often by male-headed households than by female-headed households (5% difference in both regions – statistically significant at 1 percent level); it was also more often the case for urban households than for rural ones (8% difference in Mainland and 16% in Zanzibar – statistically significant at 1 percent level). Households also mentioned not enough clients (22% in Zanzibar and 3% in Mainland) and 8 percent in both regions said it was because they did not know how to start up or run a business.

Similarly, the survey asked those households that stopped operating an HE (9.17%) why they did so. In Mainland 30 percent of respondents said that the main reason was the lack of funds and capital; 19 percent reported sickness as a factor in shutting down the HE and 16 percent said they did not have enough clients. In Zanzibar these were also the top reasons, but lack of clients at 36 percent of respondents was the most frequent.

Figure 35. Reason why not running a HE



Source: quantitative database

5 Discussion

Throughout this report, we detailed many constraints and risks that household enterprises face when starting or operating a business. Lack of capital and access to financial resources were the most significant constraints that HEs and AEs identified when trying to boost their productivity. There is a clear tendency across all communities and genders to believe that the key to economic empowerment is credit, loans, or grants. Although capital may play a major role in determining the success of a business, this study has identified other factors that prevent people from obtaining or saving this capital themselves.

The analysis of the findings presented in Section 4 suggests that the root of the problem is the second most frequently mentioned binding constraint to productivity: weak markets where HEs are operating. HEs are faced with a very poor economy, with few customers and high competition from similar HEs that try to attract those few customers. HEs have low product and service diversification and it is unclear if

certain products or services could be more profitable for their communities or whether the products and services simply need to be marketed outside the community; the latter seems to be the case. Besides the community being generally poor, the economic situation is becoming more severe due to droughts, crop diseases and poor harvests since households generally rely on the land for their livelihoods.

In general, respondents were highly positive about the cash transfer element of the TASAF III program. Many beneficiaries used their money to cover basic needs (health and education for children) and, when possible, to start or expand a business. Those participating in the public work program (PWP) were also positive about the experience, but complained about implementation issues: specifically, late payment for the work performed. And while many people see benefits from the PWP (paved roads, dams, farming skills, etc.) the major benefit perceived comes from the cash received.

There is much value in the added benefits of receiving all interventions in one package (PSSN++), although this study did not find large differences in perceived constraints between PSSN and PSSN++ beneficiaries. Instead the study identified that the most successful HEs are run by people who had access to capital; invested their savings in their business; improved their skills through training programs or apprenticeships; and were supported by their families.

6 Recommendations

The following recommendations are based on the findings of the qualitative assessment, which are also in the literature. Most recommendations are general, and are designed for the government of Tanzania as well as for programs that also provide social assistance to help improve livelihoods and create economic inclusion. Other recommendations are specific to TASAF, but there is room for collaboration and coordination with other programs and initiatives, both in the public and nonprofit sector.

Policy and Regulations

- **Tailor policy reform to support HEs:** there is still a need for an explicit policy and institutional framework tailored to support HEs. This would need to recognize their importance in the local economy and as income generators for the poor. This framework should be integrated into Tanzania's broader policy agenda and could help the government coordinate multi-sectoral activities among Ministries and agencies that are designed to help the HE sector. Along these lines, further clarification on tax regulations for HEs might be needed. Some beneficiaries complained about the tax collection mechanism being late and imposing unnecessary fees. Some participants reported bribery and corruption issues, particularly in urban areas.
- **Promote advocacy groups for HEs at local and regional level:** very few HEs or AEs are currently members of organizations, business associations or cooperatives aligned with the products or services they offer. Such groups could provide bargaining power to HEs; facilitate the flow of information; and represent HEs in the policymaking agenda. There is an opportunity to expand the organization that has been developed for PSSN beneficiaries around saving groups and, to a lesser extent PWP. Fox & Kweka (2011) suggested the case of VIBINDO (an umbrella national association representing small business across Tanzania) as an example for such advocacy groups.
- **Continue promoting comprehensive assistance programs for the poor.** Successful international examples suggest that more comprehensive economic inclusion programs could be effective in promoting sustainable livelihoods (such as the BRAC-Graduation Approach). Continue providing access to capital; helping HEs invest their savings in their business; provide training programs or apprenticeships; and build community and family support networks.

Financial Resources

- **Facilitate sharing success stories of cases where HEs borrowed money and received information on available financial resources**, including savings groups, credit and loan institutions, and the TASAF program. A small proportion of participants had a loan within the last 12 months and most do not participate in savings groups. Provide awareness and education about savings or credit groups and help people understand how they work to eliminate fear or mistrust in these systems. These instruments could help individuals expand or sustain their businesses, and the social aspect of group-lending and community based savings could encourage individuals to save more.
- **Identify and support local loan opportunities tailored to HEs' and AEs' needs (formal and informal)**. Most HEs and AEs do not borrow money from financial institutions because they believe that the conditions are too difficult to meet or that the products do not meet their needs. Encourage dialogue and information sharing to help banks and other financial institutions structure their products to meet local needs.
- **Emphasize the importance of investing in productive activities and saving money with the cash for work program's transfers**. Provide information and awareness on the long-term impacts that investing in a (good) business can have, providing real-world examples from the community if available. There is some suspicion of 'free money' from the cash transfer program, so more sensitization may be necessary to attract potential beneficiaries; existing beneficiaries and CMC could reach out to facilitate this information sharing.
- **Consider potential benefits of introducing mobile phone banking services for HEs**. There is huge potential for this technology to deliver financial services to communities where there are no banks or financial institutions. The study identified that many families have access to mobile phones, but few have performed financial transactions using them; many respondents were not aware of mobile banking. A successful microfinance service, M-PESA, allows users to deposit, withdraw and transfer money easily with a mobile device and currently operates in other African countries. Several authors⁵⁹ have pointed out the benefits of digital finance and mobile banking for promoting access to financial services among the poor. These services should be encouraged through awareness campaigns, facilitated by savings/credit groups to help HEs modernize the financial aspects of their business. Mobile bank assimilates innovations in the banking sector as a whole.
- **Continue to tailor the activities and sub-programs of the PWP depending on beneficiary's characteristics**. Further tailoring the program may enable more PSSN beneficiaries, in particular older women, to take part. The study showed that the participation rate for women was more than 70%⁶⁰, some were very old women doing heavy physical work who may not have the strength to engage in labor-intensive public works, indicating a need to create opportunities that may be less physical in nature but still beneficial to the community.

Weak Market and High Competition

- ✓ **Provide information, incentives, and resources for HEs to move toward product diversification**. Most HEs operate in poor economies, with limited product demand; high competition as a result of product similarity constrains their ability to sell and depresses prices. Further research is needed to identify the products or services that could benefit the community and that could be sold in other nearby markets to increase demand.

⁵⁹ Cook and McKay, 2017; Radcliffe and Voorhies, 2012; GSMA, 2014

⁶⁰ IPSA, 2017

- ✓ **Facilitate information on viable value chains and access to markets beyond their communities.** This will help HEs diversify their products and deal with lack of customers, particularly in communities where purchasing power is weak. The plans for future implementation/expansion of the TASAF's Livelihood Enhancement (LE) component will help promote this value chain analysis. This is a similar recommendation from the one Teshome et al (2015) do in their Supply and Demand Analysis.
- ✓ **Create cooperatives and business associations at the community level and beyond.** This type of organization could increase bargaining power as well as information flows for HEs that sell the same or similar goods or services.
- ✓ **Explore the possibility of promoting/organizing regional fairs,** this could help HEs sell their goods and services and importantly help advertise their products and services. Such gatherings could also create a space for dialogue to establish what additional products people would like to have.

Education and skills

- ✓ **Provide specialized business training for HEs.** Most respondents recognized that they have basic knowledge on how to run a business. Training on management, accounting, marketing, financial literacy as well as how to deal with price fluctuations and lack of customers could help HEs to deal with any standard or difficult market situation. Plans for future implementation/expansion of the LE are aligned with this recommendation.
- ✓ **Offer specialized technical skills training** to help HEs and AEs to diversify their goods and services. Technical training should identify items with potentially high demand within their communities and other reachable markets; further research is required to identify these items. This study advises working with current institutions to create training programs, institutions such as: i) "existing large MFIs such as FINCA, PRIDE, and TGT", (Kweka and Fox, 2011); ii) primary schools could either provide skills or direct graduates into other training programs.
- ✓ **Facilitate linkages and apprenticeships between successful HEs and smaller HEs or AEs.** There were few examples of existing HEs hiring apprentices, or of people starting their own HE as a result of being an apprentice. Provide financial support for apprenticeships, ensuring other conditions help grow the business in the first place. It would also be helpful to link HEs and AEs based on existing skills and interests.

Agricultural Production

- ✓ **Focus TASAF PWP sub-programs on solving specific and long-term problems in villages,** particularly those related to the infrastructure needed for agricultural production (e.g. irrigation systems, dams, pest control, etc.). Infrastructure needs to be strengthened to mitigate risks caused by seasonal weather conditions, to avoid gaps in economic activity caused by loss of access to transportation infrastructure, destruction of crops, or poor electricity/communications networks. Most areas of the economy depend directly or indirectly on agricultural production.
- ✓ **Provide subsidized (or not) quality agricultural inputs to HEs.** Participants working in the agricultural sector reported a lack of access to agricultural inputs that could help boost productivity. HEs should offer agricultural products like pesticides, high yield and hybrid seeds, or tools at reasonable prices, to help boost the local economy.

Bibliography

- Alaedini, P. 2013. *Qualitative Assessment of Conditional Cash Transfer and Complementary Components under the Productive Social Safety Net Project: Institutional, Capacity, and Strategic Issues*. Report prepared for TASAF.
- Cook, William and McKay, Claudia, 2017. *Banking in the M-PESA Age Lessons from Kenya*. CGAP Working paper.
- Banerjee, A.; Duflo, E.; Goldberg, N.; Karlan, D.; Osei, R.; Parienté, W.; Shapiro, J.; Thuysbaert, B. and Udry, C., 2015. *A multifaceted program causes lasting progress for the very poor: Evidence from six countries*. Science, 15 May 2015. Vol 348, Issue 623. <http://dx.doi.org/10.1126/science.1260799>
- Bandiera, O.; Burgess, R.; Das, N.; Gulesci, S.; Rasul, I.; Sulaiman, M., 2016. *Labor Markets and Poverty in Village Economies*". CEPR, LSE.
- Chapman, E. W., & Heaner, G. K., 2016. *Household enterprises in fragile and conflict-affected states: results from a qualitative toolkit piloted in Liberia* (No. 108183). The World Bank.
- Coenen, Michaela; Stamm, Tanja; Stucki, Gerold; Cieza, Alarcos, 2012. *Individual interviews and focus groups in patients with rheumatoid arthritis: a comparison of two qualitative methods*. March 2012, Vol. 21, Issue 2. pp 359-370
- De Weerd, J. (2009). *Defying destiny and moving out of poverty: Evidence from a 10-year panel with linked qualitative data from Kagera, Tanzania*. World Bank Group.
- Du Toit, A. (2004). 'Social exclusion 'discourse and chronic poverty: A South African case study. *Development and Change*, 35(5), 987-1010.
- Evans, D. K., Hausladen, S., Kosec, K. and N. Reese. 2014. *Community-Based Conditional Cash Transfers in Tanzania: Results from a Randomized Trial*. Washington, DC: World Bank.
- Filmer, Deon & Fox, Louise Fox, with Brooks, Karen, et.al. 2014. *Youth Employment in Sub-Saharan Africa*. The World Bank Group.
- Fiszbein, A. and N. Schady with F. Ferreira, M. Grosh, et.al. 2009. *Conditional Cash Transfers: Reducing Present and Future Poverty*. World Bank, Washington, D.C.
- Fox, Louise & Sohnesen, T. 2012. *Household Enterprises in Sub-Saharan Africa. Why they matter for growth, Jobs and Livelihoods*. Policy Research Working Paper 6184. World Bank Group.
- Francis, Jill J.; Johnston, Marie; Roberston, Clare; Glidewell, Liz; Entwistle, Vikki; Eccles, Martin; Grimshaw, Jeremy. 2009. *What is an adequate sample size? Operationalising data saturation for theory-based interview studies*. Pages 1229-1245. Published online: 22 Oct 2009.
- Garcia M. and C. Moore. 2012. *The Cash Dividend: The Rise of Cash Transfer Programs in Sub-Saharan Africa*. World Bank, Washington, D.C.
- GSMA, 2014. *Mobile Financial Services for the Unbanked*. London. Bill and Melinda Gates Foundation, Master Card Foundation and Omidyar Network.
- Guest, Greg; Bunce, Arwen and Johnson, Laura. 2006. *How many experiments are enough? An experiment with data saturation and variability*. Volume: 18 issue: 1, page(s): 59-82 Issue published: February 1, 2006.
- Guest, Greg and McQueen, Kathleen (2008), *Handbook for team-based Qualitative Research*. Altamira Press UK.
- Guest, Greg; Namey, Emily; and McKenna, Kevin. 2016. *How many Focus Groups are enough? Building an Evidence Base for Nonprobability Sample Sizes*. Vol. 29 issue: 1, page (s): 3-22.

- Hagaman, Ashely and Wutich, Amber. 2016. *How many interviews are enough to identify meta-themes in a Multisited and cross-cultural research? Another perspective on Guest, Bunce and Johnson's (2006) Landmark Study*. Vol.: 29. Issue: 1, page(s): 23-41.
- Haggblade, S., Hazell, P., & Reardon, T. (2010). The rural non-farm economy: Prospects for growth and poverty reduction. *World Development*, 38(10), 1429-1441.
- ISPA. 2017. Assessment of TASAF PSSN in Tanzania Using the ISPA-PWP Tool". Inter-Agency Social Protection Assessments (ISPA). Assessment team members: ILO, TASAF, EU Social Protection Systems Program.
- Iyenda, G. (2005). Street enterprises, urban livelihoods and poverty in Kinshasa. *Environment and Urbanization*, 17(2), 55-67.
- Kahyarara, Godius and Francis Teal (2008) "The Returns to Vocational Training and Academic Education: Evidence from Tanzania." *World Development*; 36 (2008), New York.
- Kweka, Josaphat and Fox, Louise. 2011. *The Household Enterprise Sector in Tanzania: Why It Matters and Who Cares?* Poverty Reduction and Economic Management. The World Bank. Washington, DC.
- Lanjouw, P., Quizon, J., & Sparrow, R. (2001). Non-agricultural earnings in peri-urban areas of Tanzania: evidence from household survey data. *Food policy*, 26(4), 385-403.
- Lerisse, F., Mmari, D. & M. Baruani. 2003. *Vulnerability and Social Protection Programmes in Tanzania*. Dar es Salaam: Research and Analysis Working Group.
- Lushakuzi, S. S., Killagane, K., & Goodlove, E. L. (2017). Village Community Bankes (VICOBA) and memebrs' business sustainability: Case study of Kunduchi ward at Kinondoni district in Dar es Salaam. *International Journal of Business Marketing and Management* (2)3. p.60-70.
- Lyons, M., & Msoka, C. (2007). Micro-trading in urban mainland Tanzania: The way forward (The Machinga Report). Dar es Salaam: Development Partners Group.
- Mchomvu, A., Tungaraza, F. S. K. & S. Maghimbi. 2002. *Social Security Systems in Tanzania: Phase I Overview of Social Security in Tanzania*. *Journal of Social Development in Africa* 17(2): doi:10.4314/jsda.v17i2.23831.
- Morgan, Granger, Fischhoff, Baruch, Bostrom, Ann and Atman, Cynthia. 2002. *Risk communication: A mental models approach*. Cambridge University Press.
- Morisset, J. & Haji, M. 2014. Tanzania: Productive jobs wanted. World Bank Group.
- National Bureau of Statistics (NBS) Tanzania. 2014. Tanazania Integrated Labour Force Survey 2014. Dar es Salaam: Author.
- Namey, Emily. 2017. *Blog. Riddle me this: How many interviews (or focus groups) are enough?* R&E Research for Evidence. (researchforevidence.fhi360.org)
- Namey, et.al. 2016. "Evaluating Bang for the Buck. A cost-effectiveness comparison between individual interviews and focus groups based on thematic saturation level." Volume: 37 issue: 3, page(s): 425-440
- Radcliffe, Dan, and Rodger Voorhies, 2012. A Digital Pathway to Financial Inclusion. Seattle: Bill & Melinda Gates Foundation (December). SSRN: <http://ssrn.com/abstract=2186926>.
- Tanzania Ministry of Finance. 2010. *National Strategy for Growth and Reduction of Poverty (NSGRP II)* [Summarized Version] http://www.tzonline.org/pdf/MKUKUTA_summarised_version.pdf
- Tanzania NBS. 2013. *2012 Population and Housing Census*. National Bureau of Statistics Ministry of Finance Dar es Salaam and Office of Chief Government Statistician President's Office, Finance, Economy and Development Planning Zanzibar

- TASAF. 2008. *Beneficiary Assessment Study in TASAF II: Operational Areas*. Dar es Salaam: TASAF, President's Office.
- TASAF. 2011. *TASAF: Project to Program Presentation* at TFESSD Learning Forum Kunduchi Beach Hotel & Resort 15-17 Nov. 2011, Dar es Salaam.
- TASAF. 2013. *Productive Social Safety Net (PSSN) Operational Manual*. Dar es Salaam. <http://www.tasaf.org/index.php/reports/tasafdocumentt- archive/publications/158-tasaf-iii-pssn-operational-manual/file>
- TASAF. 2016. (PSSN-brief profile). *Tanzania's Productive Social Safety Net: What to expect and how to get it*. <http://www.tasaf.go.tz/index.php/reports/publications-1/281-pssn-brief-profile-evidence-and-actions-1/file>
- Teshome, A; Elly, T.; Mkwizu, E.; Kanie, P. (2015) "Livelihoods enhancement analytical work for the productive social safety net (PSSN) in Tanzania."
- Ulriksen, Marianne, 2016. *The development of social protection policies in Tanzania, 2000-2015*. CSSR Working Paper No. 377. University of Cape Town. May 2016 DOI: 10.13140/RG.2.1.3052.2483
- United Nations Development Programme. 2016. Human Development Reports: Tanzania (United Republic of). Retrieved from: <http://hdr.undp.org/en/countries/profiles/TZA>
- World Bank. 2017. *Tanzania economic update: money within reach - extending financial inclusion in Tanzania*. Tanzania economic update; no. 9. Washington, D.C.: World Bank Group.
- World Bank. 2016. *Proposed Additional Credit and Restructuring. Productive Social Safety Net (PSSN)*. PAD1500. Washington, DC.
- World Bank. 2016b. *Tanzania's Productive Social Safety Net. Findings from the Impact Evaluation Baseline Survey*. Washington, D.C.: World Bank Group. Dar es Salaam, Tanzania: NBS and OCGS. WB Working Paper: 110255.
- World Bank. 2015. Tanzania Mainland Poverty Assessment. World Bank Group.
- World Bank. 2013. *Project Appraisal Document on a Proposed Loan/Credit (PAD)*. Tanzania Third Social Action Fund - Productive Social Safety Net (TASAF III-PSSN). Report No: 67116-TZ. June 18, 2013. Washington, DC.

Additional References - Websites:

- TASAF: www.tasaf.go.tz
- TASAF-I: <http://www.tasaf.go.tz/index.php/about-us/organization/tasaf-i>
- TASAF- II: <http://www.tasaf.go.tz/index.php/about-us/organization/tasaf-ii>
- TASAF. Handbook. Project Component: Public Works Programme (PWP): http://siteresources.worldbank.org/INTSF/Resources/395669-1124228420001/1563161-1133809492651/TASAF_PWP_Handbook.pdf
- The World Bank: povertydata.worldbank.org

MORE IN THIS SERIES:

1. Fostering Quality of Employment for Women
2. Where to Create Jobs: Cities or Towns?
3. Targeted SME Financing and Employment Effects: What Do We Know and What Can We Do Differently?
4. Zambia: A Review of the World Bank Group Jobs Portfolio
5. Job Creation in the Private Sector - An Exploratory Assessment of Patterns and Determinants at the Macro, Sector, and Firm Levels
6. Expanding Social Insurance Coverage to Informal Workers
7. Economic Analysis of Jobs Investment Projects: Guidance Note
8. Reducing Costs and Enhancing Benefits of Formality: From the Firm's Perspective
9. Jobs in North Lebanon: Assessment of the Potato Value Chain
10. Lending for Jobs Operations
11. Youth Labor Skill Training in Nepal
12. Why Secondary Towns Can Be Important for Poverty Reduction: A Migrant's Perspective
13. Youth Labor Migration in Nepal
14. Migrants, Towns, Poverty and Jobs: Insights from Tanzania
15. Untapped Potential: Household Enterprises in Tanzania



Address: 1776 G St, NW, Washington, DC 20006

Website: <http://www.worldbank.org/en/topic/jobsanddevelopment>

Twitter: @WBG_Jobs

Blog: <https://blogs.worldbank.org/jobs/>