

Data Collection Survey to  
Support Business Development  
Service (KAIZEN) for  
Private Sector in  
the United Republic of Tanzania  
  
Final Report

February 2023

Japan International Cooperation Agency

UNICO International Corporation

TZ
JR
23-002



**United Republic of Tanzania**

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Currency Conversion Table (Yearly Average)

Year	TZS→JPY	JPY→TZS
2022	0.056193	17.915253

Year	TZS→USD	USD→TZS
2022	0.000431	2,317.73

TZS: Tanzanian Shilling

JPY: Japanese Yen

USD: United States Dollar

Source: JICA website

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1. Classification of Industry Sectors
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## List of Abbreviations

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AECF	Africa Enterprise Challenge Fund
AKAC	Africa KAIZEN Annual Conference
A/P	Account Payable
A/R	Account Receivable
AUDA-NEPAD	African Union Development Agency - New Partnership for Africa's Development
BA	Business Advisor
BAC	Business Advisory Center
BDS	Business Development Service
BDSP	Business Development Service Provider
CBE	College of Business Education
COVID-19	Coronavirus Disease 2019
C/P	Counterpart
CRDB	CRDB Bank
CSM	Corporate Strategy/Management
CTI	Confederation of Tanzania Industries
DF/R	Draft Final Report
DIP	Department of Industrial Promotion
DSM	Dar es Salaam
EAC	East African Community
EEPSDD	Economic Empowerment and Private Sector Development Division
EKI	Ethiopian KAIZEN Institute
ENGINE	Enabling Growth through Investment and Enterprise Program
EU	European Union
EU-EEAS	European Union, European External Action Service
FCDO	Foreign, Commonwealth and Development Office
FKM 2020-2030	Framework for Quality and Productivity Improvement (KAIZEN) Promotion in Manufacturing Sector 2020-2030
FM	Financial Management
F/R	Final Report
F/S	Feasibility Study
FY	Fiscal Year
FYDP-III	Third National Five Year Development Plan
GAP	Good Agricultural Practice

GDP	Gross Domestic Product
GEA	Ghana Enterprises Agency
HR	Human Resource
HRM	Human Resource Management
IC/R	Inception Report
ICT	Information and Communication Technology
IDD	Industrial Development Division
IHRD	Industrial Human Resource Development
ILO	International Labour Organization
IPC	Industrial Promotion Center
iPs	Industrial Partners
IRDP	Institute of Rural Development Planning
ISIC	International Standard Industrial Classification
IT	Information Technology
ITC	International Trade Centre
IT/R	Interim Report
IUMP	Industrial Upgrading and Modernisation Project
JICA	Japan International Cooperation Agency
JPY	Japanese Yen
KLM	Kilimanjaro
KOICA	Korea International Cooperation Agency
LGA	Local Government Authority
LZ	Lake Zone
MARKUP	EU-EAC Market Access Upgrade Programme
MEDA	Mennonite Economic Development Associates
M/G	Mature/Growing
MIIT	Ministry of Investment, Industry and Trade
MIT	Ministry of Industry and Trade
MK	Marketing
MoSPAT	Morogoro Society of Professional Agribusiness Trainers
MOU	Memorandum of Understanding
MSME	Micro, Small and Medium-sized Enterprise
MTC	Master Trainer Candidate
NBAA	National Board of Accountants and Auditors

NBSSI	National Board for Small Scale Industries
NE	National Expert
NEEC	National Economic Empowerment Council
NES	Tanzania Inclusive National Entrepreneurship Strategy
NETF	National Entrepreneurship Training Framework
NINJA	Next Innovation with Japan
NGO	Non-governmental Organization
NMB	National Microfinance Bank
NPO	Nonprofit Organization
NVA	National Vocational Awards
OHM	Organizational and Human Resource Management
OJT	On the Job Training
PCP	Programme for Country Partnership
PDM	Project Deign Matrix
PISID	Programme for Inclusive and Sustainable Industrial Development
PPP	Public-Private Partnership
PR	Public Relations
PSSA	Private Sector Strengthening Activity
QC	Quality Control
RISMEP	Regional Integrated SME Promotion
SH	Southern Highland
SIDO	Small Industries Development Organization
SME	Small and Medium-sized Enterprise
SNS	Social Networking Service
SP	Service Provider
SSBVC	Strengthening Small Business Value Chains
SWOT	Strength, Weakness, Opportunity, Thereat
TADB	Tanzania Agricultural Development Bank
TANZIS	Tanzanian Innovation System
TC	Trainer Candidate
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TIA	Tanzania Institute of Accountancy
TKU	Tanzania KAIZEN Unit
T-LED	Tanzania Local Enterprise Development

TOT	Training of Trainers
TPSF	Tanzania Private Sector Foundation
TRA	Tanzania Revenue Authority
TVET	Technical and Vocational Education and Training
TWCC	Tanzania Women Chamber of Commerce
TZAW	Tanzania Agribusiness Window
TZS	Tanzanian Shilling
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
USD	United States Dollar
VC	Value Chain
VET	Vocational Education and Training
VETA	Vocational and Educational Training Authority
VSO	Voluntary Service Overseas
WB	World Bank
W/P	Work Plan
WTP	Willingness to Pay
ZA	Zanzibar

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## Summary

### 1. Overview of Survey

The “Data Collection Survey to Support Business Development Service (KAIZEN) for Private Sector in the United Republic of Tanzania (hereinafter referred to as the ‘Survey’)” aimed to grasp the current situation and challenges in the Business Development Service (BDS)<sup>1</sup> in Tanzania, with a view to reinforcing effectiveness of KAIZEN for improving productivity and quality at manufacturing sites (hereinafter referred to as the “KAIZEN”).<sup>2</sup>

More precisely, the Survey examined the actual condition in business management of Tanzanian companies, including their needs for BDS, on one hand, and the current situation of BDS providers (BDSPs), on the other hand, thereby identifying gaps between them in both quantitative and qualitative aspects.<sup>3</sup> Based on them, it formulated recommendations for JICA’s future “cooperation measures” in the BDS field in Tanzania and a “hypothesis for their implementation scenarios” with the implementation priority and timelines.

The survey activities consisted of: 1) collection and analysis of information on needs of Tanzanian companies for BDS, 2) collection and analysis of information on current situation of BDSPs in Tanzania, 3) collection and analysis of information on BDS support of other donor agencies in Tanzania, 4) collection and analysis of information on preceding supports of JICA in other countries, and 5) organization of awareness-raising seminars on BDS. The results of survey activities 1) and 2) together brought out the basis to analyze factors causing gaps between the BDS supply and demand in the country, which offered evidence to clarify challenges in balancing these gaps. The Survey then set forth the recommendations for the cooperation measures derived from solutions for such challenges and the hypothesis for their implementation scenarios with the priority and timelines. The Survey was conducted from April 2022 to February 2023.

### 2. Collection and Analysis of Information on Needs of Tanzanian Companies for BDS

The JICA Survey Team performed a needs-survey on the Vocational Education and Training Authority

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<sup>1</sup> In the Survey, BDS refers to the services to support companies in business management. The Survey focused on corporate strategy/management, marketing, financial management, and organizational and human resource management. Organizations and individuals that provide such BDS are referred to as BDS providers.

<sup>2</sup> The Japan International Cooperation Agency (JICA) implemented the “Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in the United Republic of Tanzania” in two phases from March 2013 to February 2022, which nurtured approximately 150 KAIZEN trainers and extended KAIZEN to more than 100 companies.

<sup>3</sup> Target regions of the Survey were Dar es Salaam, Arusha, Kilimanjaro, Singida, Dodoma, Mbeya, Mwanza, and Morogoro. The target companies included mainly manufacturing companies in these regions while the target BDSPs were both organizations and individuals, including public and private ones and those which were foreign-owned and domestic in the same regions.

(VETA) (hereinafter referred to as the “VETA Survey”), in addition to Tanzanian companies (hereinafter referred to as the “Company Survey”), with the latter constituting the main component of this survey activity.

## 2.1 Company Survey

The Company Survey aimed to identify the necessary BDS for Tanzanian companies by analyzing their actual situation, challenges and needs in the areas of the business management. For this, the JICA Survey Team firstly conducted an online questionnaire survey to grasp the overall picture. Based on it, the team delineated root causes of the challenges and the background/essence of the needs through face-to-face interviews. A total of 72 companies responded to the questionnaire and 44 received the face-to-face interviews.

The results of the questionnaire survey indicate that the major business challenges and BDS needs of Tanzanian companies are comprised of the 15 areas enumerated in Table 1 below.

**Table 1. Seriousness of Business Challenges and Priority of BDS Needs: Top 15**

Business Challenges (Seriousness)				BDS Needs (Priority)			
Rank	Specific Areas		Score	Rank	Specific Areas		Score
1	FM	Access to finance	225	1	FM	Access to finance	247
2	OHM	Personnel evaluation/incentive system	222	2	CSM	Utilization of IT for business management	243
3	CSM	Utilization of IT for business management	221	3	MK	Promotion strategy	238
4	OHM	Plan of employee training	220	4	OHM	Plan of employee training	236
5	FM	Break-even-point sales	219	5	CSM	Business plan	234
6	MK	Marketing strategy	216	6	CSM	Corporate strategy	227
7	MK	Promotion strategy	211	7	MK	Marketing strategy	227
8	MK	Sales plan	210	8	MK	Digital marketing	222
9	FM	Financial analysis	209	9	OHM	Personnel evaluation/incentive system	220
10	FM	Business plan	195	10	MK	Sales plan	218
11	MK	Digital marketing	192	11	FM	Business plan	212
12	MK	Market survey/information	189	12	FM	Financial analysis	211
13	CSM	Business plan	183	13	MK	Market survey/information	208
14	CSM	Corporate strategy	181	14	FM	Break-even-point sales	205
15	FM	Financial statement	166	15	FM	Financial statement	192

Note: FM is an abbreviation for financial management; OHM for organizational and human resource management, CSM for corporate strategy/management, and MK for marketing which are the four main areas of BDS. Refer to Subsection 2.2.1.2 in the full version of the report for the scoring methods.

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

Listing the top 15 specific areas classified by company scale, industry sector, and region offers almost the same trend except some differences in strata of the company scale. In other words, there is no significant

difference or particular tendency of each stratum of the BDS needs except those in the company scale.<sup>4</sup>

In the meantime, the results of the face-to-face interviews show that the vast majority of BDS needs of the micro and small companies center on sales and capital issues whereas the medium and large companies possess the individual and specific needs irrespective of the BDS areas. As for the former, inexistence of business/marketing strategies and incapacity of cost/cashflow management chiefly constitute the causes behind their main business challenges.

Based on the result of the entire Company Survey, it is concluded that provision of the following BDS areas are critical to address the bottleneck business challenges of Tanzanian companies:

- Corporate strategy/management: Preparation of corporate strategy, IT utilization in business management
- Marketing: Preparation of marketing strategy
- Financial management: Financial/cost/break-even-point analyses, Cashflow management, Preparation of business plan
- Organizational and human resource management: Formulation of plan of employee training, Establishment of personnel evaluation/incentive system

Additionally, the Company Survey examined the companies' status of utilization and willingness to pay of BDS. The results of the questionnaire survey reveal that those recognizing the word "BDS" comprise 65% of the respondents, and 49% of them have experience in using BDS. The biggest reason for the companies not to have utilized BDS is that they do not know any available BDS/BDSP. Regarding the willingness to pay, the answer of "20,000 Tanzanian Shilling (TZS) or below" occupies more than half of all, and further, that up to 80,000 TZS or blow accounts for over 80%, regardless of the BDS areas.

## 2.2 VETA Survey

The VETA Survey intended to examine possible synergistic effects between the cooperation measures proposed by the Survey and those proposed by the JICA's preceding survey for the industrial human resource development. For this, the following three points were discussed with VETA centers and the headquarters:

- 1) Needs for BDS and KAIZEN support (hereinafter referred to as the "BDS support")
- 2) Benefits expected from the BDS support
- 3) Restrictions on receiving the BDS support

Regarding 1), marketing and financial management are the most in-demand BDS of VETA. When limiting the scope of corporate strategy/management to more focused issues such as "planning and

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<sup>4</sup> Companies in a region often belong to the major industries of that region. The required technology or the market differ by industry, but the business management activities are largely common to all. Therefore, there is not likely to emerge clear difference in the needs of the companies from the viewpoint of the "business management" except the difference appearing in line with variation of the company scales.

implementation of revenue-generating activities” and “cooperation with private companies,” the high need is proven. Organizational and human resource management is also in demand, albeit to a lesser extent than other BDS areas. In other words, VETA would like to improve their capacity to accept more enrollments by realizing more capital investment and staff employment with increased revenue, to which the expansion of income-generating activities and efficient business management make a significant contribution.

Concerning KAIZEN, VETA has intention to receive a) refresher training for the existing trainers, and b) new support for basic-level trainer development, thereby eventually selling a training course specialized in KAIZEN as a new service to students and companies.

As for 2), the preceding survey proposed “expansion of facility and equipment provision to VETA via grant aid” and “increase in revenue from income-generating activities by expanding short training courses in collaboration with private companies,” which could expand VETA’s revenue. Meanwhile, the BDS support would contribute to improving VETA’s marketing capacity and their resource allocation. Hence, both the supports would bring in the synergic effects to realize the “sustainable capital investment and staff employment, and sustainable implementation of income-generating activities” of VETA.

Conversely, VETA would face few restraints including institutional ones in receiving the BDS support.

### 3. Collection and Analysis of Information on Current Situation of BDSPs

“Collection and Analysis of Information on Current Situation of BDSPs (hereinafter referred to as the ‘BDSP Survey’)” aimed to identify the current situation and issues of BDSPs in Tanzania and to deliberate their capability to assess the genuine challenges faced by their client companies. Following the remote interviews and the subcontracted research, face-to-face interviews were conducted. The data were collected from 163 BDSPs in the subcontracted research while the JICA Survey Team conducted the interviews with 65<sup>5</sup> BDSPs. Additionally, the team interviewed 11 KAIZEN trainers to grasp their methodologies for the identification of the genuine challenges of their clients as well as the issues that they faced as a BDSP.

The findings from the BDSP Survey and deliberation of the team are summarized as follows.

- The majority of the BDSPs are small and micro-scale and those which can provide comprehensive services to a large number of clients are limited.
- The BDSPs mostly target micro and small companies (particularly small companies with 5-19 employees), many of which are engaged in manufacturing, service (business related), and agriculture, forestry and fishing.
- BDS in marketing is most frequently provided, followed by financial management and corporate strategy/management. The BDSPs providing the services in organizational and human resource

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<sup>5</sup> The number is a gross headcount, as there are some overlaps between the remote and face-to-face interviews.



management are far fewer, and those providing ICT-related services are less than 30%.

- Training is the most common type of BDS provision, followed by consultation/advisory. By contrast, less than half of the BDSPs conduct consulting, and those which perform diagnosis are less than 20%.
- The majority of the BDSPs have delivered less than ten service cases in the last three years. A limited number of BDSPs can provide the services requiring professional knowledge, skills, and qualifications.
- Networking among BDSPs remains informal, and attempts at its formalization have seen little success.
- Lack of demand (i.e., clients do not recognize necessity and value of BDS), lack of trust (i.e., clients do not trust private and individual BDSPs), lack of finance (i.e., BDSPs do not have enough cash to search clients proactively), lack of competitiveness, and market distortion are obstacles to acquiring the clients.
- The median amount of remuneration considered to be appropriate by the BDSPs ranges between TZS 64,583 and 125,000/day for training and between TZS 225,000 and 400,000/day for consulting.
- High variance in BDS quality reduces client satisfaction, leading to a decrease in clients' willingness to pay for the service. It is likely that demand shortage for BDS and an excess supply of BDS (along with a shortage of BDSPs in good quality) occur at present.
- Training is expected to be demanded most in future, followed by consultation/advisory. BDSPs may not understand content and significance of diagnosis adequately.
- Generally, the BDSPs consider that their ability is high, but the objectivity of this self-assessment is unlikely to be sufficient. Although communication skills to elicit correct information from clients must be strengthened, insufficient knowledge outside individual expertise, such as corporate strategy/management and financial management, is a constraint for conducting business diagnosis.
- The policy measures and budget of the government to promote BDS provision are not sufficient. Moreover, lack of coordination on BDS provision among the stakeholders is causing confusion on the side of the beneficiaries.

The analysis of the findings from the entire BDSP Survey leads to the following conclusion in the form the recommendations to improve BDS provision in Tanzania.

- 1) Controlling and visualizing quality of BDS (Certification system and capacity building)
- 2) Stimulating demand for BDS (Strengthening of marketing)
- 3) Stimulating demand for BDS (Introduction of subsidy program)
- 4) Creating opportunities and platform to share knowledge and lessons among BDSPs
- 5) Developing guidelines for BDS provision

#### 4. Analysis of Gap Factors and Challenges in BDS Market in Tanzania

The JICA Survey Team identified the factors that caused gaps between BDS supply and its demand in Tanzania based upon the results from the "Company Survey" (on the demand side) and the "BDSP Survey"

(on the supply side) reported above. Furthermore, the team clarified what factors should be eliminated; in other words, what challenges should be solved to develop the BDS market in the country. Table 2 summarizes results from verification of the hypotheses that were formed at the outset of the Survey regarding the factors behind the supply-demand gaps.

Table 2. Hypotheses for Factors of Gaps between BDS Supply and Demand (Verification Results)

Gap	Factor Group (Hypothesis)	Factor (Hypothesis)
D < S D ≠ S	1 Lack of BDS demand and coordination for BDS	<ul style="list-style-type: none"> <li>- Companies have little recognition of and interest in BDS.</li> <li>- Appropriate BDS cannot be introduced to companies because of the limited ability of BDSPs to identify genuine challenges/needs of the companies.</li> <li>- Supply and demand of BDS cannot match due to a lack of systematically organized information about BDSPs.</li> <li>- There is no function to bridge supply and demand of BDS.</li> <li>- There is a lack or insufficiency of a framework/platform for BDSPs to collaborate and share information/knowledge/expertise with one another.</li> <li>- <b><u>There is a variation in service quality among BDSPs.</u></b></li> </ul>
	2 Inconsistency between the needs of companies and conditions of BDS provision	<ul style="list-style-type: none"> <li>- Companies' capacity and willingness to pay for BDS are low.</li> <li>- BDS fees exceed willingness to pay of companies.</li> <li>- Forms and methods of BDS provision do not match the needs of companies.</li> <li>- There is a lack or insufficiency of the opportunity where companies and BDSPs share their needs and constraints regarding the use and provision of BDS with each other.</li> <li>- <b><u>There is a variation in service quality among BDSPs.</u></b></li> </ul>
D > S	3 Lack or uneven distribution of BDS provision in terms of service areas	<ul style="list-style-type: none"> <li><del>There are few BDSPs that can provide specific areas of BDS attracting huge demand from companies or addressing serious challenges faced by them.</del></li> <li><del>Even if such BDSPs exist, their service quantity and quality are inadequate.</del></li> <li>- <b><u>BDS provision is inadequate to meet companies' needs and solve their bottleneck business challenges when BDS is classified into specific areas.*</u></b></li> </ul>
	4 <del>Lack or uneven distribution of BDS provision in terms of regions</del>	<ul style="list-style-type: none"> <li><del>There are few BDSPs in a particular region that can provide specific areas of BDS attracting huge demand from companies or addressing serious challenges faced by them.</del></li> <li><del>Even if such BDSPs exist, their service quantity and quality are inadequate.</del></li> </ul>
D > S D ≠ S	5 Lack or uneven distribution of BDS provision in terms of targets	<ul style="list-style-type: none"> <li><del>Quantity and quality of BDS are not sufficient for particular industries.</del></li> <li>- There are many BDSPs able to support small companies, but insufficient BDSPs that can provide BDS for medium and large companies (<i>Yet, priority is low to respond to this factor in the short term; the mid- and long-term measures would be necessary</i>).</li> <li>- BDSPs are enough to support startup companies in the early stage but inadequate to render BDS for those in the later stage venturing into the new businesses (<i>The hypothesis was not able to be verified due to the contradictory evidence. Conversely, it can be hypothesized that Tanzania would need to consider analyzing gap factors of supply and demand in the overall startup support; rather than discussing the gaps in line with the growth stage of startup companies</i>).</li> </ul>

Note: Two lines crossing out the gap factors mean that they were not confirmed, whereas bold-cum-underlined sentences involve those which were not initially hypothesized but deemed important based on the analysis results. Sentences with italic and underlined fonts are remarks.

\* Especially, a) formulation of a corporate strategy, b) preparation of a marketing strategy, c) financial analysis, d) formulation of an employee training plan, and e) introduction of ICT in business management.

Source: Prepared by JICA Survey Team

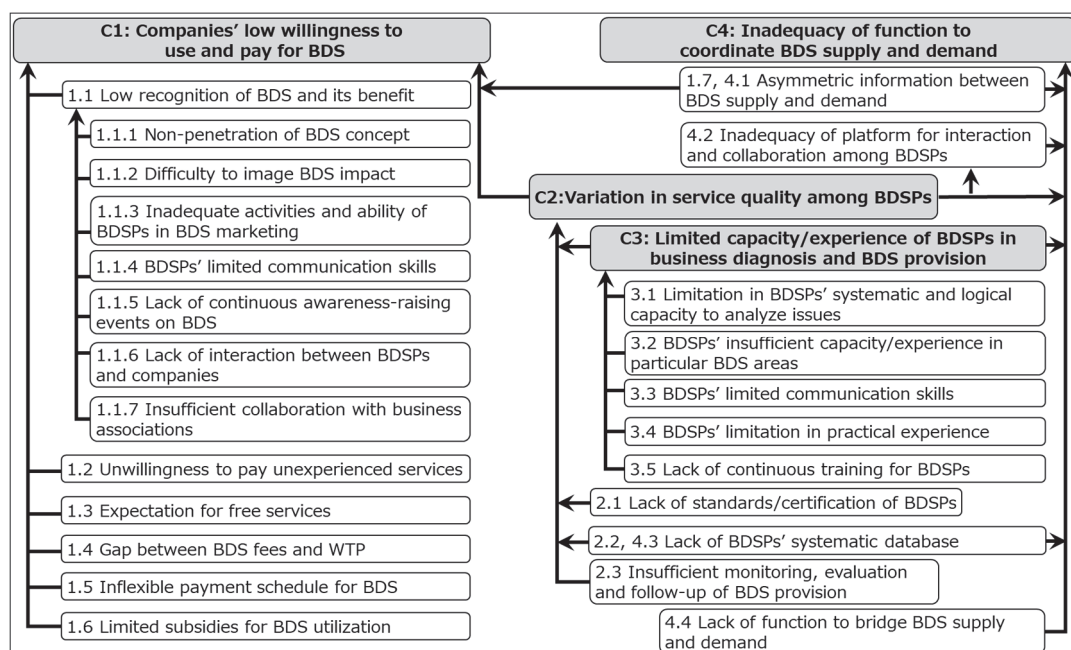
Hypotheses 1 and 2 proved to be the fundamental factors generating gaps between the BDS supply and demand. Additionally, the “variation in service quality among BDSPs” was, although not initially hypothesized, confirmed to be the significant gap-factor. In Hypothesis 3, the analysis identified the new factor too, causing a discrepancy between the provided areas of the BDS and the challenges of the companies.

Conversely, the importance of Hypotheses 4 and 5 was not verified. The gap-factors concerning the characteristics of different regions and industries are negligible and hence the necessity to narrow down them is low. Although a clear gap exists between the supply and demand in BDS to medium and large companies, the gap should not be a serious issue to be addressed, at least in the short term.

Therefore, the Survey considers the gap-factors in Hypotheses 1 to 3 to be the most significant challenges that should be solved to balance the BDS market in Tanzania. It should be noted that the gap-factor regarding BDS provision to medium and large companies is likely to turn into an important challenge in the middle to long term, and hence, the Survey does not exclude it from coverage of the cooperation measures.

The gap-factors concerning Hypotheses 1 to 3, or the bottleneck challenges in the BDS market, are reorganized below. Additionally, Figure 1 shows the systematic relations among these challenges.

- Challenge 1: Companies’ low willingness to use and pay for BDS
- Challenge 2: Variation in service quality among BDSPs
- Challenge 3: Limited capacity/experience of BDSPs in business diagnosis and BDS provision
- Challenge 4: Inadequacy of function to coordinate BDS supply and demand



Note: A factor/challenge from which an arrow starts causes the one at which the arrow arrives. “C” denotes challenge.

Source: Prepared by JICA Survey Team

Figure 1. Systematic Relations among Challenges in BDS Market

## 5. Collection and Analysis of Information on BDS Support of Other Donor Agencies in Tanzania

The JICA Survey Team gathered information on projects of other donor agencies that have supported or have been supporting the BDS sector in Tanzania in recent years. First, a desktop survey was conducted on 23 projects to comprehend the outlines, target regions, target industries, and target areas of BDS. Based on the findings, the team conducted interviews with the ten donor agencies and implementing organizations for the projects deemed highly relevant to the cooperation measures to be proposed in the Survey.

The results show that there is no significant omission of the projects implemented regarding the regions, target industries, and target areas of BDS.

Regarding the regions, a reasonable number of the projects have been implemented in all the target regions, indicating that a fair amount of the demand for support exists in any region.

As for the industries, the support is concentrated in the agricultural value chain and agribusiness. Focusing on the support for the manufacturing and/or service sectors would differentiate it from other donors' projects.

In terms of the areas of BDS, many projects address marketing, financial management, and access to finance, seemingly reflecting their high demand. Conversely, less than half of the donor agencies support consultation/diagnosis, corporate strategy/management, and organizational and human resource management, which indicates that support in these areas is inadequate.

## 6. Collection and Analysis of Information on Preceding Supports of JICA in Other Countries

The JICA Survey Team reviewed JICA's preceding supports in other countries specialized in BDS by classifying them into 18 perspectives. The classified information together with lessons learnt from each support served as references for the cooperation measures proposed by the Survey. Table 3 summarizes the classification basis, the target supports, and key lessons learnt from the supports.

**Table 3. Classification of BDS Approaches and Lessons from Each Support**

Classification Basis			
1	Cooperation with Private Companies and Other Actors	10	Evaluation/Certification System for BDSPs
2	Characteristics of Beneficiaries	11	Standardization on BDS
3	Use of Training Modules and KAIZEN	12	Public Relations on BDS
4	Strategic/Planning Papers on BDS Provision/Use	13	Approaches on Charging/Cost-sharing for BDS
5	Unique Approaches to BDS Provision	14	Developed/Used Tools/Guidelines
6	Collection and Sharing of BDSP Information	15	Use of Digital Technology
7	Division of Roles among BDSPs	16	Financial Cooperation/Access to Finance
8	Networking of BDSPs	17	Support for Start-ups
9	Function to Link BDS with Companies	18	Sustainability Assurance
Target Supports		Key Lessons	
Project on Establishment and Promotion of Mentoring Service for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)		It is vital to standardize the mentoring service, which can be the basis of solicitation for budget provision to politicians, promotion to targeted potential customers, setting of certification/evaluation standards, branding promotion, coordination with KAIZEN, and division of roles with consultants specialized in a certain field.	

Project on Small and Medium Industry Development Based on Improved Service Delivery in Indonesia	It is important to identify several companies with a sufficient level of motivation and commitment among target industries to promote the growth of such companies in implementing action plans. To generate a ripple effect, it is also important to let such companies produce a visible outcome.
Project for Business Development Service (BDS) Enhancement for MSMEs in Palestine	Some companies could be willing to participate in training to obtain knowledge on a fee basis. Thus, it is significant to regard the training as a marketing activity that could bring in fee-based services.
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	Creating informal networking among administration staff resulted in the promotion of cooperation in a formal business setting. In this context, the introduction of a revolving presidency for regular meetings among BDSPs proved effective.
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	A fee scale for BDS supports prepared by in the project did not closely match the standard of private companies, nor accommodate the perspective of service cost. Thus, it was regarded as not an authorized fee scheme but as the reference information.
Project on Quality and Productivity Improvement (KAIZEN) for SMEs in Cameroon	Cooperation with other development partners could be one possible way to complement the budget to dispatch consultants who commit to activities on the ground.
Project on Business Development Services (BDS) Enhancement for Enterprises Growth in Ethiopia, Project for Establishing Comprehensive Support System for Enhancing Firm Competitiveness in Ethiopia (First Period)	It is effective to show the project impact visibly so that all concerned project parties could improve their motivation and commitment to the project. In this sense, a short movie can be one strong tool that could largely affect the mindset of those who are illiterate.
Project for Enhancing Enterprise Competitiveness in Kenya (First and Second Periods)	In the beginning, Project recruited and trained the Master Trainer Candidate (MTC) and Trainer Candidate separately. Later, it changed this approach, so that the trainers were able to work as MTC. This approach-change brought many candidates with sufficient motivation into the Master Trainer training programs.
Enterprise Development Project with Kaizen (First Period) in Ghana	It was found that the capacity and experience of BDSPs varied when providing OJT in marketing and financial management. To address this issue, Project prepared manuals and templates on BDS (marketing, financial management, and business plan) for reference. It also promoted support for access to finance with similar manuals and templates.

Source: Prepared by JICA Survey Team based on Project Completion Reports, other reports, and information collected from the project teams of target supports

## 7. Organization of Awareness-raising Seminars on BDS

The JICA Survey Team held awareness-raising seminars on BDS in the eight target regions from late October to mid-November 2022 where a total of 139 persons, consisting of 109 from companies and 30 from BDSPs, participated. The seminar program included sharing the survey results as well as cases for BDS implementation. The team also assessed highly demanded BDS of the participants and their willingness to pay (hereinafter referred to as “WTP”) for the service through a questionnaire survey and the discussion.<sup>6</sup>

As for a level of the interest in the four main areas of BDS, many participants showed a strong interest in

<sup>6</sup> The demand and WTP levels were measured both for the four main areas of BDS and for the cases for BDS implementation. The demand level was assessed as the level of interest.

corporate strategy/management, marketing, and financial management. Organizational and human resource management, on the other hand, gained relatively low interest; however, it still attracted a high level of interest. Changes in the perception between before and after the seminars were considerable in some regions and BDS areas while they were small in other regions and areas, without showing the uniformity. Overall, an effect of the seminars was confirmed that they newly created interest in BDS while counteracting the overvaluation of BDS by enhancing understanding of BDS among the participants.

Regarding the WTP level for these areas of BDS, many participants responded that 20,000 TZS or less was appropriate at the beginning of the seminars; however, those which responded so decreased at the end. This trend was noticeable in Dar es Salaam and Dodoma, where the answer of 20,000 TZS or less disappeared,<sup>7</sup> and thus, the value of BDS was improved through the seminars. Nonetheless, there still remained many companies answering that 20,000 TZS or less was appropriate. The WTP level by company scale, meanwhile, produced the results similar to the above. Generally, micro companies presented the relatively modest improvement in the WTP level with the majority still answering that 20,000 TZS or less was appropriate. Small companies, on the other hand, demonstrated the improvement to a greater extent.

Both the interest and WTP levels for the cases of BDS implementation varied depending on the cases. This was likely to be influenced by differences in the BDS areas presented as well as by trust relationship, reputation, work history, and presentation skills of the presenters. Overall, the levels were high for financial management, corporate strategy/management, and the mixed package, and for the regions with larger city areas.

The JICA Survey Team draws the following insights, as a conclusion, by comprehensively reviewing the analysis results and contents of the discussion in the seminars.

- Companies can sufficiently understand the utility of BDS by being provided with opportunities such as seminars to raise their awareness. As a result, the demands for BDS could be boosted. However, they have not been able to actively use BDS due to inadequate spread of information about BDSs. To address this issue, BDSs are required to engage in more proactive marketing activities.
- A small-scale event with about 20 participants as organized in this seminar could be an effective marketing tool, enabling the participants to fully obtain and absorb knowledge and understanding about BDS and its value, and characteristics and reliability of BDSs as an individual.
- The impact of sharing the cases for BDS implementation largely depends on the presenters' communication skills to convince the audience of effectiveness and quality of BDS. In this regard, BDSs should improve their communication skills and capability.
- When considering the WTP level for BDS, it is important to examine the payment schedule and methods as well. Companies have a high demand for payment by installments and a contingency fee.

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<sup>7</sup> Organizational and human resource development in Dodoma is an exception.

## 8. Formulation of Cooperation Measures and Implementation Scenarios

The JICA Survey Team formulated recommendations for the JICA's future "cooperation measures" in the field of BDS in Tanzania and a "hypothesis for their implementation scenarios" based on the results of the entire Survey. The team put forward the multiple cooperation measures whose implementation priority and timelines were proposed in the hypothesis.

### 8.1 Cooperation Measures

The following summarize the framework and targets of the cooperation measures.

- Overall Goal: "Contribution of the MSME sector to GDP in Tanzania will be increased."
- Goal: "Business status of MSMEs that have received BDS will be improved."
- Objective: "Supply and demand in the BDS market will be balanced at a high level."
  - Strategy 1: "Stimulation of BDS demand"
  - Strategy 2: "Enhancement and standardization of quality in BDS supply"
  - Strategy 3: "Improvement of function to coordinate BDS supply and demand"
  - ◇ Cooperation measures: Composed of solutions for the challenges in Figure 1 above.
- Target beneficiaries on demand side: Mainly micro and small companies in manufacturing and service industries irrespective of the subsectors and locations of them. Cover medium and large companies in the middle to long term.
- Target beneficiaries on supply side: Public and private BDSPs (KAIZEN trainers, private BDSPs delivering BDS in business management, and BDSPs nurtured in projects of other donors).
- Target areas of BDS: Four main areas of BDS in the Survey (with particular emphasis on a) formulation of a corporate strategy, b) preparation of a marketing strategy, c) financial analysis, d) formulation of an employee training plan, and e) introduction of ICT in business management), and business diagnosis.

Table 4 summarizes the eight cooperation measures that the JICA Survey Team recommends for implementation.

Cooperation measure<sup>8</sup> 1 is a technical cooperation that tackles every strategy and all the controllable solutions to address the entire challenges in the BDS market in Tanzania, or it serves as the basis on which other Measures are formulated. Measure 2 focuses on business diagnosis for capacity development of BDSPs and necessary solutions identified by the diagnosis are rendered by more specialized consultants or in collaboration with financial institutions. Measure 3 promotes monetization of BDS provision which can maximize the outputs from the Survey concerning the levels of companies' demand and WTP for BDS.

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<sup>8</sup> "Cooperation measure" is hereinafter referred to as "the Measure," or as "Measure" when the reference number follows.

Table 4. Summary of Recommended Cooperation Measures

1. Overall Development of BDS Market	2. Capacity Development in Business Diagnosis and Collaboration with Specialized Consultants and Financial Institutions
<p>Period: Phase 1 (4 years), Phase 2 (3 years)  Regions: 8 target regions in the Survey  Purpose: A supply-demand gap in BDS market is closed.  Output 1: The demand for BDS is expanded.  Output 2: BDSPs' capacity of business diagnosis and BDS provision is enhanced and standardized.  Output 3: A coordination function between the BDS demand and supply is improved.</p>	<p>Period: 3 years  Regions: 8 target regions in the Survey  Purpose: BDSPs' capacity of business diagnosis is enhanced and standardized, and collaboration with specialized consultants and financial institutions is promoted.  Output 1: BDSPs' capacity of business diagnosis is enhanced.  Output 2: BDS in collaboration with specialized consultants is provided.  Output 3: BDS in collaboration with financial institutions is delivered.</p>
3. Promotion of Fee-based BDS Provision	4. Establishment of BDSP Network and One-stop Consultation Window
<p>Period: 2 years  Regions: Dar es Salaam, Arusha, Dodoma, Singida, Morogoro  Purpose: Companies' WTP for BDS is heightened.  Output 1: Areas of BDS for monetization with priority is identified.  Output 2: Companies' willingness to use and pay the identified BDS is strengthened.  Output 3: BDS in the identified areas is provided on a fee basis.</p>	<p>Period: Phase 1 (2 years), Phase 2 (2 years)  Regions: Phase 1 (Dar es Salaam, Dodoma, Morogoro, Mbeya), Phase 2 (Other 4 target regions in the Survey are added)  Purpose: BDS in accordance with challenges and needs of companies is delivered by members of a BDSP network.  Output 1: A BDSP network is established.  Output 2: One-stop consultation windows to introduce appropriate BDS are set up.  Output 3: The one-stop consultation windows are functioned.</p>
5. Capacity Development for Provision of BDS in Particular Areas and Collaboration with KAIZEN	6. Provision of Market-oriented BDS/KAIZEN Package Support
<p>Period: 4 years  Regions: 8 target regions in the Survey  Purpose: BDSPs' capacity of BDS provision is enhanced and a system for the provision in collaboration with KAIZEN is established.  Output 1: BDSPs' capacity in provision of the particular areas of BDS is enhanced and standardized.  Output 2: KAIZEN and the particular areas of BDS (KAIZEN x BDS) are provided together.  Output 3: Positive impacts of KAIZEN x BDS is disseminated.</p>	<p>Period: Phase 1 (1.5 years), Phase 2 (1.5 years)  Regions: Phase 1 (Dar es Salaam, Dodoma, Singida, Morogoro), Phase 2 (Other 4 target regions in the Survey)  Purpose: A system to provide market-oriented BDS/KAIZEN package support is established and provided on a fee basis.  Output 1: BDSPs' capacity of BDS provision is enhanced and standardized.  Output 2: An action plan to provide market-oriented BDS/KAIZEN package support is prepared.  Output 3: The BDS/KAIZEN package support is delivered according to the plan on a fee basis.  Output 4: Positive impacts of the BDS/KAIZEN package support is disseminated.</p>
7. Enhancement of BDS Provision for Medium/Large Companies	8. Enhancement of ICT-related BDS Provision
<p>Period: Phase 1 (1.5 years), Phase 2 (1.5 years)  Regions: Phase 1 (Dar es Salaam, Arusha, Mwanza), Phase 2 (Other 5 target regions in the Survey)  Purpose: BDSPs' capacity in BDS provision for medium/large companies is enhanced and the services are utilized by them.  Output 1: BDSPs' capacity in provision of the particular areas of BDS is further enhanced.  Output 2: BDS in the particular areas is offered to medium/large companies.  Output 3: Positive impacts of BDS for medium/large companies is disseminated.</p>	<p>Period: 1.5 years  Regions: 8 target regions in the Survey  Purpose: BDSPs' capacity of ICT-related BDS provision is enhanced and the services are utilized by companies.  Output 1: ICT attracting strong needs from companies is identified.  Output 2: BDSPs' capacity of the identified ICT is enhanced.  Output 3: BDS introducing the identified ICT is delivered.</p>

Source: Prepared by JICA Survey Team



Measure 4 concentrates its activities on improving a coordination function between the BDS supply and demand in response primarily to Strategy 3. Measure 5 aims for collaborative promotion of KAIZEN and BDS. In Measure 6, several BDSPs constitute a team to formulate an action plan for chargeable provision of the BDS/KAIZEN package support in accordance with the needs of the market that a client company targets.

Measure 7, meanwhile, is to enhance capacity of BDSPs for provision of their services to medium and large companies to develop the more mature BDS market. It is supposed to commence after the challenges of the BDS supply and demand are solved to a certain extent by the other Measures. Measure 8 is a short-term measure to focus its support solely on development of capabilities of BDSPs in provision of BDS for introducing ICT, which currently carries less quantity and quality than demanded.

## 8.2 Hypothesis for Implementation Scenarios of Cooperation Measures

The JICA Survey Team recommends the implementation priority and timelines of the eight Measures as a hypothesis for their implementation scenarios. Measurement of the implementation priority adopts two criteria, namely, the “expected impact on solutions” and the “feasibility” of each Measure with the former given a little higher evaluation weight. The expected impact on solutions is explored by comparing the level of contribution of each Measure to each strategy, a group of the individual solutions for the bottleneck challenges. The feasibility is assessed with criteria regarding easiness and urgency of the implementation. Table 5 summarizes the results of the measurement for the implementation priority in order from high to low. The JICA Survey Team proposes that the Measure with the higher score carry the higher priority for implementation.

Table 5. Implementation Priority of Measures

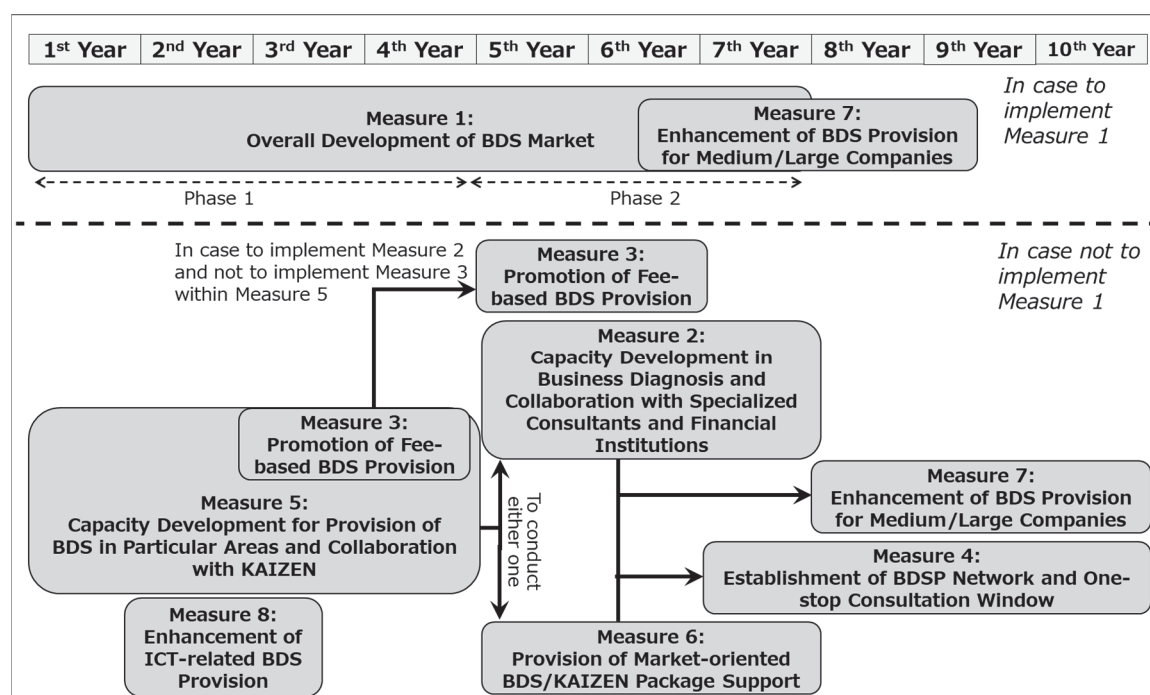
		Expected Impact on Solutions	Feasibility	Total
1	M1: Overall Development of BDS Market	6.0	2.8	<b>8.8</b>
2	M5: Capacity Development for Provision of BDS in Particular Areas and Collaboration with KAIZEN	3.0	4.8	<b>7.8</b>
3	M6: Provision of Market-oriented BDS/KAIZEN Package Support	4.5	3.2	<b>7.7</b>
4	M2: Capacity Development in Business Diagnosis and Collaboration with Specialized Consultants and Financial Institutions	3.4	3.3	<b>6.7</b>
5	M4: Establishment of BDSP Network and One-stop Consultation Window	2.9	3.0	<b>5.9</b>
6	M3: Promotion of Fee-based BDS Provision	2.8	2.8	<b>5.6</b>
7	M7: Enhancement of BDS Provision for Middle/Large Companies	1.9	2.3	<b>4.2</b>
8	M8: Enhancement of ICT-related BDS Provision	0.6	3.2	<b>3.8</b>

Note: “M” denotes Measure. Refer to Subsection 3.2.1 in the full version of the report for details of the scoring methods and process.

Source: Prepared by JICA Survey Team

It is, in reality, extremely difficult to implement all the Measures due to various constraints. Notwithstanding, the scope of the Survey is to formulate the multiple Measures and hypothesize the priority and timelines for their implementation; the actual response to these deliverables is determined by JICA. Therefore, the JICA Survey Team recommends JICA to use this priority as the “basis” or the “materials” in considering and making decision on its future interventions in BDS support in Tanzania.

In addition, the JICA Survey Team proposes the implementation timelines of the Measures based on the implementation priority above and the relationship among the Measures. The timelines are set forth here by supposing that the implementation period is for ten years from the submission of the current report. Figure 2 shows the proposed timelines and flows for implementation of the eight Measures by classifying them into two cases, namely, the case to implement the Measure 1 which serves as the basis for formulation of other Measures, and the case not to undertake Measure 1.



Source: Prepared by JICA Survey Team

Figure 2. Implementation Timelines and Flows of Measures

Implementation of Measure 1 would enable all the Measures except Measure 7 to be undertaken. It is hence proposed that, in case Measure 1 is implemented, Measure 7 be conducted in combination with the former during its Phase 2 and continue independently after the termination of Measure 1.

In contrast, the case where Measure 1 is not implemented requires more attention to the implementation timelines of each Measure. The most coherent scenario would be to start with Measure 5 as it is most feasible, followed by either Measure 2 or 6. Given the higher priority between the two and the closer relations with

Measures 5 in terms of the activities, it would be more relevant to select Measure 6. The Measure also encompasses the activities planned in Measure 3. If Measure 2 is chosen for implementation, Measure 3 can proceed in parallel, or the latter can be assumed within Measure 5 after its implementation has advanced to the certain point.

Establishment of the one-stop consultation windows in Measure 4 and strengthening of capacity of BDS provision to medium and large companies in Measure 7 would proceed more effectively and efficiently if commenced after the sufficient quantity of the high-quality BDSPs is ensured and the BDS market matures to a certain degree. It would hence be logical to launch these two Measures at the middle point of the implementation period of Measure 2 or 6, or after the end of them. Nevertheless, an activity component of the networking among BDSPs in Measure 4 can be tackled within the framework of the other Measures as well.

On the contrary, Measure 8 focuses only on a single BDS area within a short term while having weak relations with the other Measures; therefore, its implementation timelines are insignificant. The Measure can start anytime, for example, while the other Measures are being implemented or in such a way that capacity development of ICT-related BDS is integrated into the target areas in the other Measures. Given the current situation and the needs of the companies and BDSPs regarding ICT reported in Sections 2 and 3, however, it would be more desirable if the Measure were to be initiated sooner rather than later.



# 1. Overview, Plans and Implementation of Survey

## 1.1 Overview of Survey

### 1.1.1 Background of Survey

The “Data Collection Survey to Support Business Development Service (KAIZEN) for Private Sector in the United Republic of Tanzania (hereinafter referred to as the ‘Survey’)” aimed to grasp the current situation and challenges in the Business Development Service (BDS)<sup>1</sup> in Tanzania, with a view to reinforcing effectiveness of KAIZEN for improving productivity and quality at manufacturing sites (hereinafter referred to as the “KAIZEN”) that the Japanese government had supported.

In June 2021, the Tanzanian government formulated the National Five Year Development Plan-III (FYDP-III<sup>2</sup>), which identified the promotion of industrialization as one of its priority areas. While a small number of large local business groups have been emerging in the Tanzanian private sector, the majority (approximately 60,000 companies, or 98% of the total) are micro, small and medium-sized enterprises (MSMEs), which have been facing challenges in terms of improvement of management capacity, product quality and productivity, and access to finance. In addition, inconsistencies in related policies, such as those for business registration, taxation and tax administration, customs rules and administration, land regulations, financial service regulations, and local procurement regulations, have been forcing the companies to take complex procedures. As a result, the country ranked the 141st in the Doing Business ranking (World Bank, 2020), an indicator of the favorable business environment, which was inferior to the neighboring countries (e.g., the 38th for Rwanda and the 56th for Kenya).

To support the industrialization which the Tanzanian government set as a central focus in FYDP-III, the Japanese assistance has been focusing on a) “presenting clear and realistic policy for industrialization,” b) “ensuring business environment with policy coherence,” and c) “creating vital private sector” (“Country Development Cooperation Policy: Rolling Plan for Tanzania,” April 2020). The Survey particularly aimed to contribute to c) of these.

As part of its support to c) above, the Japan International Cooperation Agency (JICA) implemented the “Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in the United Republic of Tanzania (hereinafter referred to as the ‘KAIZEN Project’)” in two phases from March 2013 to February 2022, with the Ministry of Industry and Trade (MIT)<sup>3</sup> as a counterpart

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<sup>1</sup> In the Survey, BDS refers to the services to support companies in business management. The Survey focused on corporate strategy/management, marketing, financial management, and organizational and human resource management. Organizations and individuals that provide such BDS are referred to as BDS providers.

<sup>2</sup> National Five Year Development Plan 2021/22-2025/26 “Realising Competitiveness and Industrialisation for Human Development.”

<sup>3</sup> The ministry was renamed to the Ministry of Investment, Industry and Trade (MIIT) in January 2022.

(hereinafter referred to as “C/P”) organization. The KAIZEN Project nurtured approximately 150 KAIZEN trainers and extending KAIZEN to more than 100 companies by the end of October 2021.

MIT declared its commitment to a national KAIZEN dissemination plan through 2030, which was formulated as the “Framework for Quality and Productivity Improvement (KAIZEN) in Manufacturing Sector 2020-2030 (FKM 2020-2030)” in April 2020. Furthermore, the Tanzanian government hosted the Africa KAIZEN Annual Conference (AKAC) 2021 in August 2021. The conference turned into a large-scale event where more than 100 people attended daily at the venue, and over 700 people registered for online attendance. Through these activities, recognition of KAIZEN and momentum toward KAIZEN dissemination in Tanzania have increased significantly.

Moreover, JICA implemented the “Data Collection Survey on Enhancement of Financial Access of Private Sector in Tanzania” from April 2021 to February 2022 to explore means to improve the competitiveness of Tanzanian companies by improving their access to finance (e.g., support in the preparation of financial statements). It was then considered to be necessary to comprehensively improve their competitiveness by strengthening support in the BDS field in addition to KAIZEN. The Survey was expected to collect and analyze the related information in order to present a basis for JICA to determine the direction of its future cooperation measures in the BDS field in the country.

Furthermore, Tanzania is a center of excellence in the Africa KAIZEN Initiative led by the African Union Development Agency - New Partnership for Africa’s Development (AUDA-NEPAD) and JICA. The initiative presented a plan to pursue the “expansion of services to provide comprehensive corporate support that includes overall management and financial access in addition to KAIZEN.”

In April 2022, the Japanese government accepted an official request from MIT made in fiscal year 2021 for a succeeding project to, or a new phase of, the KAIZEN Project which is expected to support development of the BDS field in the country.

### 1.1.2 Outline of Survey

An outline of the Survey, based on the background above, is presented below.

#### (1) Purpose

By grasping the actual condition in business management of Tanzanian companies, including their needs for BDS, on one hand, and the current situation of BDS providers (BDSPs), on the other hand, the Survey aims to identify gaps between them in both quantitative and qualitative aspects, thereby developing hypothetical scenarios (implementation priority and timelines) for JICA’s future cooperation measures in the BDS field in Tanzania.

(2) Position

The Survey is expected to clarify the current situation and challenges regarding BDS in Tanzania, based on which to provide a basis for JICA to consider its direction of BDS-related cooperation to Tanzania, in order to more effectively and efficiently enhance competitiveness of Tanzanian companies (by solving their challenges).

(3) Target

The target regions were eight KAIZEN-implemented regions in the KAIZEN Project, namely, Dar es Salaam, Arusha, Kilimanjaro, Singida, Dodoma, Mbeya, Mwanza, and Morogoro.

The target companies<sup>4</sup> consisted mainly of KAIZEN-implemented ones located in the eight regions above and also included those in the seven industrial clusters supported through the KAIZEN Project and other related projects. The Survey also targeted start-up companies, mainly the winners and finalists in the JICA's Next Innovation with Japan (NINJA) business contest.

The target BDSPs included both organizations and individuals, including public and private ones and those which were foreign-owned and domestic. Since BDS is a service for MSMEs, organizations that provide services at fees far above the price range acceptable to these companies, such as large accounting firms, law firms, and consulting firms, were excluded from the target of the Survey.<sup>5</sup>

In addition to the local stakeholders, information was also collected from those involved in the KAIZEN Project (Phase 2), which was closely related to the Survey.

(4) Activities

The Survey consisted of ten activities from 1) to 10) below. Among these, 2) through 5) and 7) are referred to as the "survey activities" in this report, and their specific activities and results are reported in Chapter 2. It is followed by Chapter 3 that presents recommendations, derived from the results of the survey activities, for the JICA's future "cooperation measures" and a "hypothesis for their implementation scenarios" described in 8) below.

- 1) Preparation/submission/explanation of the Work Plan (W/P) and preparation/submission of the Inception Report (IC/R)
- 2) Collection and analysis of information on needs of Tanzanian companies for BDS
- 3) Collection and analysis of information on current situation of BDSPs in Tanzania
- 4) Collection and analysis of information on BDS support of other donor agencies in Tanzania

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<sup>4</sup> The Survey also included the Vocational Education and Training Authority (VETA) for the activity of the collection and analysis of information on needs of Tanzanian companies for BDS.

<sup>5</sup> However, as discussed in the later chapter, medium and large companies, and BDS for these companies were also included in the analysis and considered for developing the cooperation measures and a hypothesis for their implementation scenarios.

- 5) Collection and analysis of information on preceding supports of JICA in other countries
- 6) Preparation/submission of the Interim Report (IT/R)
- 7) Organization of awareness-raising seminars on BDS and assessment of demand and willingness to pay of Tanzanian companies for BDS
- 8) Identification of challenges in BDS provision, and formulation of JICA's future cooperation measures and a hypothesis for their implementation scenarios
- 9) Preparation/submission/explanation of the Draft Final Report (DF/R)
- 10) Preparation/submission of the Final Report (F/R)

## 1.2 Plan and Actual Implementation of Survey

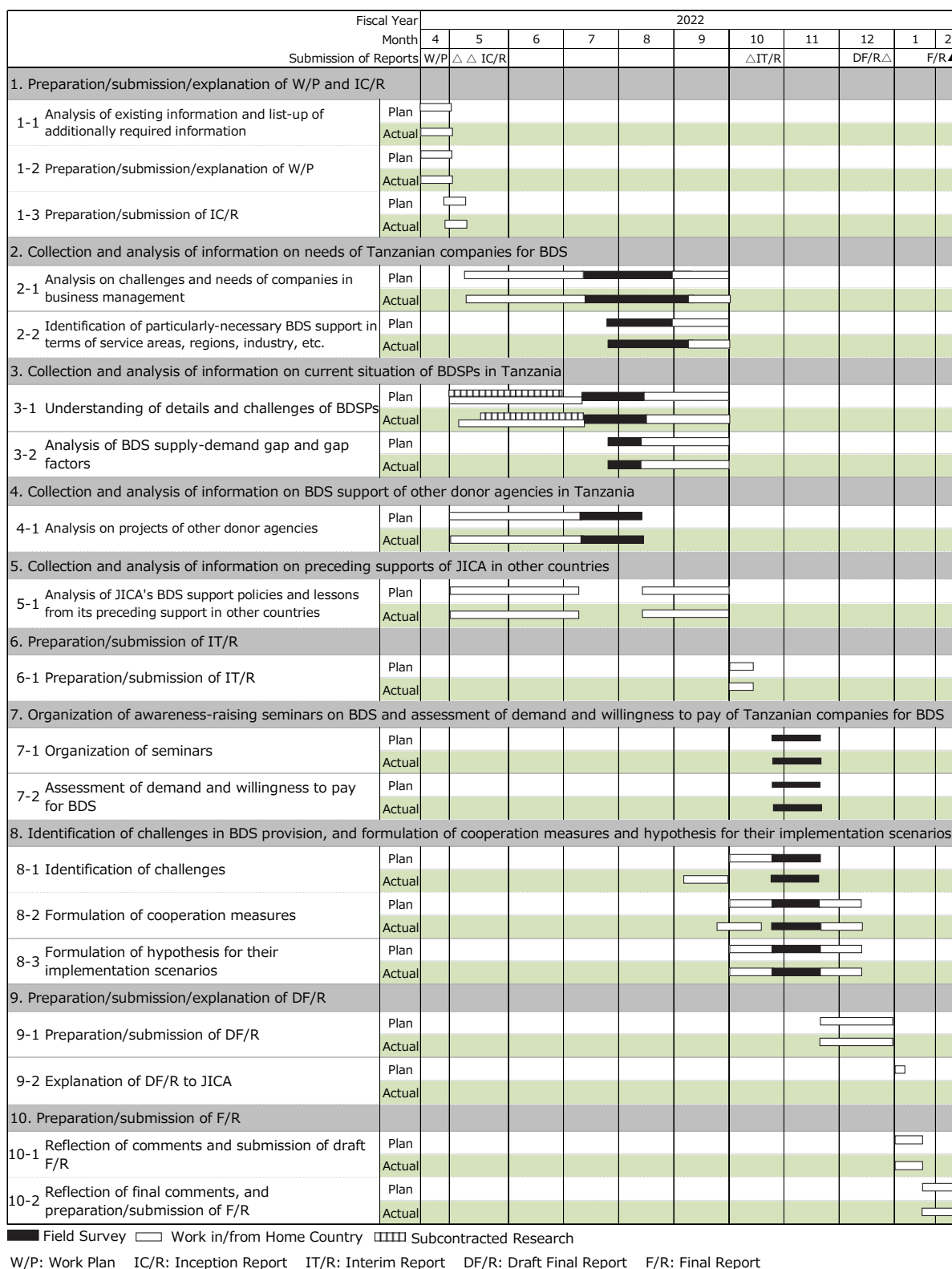
### 1.2.1 Plan and Actual Implementation of Activities

Figure 1.2-1 shows the plan and the actual implementation of the activities in the Survey.

All the activities except Activity 9-2 “Explanation of the Draft Final Report to JICA” have been implemented as planned. The activity is planned to be substituted by the explanation of the Final Report to the stakeholders in Tanzania. Other changes from the plan include the facts that Work 8-1 “Identification of challenges” was conducted in conjunction with Activity 3-2 “Analysis of BDS supply-demand gap and gap factors,” and that Activity 8-2 “Formulation of cooperation measures” started earlier than planned, in late September 2022.



# 1. Overview, Plans and Implementation of Survey



Source: Prepared by JICA Survey Team

Figure 1.2-1 Plan and Actual Implementation of Activities

## 1.2.2 Plan and Actual Schedule for Field Survey and Work in/from Home Country

Figure 1.2-2 shows the planned and actual assignment schedule for the team members of the Survey (hereinafter referred to as the “JICA Survey Team”). The field surveys and work in/from the home country were basically conducted as planned. The first field survey was carried out from mid-July to early September 2022, and the second field survey from October to November 2022.

	Position	Plan/ Actual	2022										2023		Total days	Total person- month	
			4	5	6	7	8	9	10	11	12	1	2				
Field Survey	Team Leader / Planning for BDS Promotion Plan	Plan														55	1.83
		Actual														55	1.83
	Company Diagnosis (Tanzanian Companies)	Plan														42	1.40
		Actual														42	1.40
	Company Diagnosis (BDS Providers)	Plan														21	0.70
		Actual														21	0.70
	BDS Promotion 1	Plan														49	1.63
		Actual														49	1.63
	Coordinator / BDS Promotion 2	Plan														42	1.40
		Actual														42	1.40
													Sub total	Plan	209	6.96	
														Actual	209	6.96	
Work in/from Home Country	Team Leader / Planning for BDS Promotion Plan	Plan													13	0.65	
		Actual													13	0.65	
	Company Diagnosis (Tanzanian Companies)	Plan													20	1.00	
		Actual													20	1.00	
	Company Diagnosis (BDS Providers)	Plan													33	1.65	
		Actual													33	1.65	
	BDS Promotion 1	Plan													6	0.30	
		Actual													6	0.30	
	Coordinator / BDS Promotion 2	Plan													6	0.30	
		Actual													6	0.30	
													Sub total	Plan	78	3.90	
														Actual	78	3.90	
													Total	Plan	10.86		
														Actual	10.86		

Note: The first field survey of “BDS Promotion 1” is divided into two terms due to self-quarantine that occurred during the survey period.

Source: Prepared by JICA Survey Team

Figure 1.2-2 Schedule of JICA Survey Team (Plan and Actual)

## 2. Survey Activities and Results

### 2.1 Overall Activities

The JICA Survey Team performed the following five survey activities:

- 1) Collection and analysis of information on needs of Tanzanian companies for BDS
- 2) Collection and analysis of information on current situation of BDSPs in Tanzania
- 3) Collection and analysis of information on BDS support of other donor agencies in Tanzania
- 4) Collection and analysis of information on BDS supports in preceding projects of JICA in other countries
- 5) Organization of awareness-raising seminars on BDS, and assessment of demand and willingness to pay of Tanzanian companies for BDS

As mentioned in Chapter 1, survey activity 1) covered not only the companies but also the Vocational Education and Training Authority (VETA) as a target to understand their needs for BDS. The results of survey activities 1) and 2) together brought out the basis for the JICA Survey Team to analyze factors causing gaps between the BDS supply and demand, which then offered evidence to clarify challenges in balancing the gaps in the BDS market in Tanzania. Survey activities 3) to 5) aimed for the collation of information useful to formulate the JICA's future cooperation measures in the BDS field in the country with a hypothesis for their implementation scenarios.

Survey activities 1) to 4) proceeded with desktop study, online interviews, face-to-face interviews, and analysis of their results from May to September 2022. Table 2.1-1 shows the region-wise number of the organizations/individuals with whom the team conducted the interviews.

Table 2.1-1 Number of Interviewed Organizations/Individuals

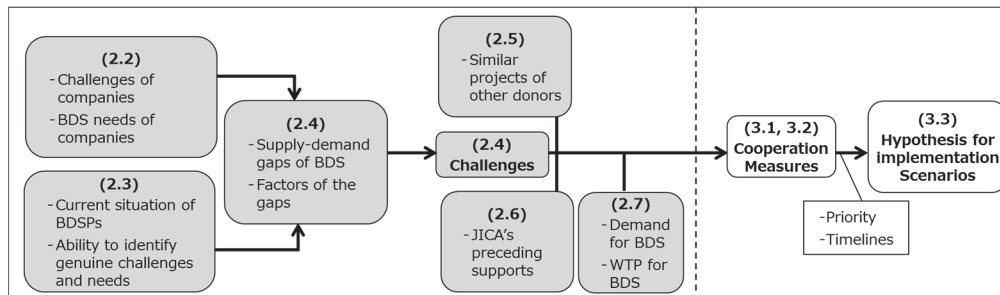
Region	Company	VETA	BDSP		KAIZEN Trainer		Other Stakeholder	Other Donor	
			Online	Face-to Face	Online	Face-to Face			
Dar es Salaam	9	1	9	11	4	1	3	9	
Arusha	4		1	5		2		1	
Kilimanjaro	3			5		2			
Singida	4			5		1			
Dodoma	9	2	1	7			2		
Mbeya	4	1	1	8					
Mwanza	5			6					
Morogoro	6		1	5	1				
<b>Total</b>	<b>44</b>	<b>4</b>	<b>13</b>	<b>52</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>10</b>	<b>139</b>
			<b>65</b>		<b>11</b>				

Note: "KAIZEN Trainer" and "Other Stakeholder" are interviewees in survey activity 2).

Source: Prepared by JICA Survey Team

Survey activity 5) was conducted from October to November 2022 in the form of seminars in the eight target regions where a total of 139 people, 109 from companies and 30 from BDSPs, attended.

The following six sections, namely, Sections 2.2 to 2.7, report on details of these activities which correspond to those up to the dotted line in the figure below.



Note: WTP stands for willingness to pay. Numbers indicate the sections of the current report.

Source: Prepared by JICA Survey Team

Figure 2.1-1 Flow of Survey and Report Contents

## 2.2 Collection and Analysis of Information on Needs of Tanzanian Companies for BDS

This section reports on the results of the “Collection and Analysis of Information on Needs of Tanzanian Companies for BDS,” one of the survey activities introduced in Section 2.1. As described earlier, the JICA Survey Team conducted a needs-survey on VETA (hereinafter referred to as the “VETA Survey”), in addition to Tanzanian companies (hereinafter referred to as the “Company Survey”) which is the main component of this survey activity. Subsection 2.2.1 below summarizes the results of the Company Survey including information collection and analysis of the current situation and challenges in business management of the companies, their needs for BDS, and their recognition and experience of BDS, among others. It is followed by Subsection 2.2.2 that presents outputs from the VETA Survey examining VETA’s needs for BDS and KAIZEN support, expected benefits from the support, and restrictions that VETA may face in receiving it.

### 2.2.1 Company Survey

This subsection illustrates the activities and their results of the Company Survey.

#### 2.2.1.1 Activities

The Company Survey aimed to identify the necessary BDS for Tanzanian companies by analyzing their actual situation, challenges and needs in the areas of the business management. For this, the JICA Survey Team firstly conducted an online questionnaire survey (hereinafter referred to as the “questionnaire survey” in this subsection and the “company questionnaire survey” in the other sections) before the first field survey to grasp the overall picture. Based on the results of the questionnaire survey, the team delineated root causes of the challenges and the background/essence of the needs through face-to-face interviews.

## (1) Questionnaire Survey

Table 2.2-1 summarizes contents of the questionnaire survey.

Table 2.2-1 Summary of Questionnaire Survey

Objective	1) To understand an overall picture of situation, challenges and needs in business management of Tanzanian companies. 2) To select the companies for face-to-face interviews in the field survey.
Target	KAIZEN-implemented manufacturing companies, KAIZEN-implemented cluster companies, start-up companies, the companies introduced by the Small Industries Development Organization (SIDO).
Duration	Three months from late May 2022 (including preparation and analysis periods)
Survey Area	Question Contents
1. Outline of companies	<ul style="list-style-type: none"> <li>- Company name, Types of registration, Address, Contact information, Industry sector, Year of establishment, Number of employees, Membership of business organizations</li> <li>- Major products, Main customers (market)</li> <li>- Sales and net profit for the latest year and transition from the previous year</li> </ul>
2. Corporate strategy / management	<ul style="list-style-type: none"> <li>- Understanding about business strength and weakness</li> <li>- Existence of corporate value, vision and mission</li> <li>- Existence of corporate strategy</li> <li>- Existence of business plan</li> <li>- Utilization of IT system for business management</li> <li>- Challenges in this area and the degree of their seriousness among all areas (evaluated in 5 scales)</li> <li>- Support needs in this area and their priority among all areas (evaluated in 5 scales)</li> </ul>
3. Marketing	<ul style="list-style-type: none"> <li>- Existence of marketing and promotion strategies</li> <li>- Existence of sales plan and its implementation</li> <li>- Main customers and distribution areas</li> <li>- Implementation of online/offline marketing</li> <li>- Challenges in this area and the degree of their seriousness among all areas (evaluated in 5 scales)</li> <li>- Support needs in this area and their priority among all areas (evaluated in 5 scales)</li> </ul>
4. Financial management	<ul style="list-style-type: none"> <li>- Existence of records (sales, purchases and general/administrative expenses) and financial statement</li> <li>- Utilization of accounting software for the records</li> <li>- Understanding of break-even point sales</li> <li>- Receipt of loans on working capital and/or investment capital</li> <li>- Frequency of delay in collection of accounts receivable, and in payment of accounts payable</li> <li>- Challenge in this area and the degree of their seriousness among all areas (evaluated in 5 scales)</li> <li>- Support needs in this area and their priority among all areas (evaluated in 5 scales)</li> </ul>
5. Organizational and human resource management	<ul style="list-style-type: none"> <li>- Existence of organization chart, job description, authority management document, employees' attendance management, and personnel evaluation system</li> <li>- Utilization of labor management software system</li> <li>- Identification of necessary skills (levels) and existence of training plan for them</li> <li>- Existence of incentive scheme for employees, and introduction of improvement activities at workplace</li> <li>- Challenge in this area and the degree of their seriousness among all areas (evaluated in 5 scales)</li> <li>- Support needs in this area and their priority among all areas (evaluated in 5 scales)</li> </ul>
6. BDS	<ul style="list-style-type: none"> <li>- Recognition of the term "BDS" and recognized BDSPs</li> <li>- Experience of BDS utilization and times of usage, BDSP that provided the BDS, and summary of the BDS (period, area, methodology, duration, free/paid and prices in case of the paid service)</li> <li>- Evaluation on the provided BDS (evaluated in 5 scales)</li> <li>- Needs for the forms of BDS provision (receiving it at companies, at BDSPs' premises, online/phone, etc.)</li> <li>- Intention to receive BDS in need for the area answered in the questions above when it is available, and payable amount for the service</li> </ul>

Source: Prepared by JICA Survey Team

Its questions consist of company outlines, the current situation and challenges of the companies in the four business management areas,<sup>6</sup> their recognition of and needs for BDS, their experience of BDS utilization, as well as their evaluation on the provided BDS. The questionnaire survey targeted a) manufacturing companies and cluster companies which implemented KAIZEN in the KAIZEN Project (hereinafter referred to as the “KAIZEN-implemented manufacturing companies” and the “KAIZEN-implemented cluster companies,” respectively), b) the start-up companies recommended by the JICA Tanzania Office (hereinafter referred to as the “start-up companies”), and c) the companies introduced by SIDO.

## (2) Interview Survey

The JICA Survey Team performed the interview survey with 44 companies (three to nine companies in each region), consisting predominantly of those which had answered to the questionnaire survey, in order to delve into root causes of their business challenges and the essence/background of the needs. These 44 companies included seven companies which were clients of SIDO in Dodoma where there were not enough questionnaire respondents. The team selected the companies to visit according to the geographical and industrial distribution of the companies.

### 2.2.1.2 Results of Activities

This subsection shows the results from the questionnaire and interview surveys regarding the companies’ (1) attributes, (2) business condition, (3) business challenges and BDS needs, (4) BDS needs by company scale, industry sector, and region, and (5) experiences/evaluation of BDS. Analysis made in (1) to (5) leads to the conclusion presented in (6) below about the bottleneck challenges for Tanzanian companies and the necessary BDS areas as the solutions for the challenges.

#### (1) Attributes

##### 1) Questionnaire survey

In the questionnaire survey, the JICA Survey Team received 72 responses in total; 46 from the KAIZEN-implemented manufacturing companies, 12 from the KAIZEN-implemented cluster companies, ten from the start-up companies, and four from the companies introduced by SIDO. The

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<sup>6</sup> The four areas are corporate strategy/management, marketing, financial management, and organizational and human resource management, which are the same as the four main areas of BDS defined in Section 1.1.

following classify attributes of the respondents by region, company scale,<sup>7</sup> type of business registration, year of operation, and industry sector.<sup>8</sup>

Table 2.2-2 classifies the respondent companies by region and company scale (the number of employees). As for the company scale, small companies consist of more than half of the respondents, of which those with 5-19 employees constitute the largest category occupying 42%. They are followed by micro companies that reach almost 20%. Furthermore, medium and large companies account for more than 10% each that exceeds the actual distribution of the Tanzanian companies by scale This is because most of the respondents in the questionnaire survey are the beneficiaries of the KAIZEN Project which supported medium and large companies as well.

Table 2.2-2 Number of Companies by Region and Company Scale

Number of Companies by Region			Number of Companies by Scale			
Region	Frequency	Ratio	Company Scale		Frequency	Ratio
			Category	Number of Employees (Persons)		
Dar es Salaam	28	39%	Micro	1 - 4	13	18%
Morogoro	10	14%	Small	5 - 19	30	42%
Dodoma	9	13%		20 - 49	12	17%
Arusha	8	11%	Medium	50 - 99	7	10%
Mbeya	6	8%	Large	100 - 299	3	4%
Singida	4	6%		300 or above	7	10%
Kilimanjaro	4	6%	Total		72	100%
Mwanza	3	4%				
Total	72	100%				

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

Table 2.2-3 presents distribution of the respondents by type of business registration and by year of operation. In the former, “Private company limited” consists of more than half of all, followed by “Sole proprietorship” and “Partnership.” With regard to years of business operation, companies operating for ten years or less constitute the largest portion. The start-up companies are classified in either “3 years or less” or “5 years or less.”

<sup>7</sup> Classification of the company scales accords with the definition as per the total number of employees provided in the “Small and Medium Enterprise Development Policy 2003” (1-4 employees: Micro, 5-49 employees: Small, 50-99 employees: Medium, 100 employees or above: Large). Based on this definition, the classification applied in the Company Survey separates small companies and large companies into two sub-categories, respectively. Small companies are divided into the subcategories of 5-19 employees and 20-49 employees and large companies into those of 100-299 employees, and 300 employees or above.

<sup>8</sup> Classification of the industry sectors follows the International Standard Industrial Classification (ISIC) Revision 4 (Rev. 4) with simplification adopted in some sectors (refer to Appendix 1). The two classifications including that of company scales are applied to all sections of the current report.

Table 2.2-3 Number of Companies by Type of Business Registration and Year of Operation

Number of Companies by Type of Business Registration			Number of Companies by Year of Operations		
Type of Business Registration	Frequency	Ratio	Years of Operation	Frequency	Ratio
Private company limited	41	57%	3 years or less	6	8%
Sole proprietorship	12	17%	5 years or less	8	11%
Partnership	11	15%	10 years or less	37	51%
Cooperative	2	3%	20 years or less	13	18%
Public company	2	3%	21 years or more	8	11%
Parastatal	2	3%	Total	72	100%
Government entity	1	1%			
Private company by guarantee	1	1%			
Total	72	100%			

Note: Parastatal is an organization or a company in which the government has the decision-making power by owning more than half of shares or a board of directors.

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

Table 2.2-4 shows the number of the companies classified by industry sector. Since the Company Survey mainly targets the KAIZEN-implemented manufacturing companies, around 80% of the respondents belong to the manufacturing industry. Among the companies in the manufacturing industry, those manufacturing beverage and food products exceed half of them, followed by companies processing various primary products. This result aligns with the industrial structure in Tanzania.

Table 2.2-4 Number of Companies by Industrial Sector

Industrial Classification	Frequency	Ratio
Manufacturing	56	78%
Beverages and food products ("Beverages and food is also used in this report)	25	45%
Metal and non-metal/fabrication ("Metal" is also used in this report)	9	16%
Furniture/wood and wood products and cork ("Wood/furniture" is also used in this report)	4	7%
Rubber and plastic products ("Rubber and plastic" is also used in this report)	4	7%
Leather and related products ("Leather" is also used in this report)	3	5%
Machinery and equipment n.e.c ("Machinery" is also used in this report)	3	5%
Pharmaceuticals, medicinal chemical and botanical products	2	4%
Wearing apparel/textiles	2	4%
Repair and installation of machinery and equipment	1	2%
Other manufacturing	1	2%
Chemicals and chemical products	1	2%
Motor vehicles, trailers and semi-trailers/ other transport	1	2%
Sub-total	56	100%
Industry (except for manufacturing)	5	7%
Service (non-business oriented)	2	3%
Agriculture, Forestry and Fishing	4	6%
Service (business oriented)	5	7%
Total	72	100%

Source: Prepared by JICA Survey Team based on result of the questionnaire survey



## 2) Interview survey

Table 2.2-5 and 2.2-6 are the breakdown of the 44 interviewed companies. Table 2.2-5 aggregates the companies by region and company scale, and Table 2.2-6 classifies them by region and industry sector. As seen from both tables, the JICA Survey Team selected companies for the interview survey according to the composition of the respondents in the questionnaire survey.

Table 2.2-5 Composition of Companies in Interview Survey (Region × Company Scale)

Region	1 - 4 Employees	5 - 19 Employees	20 - 49 Employees	50 - 99 Employees	100 - 299 Employees	300 Employees or Above	Total
Dar es Salaam		3	4			2	9
Dodoma		5	3	1			9
Morogoro	3	3					6
Mwanza		2	2		1		5
Mbeya		2	1			1	4
Singida		2			1	1	4
Arusha		2	1			1	4
Kilimanjaro		1	1		1		3
<b>Total</b>	<b>3</b>	<b>20</b>	<b>12</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>44</b>

Source: Prepared by JICA Survey Team based on result of the interview survey

Table 2.2-6 Composition of Companies in Interview Survey (Region × Industry Sector)

Region	Beverage and Food	Metal	Rubber and Plastic	Wood/ furniture	Machinery	Other	Industry	Service	Total
Dar es Salaam	2	1	1			4	1		9
Dodoma	8					1			9
Morogoro		4		1	1				6
Mwanza	1		1			2		1	5
Mbeya	2			2					4
Singida	4								4
Arusha	3		1						4
Kilimanjaro	2				1			1	3
<b>Total</b>	<b>22</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>44</b>

Source: Prepared by JICA Survey Team based on result of the interview survey

## (2) Business Condition

Business condition of the surveyed companies is summarized from the perspectives of 1) trend of sales and profit, 2) implementation status of business management activities, 3) distribution channels and areas, 4) financial management, and 5) loan procurement. The JICA Survey Team, through the interview survey, confirmed and more deeply studied the condition found in the questionnaire survey.

## 1) Sales and profit

Table 2.2-7 presents the result of the questionnaire survey on the trend of the current sales and net profit compared to the previous year. The answer of “Maintained” attracts the most responses for both items, followed by “Increased” in the sales and “Decreased” in the net profit.

Table 2.2-7 Trend of Sales and Net Profit

Sales			Net Profit		
Trend	Frequency	Ratio	Trend	Frequency	Ratio
Increased	24	33%	Increased	17	24%
Maintained	30	42%	Maintained	29	40%
Decreased	18	25%	Decreased	26	36%
Total	72	100%	Total	72	100%

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

In the interview survey, the companies raised the factors that suppressed their profits. For example, cost of raw materials which were mainly primary products was surging while transportation cost was increasing at the same time because of the energy-price hike. Another example was that they could not raise price to transfer the cost-increase to their customers. Inadequate ability to understand and analyze costs is a serious challenge for Tanzanian micro and small companies to address, as pointed out later.

## 2) Implementation status of business management activities

Table 2.2-8 shows the status of the respondents in implementation of business management activities classified by implementation ratio. The ratio is grouped into either “High” (50% or higher) or “Low” (below 50%).

Table 2.2-8 Status of Implementation of Business Management Activities

Categories	Implemented Activity (High: 50% or Above)		Implemented Activity (Low: Below 50%)	
Corporate strategy/ management	Make a corporate value, vision and mission	94%	Utilize IT for improving efficiency of business management	44%
	Make a business plan	81%	-	
	Make a business strategy	67%		
Marketing	Conduct offline promotion*	69%	Make a promotion strategy	32%
	Make a marketing strategy	63%	-	
	Make a sales plan and conduct sales activities	53%		
	Conduct digital marketing	50%		
Financial management	Keep transaction records (sales, purchases and selling/general expenses)	89%	Conduct break-even-point analysis	22%
	Make a financial statement	81%	Receive loans	43%
	Conduct financial analysis	51%	-	
Organizational and human resource management	Conduct activities to improve operations or work environment	89%	Utilize a labor management IT system	22%
	Make an organization chart	79%	Make a personnel evaluation /incentive system	38%
	Understand necessary skill (level) for employees	75%	-	
	Organize a training for employees	72%		
	Make a job description and authority management documents	64%		

Note: \* Sales promotion without using internet such as media advertisement, referrals, packaging/labelling, etc.

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

In the corporate strategy/management, all activities except for IT utilization for business efficiency are classified as “High.” This means that the companies evaluate themselves to be able to prepare a corporate strategy and plan. At the strategy level, while the ratio for making a marketing strategy is above 60%, that for a promotion strategy is around half of that ratio. As for the financial management, nearly 90% of the companies keep their accounting records and more than 80 % of them prepare the financial statement. In contrast, the companies conducting a break-even-point analysis are limited to 20% of all. In the organizational and human resource management, many areas of the activities are categorized as “High” for implementation. Contrary to this, a little more than 20% of the companies utilize a labor management software and less than 40% of them apply a personnel evaluation/incentive system.

In another aspect of the analysis, Table 2.2-9 summarizes the average ratio of implementation by company scale on business management activities shown in Table 2.2-8. It indicates that the implementation ratio improves as the company scale becomes larger.

Table 2.2-9 Status of Implementation of Business Management Activities by Company Scale

Number of Employees	Frequency	Corporate Strategy/ Management (4 Themes)	Marketing (5 Themes)	Financial Management (5 Themes)	Organizational and Human Resource Management (5 Themes)
1 - 4	13	32%	28%	26%	47%
5 - 19	30	68%	49%	57%	58%
20 - 49	12	70%	60%	70%	60%
50 - 99	7	80%	71%	66%	78%
100 - 299	3	80%	87%	73%	90%
300 or above	7	91%	77%	80%	90%

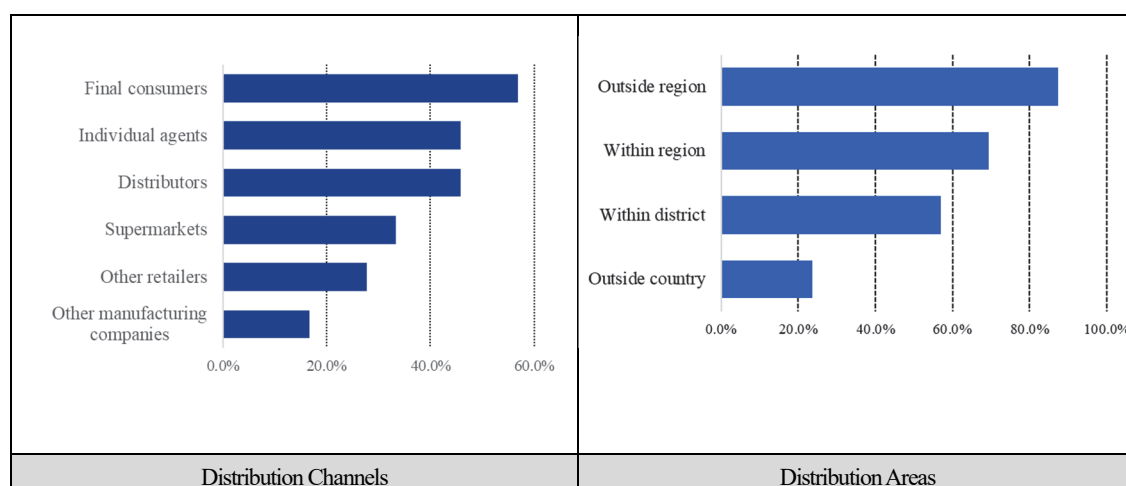
Source: Prepared by JICA Survey Team based on result of the questionnaire survey

The JICA Survey Team verified the actual situation at site on these results of the questionnaire survey through interviewing the respondents. In terms of the corporate value, vision, mission and business strategy, many companies set them by only expressing some sorts of unclear business targets. For example, the business strategies are simply prepared by stating that “Make more customers use our products by expanding distribution channels to other regions” or “Maximize the sales and net profit.” A similar issue was found in the marketing strategy as well. The companies do not necessarily understand the meaning of a “strategy” that should be the strategic basis on which various and inter-related business activities are planned and conducted. In other words, their strategies are rather an abstract expression of the aim for the sales increase or remain at the level of thinking about an activity that should be done. As discussed later, many of the surveyed companies belong to the industries under severe competition and hence they essentially need to have a clear marketing strategy to differentiate and uniquely position themselves from the competitors in the market. However, only a few companies consider such strategic issues in actuality.

The registered companies except sole proprietors often ask BDSPs to prepare their financial statements for tax return. In terms of the organizational and human resource management, large companies are furnished with the evaluation/incentive system. Some of the micro and small companies also introduce a salary system based on the production/sales target or they give bonus to their employees with high work performance. Nevertheless, those evaluation/incentive systems are, in many cases, not very “systematic” but depend solely on owners’ objective evaluation.

### 3) Distribution channels and areas

As Figure 2.2-1 illustrates, the direct sales to “Final consumers” attract the largest answer as their distribution channel. Secondly, “Individual agents” and “Distributors” account for 46% each, followed by “Supermarkets” (33%) and “Other retailers” (28%). The fact that companies, as shown in Table 2.2-8, do not generally conduct digital marketing or prepare a promotion strategy while selling their products directly to the final consumers may pose a challenge to them.



Source: Prepared by JICA Survey Team based on result of the questionnaire survey

Figure 2.2-1 Distribution Channels and Areas

As for the distribution area, “Outside region” constitutes the largest portion of the answers (88%), followed by “Within region” (69%).

According to the results of the interview survey, micro and small companies tend to sell their products outside the region through distributors. As the companies grow bigger, they begin to possess tracks to deliver the products on their own. There is a questionnaire result that 24% of the respondents is engaged in exporting. The result of the interview survey, however, indicates that a smaller number of the companies actually export their products on a regular basis and the majority of them are medium or large companies.

## 4) Financial management

As for the bookkeeping method, 43% of the questionnaire respondents use MS Excel, followed by an accounting software (22%). This means that 65% of the companies can utilize financial information by data. If they did not miss recording any transaction, it would be a conducive environment for BDSPs to supervise the break-even-point analysis and the cashflow management. However, the result of the interview survey, where the JICA Survey Team analyzed the net profit and working capital position of the companies, suggests high possibility that they miss recording some manufacturing or distribution costs.

In addition, more than 30% of the companies answer that they “often” encounter delays in collecting the accounts receivable and close to 60% of them answer “sometimes.” These two together account for over 90%, thereby revealing that many companies struggle to manage their working capital. In the interview survey, no less than 13 companies mentioned that delays in collecting the accounts receivable were one of the main causes for lack of their working capital. It often takes two to three months to collect them from supermarkets or governmental organizations. In the business with distributors or individual agents, the payment schedules are usually decided by terms and conditions specified in the mutual agreement.

## 5) Loan procurement

In the questionnaire survey, 31 out of 72 companies (43%) answer that they have acquired a loan, mentioning names of 13 financial institutions. The institutions named by two or more companies include the National Microfinance Bank (NMB) by 12 companies, the CRDB Bank (CRDB) by five companies, SIDO by four companies, and the Tanzania Agricultural Development Bank (TADB) by two companies. As Table 2.2-10 shows, the cases of loan procurement are confirmed irrespective of the company size. Among them, the micro companies have received loan particularly from SIDO or NMB in many cases.

Table 2.2-10 Companies with Loan Experiences (by Company Scale)

Company Scale (Number of Employees)	Frequency	Ratio
1 - 4	5	38%
5 - 19	13	43%
20 - 49	7	58%
50 - 99	3	43%
100 - 299	1	33%
300 or above	2	29%
<b>Total</b>	<b>31</b>	<b>43%</b>

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

In the interview survey, most companies raised NMB, CRDB and SIDO as a financial institution from which they had received a loan. The amount of working capital loans that the companies exemplified

varied from 4.5 to 100 million Tanzanian Shilling (hereinafter referred to as “TZS”) and the capital investment loan amount ranged between 100 and 200 million TZS.<sup>9</sup> Additionally, as many as 15 companies<sup>10</sup> mentioned lack of their working capital and investment capital as a serious challenge of their business.

### (3) Business Challenges and BDS Needs

#### 1) Results of questionnaire survey

In the questionnaire survey, the JICA Survey Team firstly inquired companies’ recognition about “weakness” in their business and the high-rank responses include capital (43%), IT utilization (40%), access to finance (39%), promotion (31%), business profitability (19%), financial healthiness (18%), and cost management (18%).

Secondly, the team analyzed the priority of their BDS needs in the four main areas of business management. The priority was scored from the questionnaire answers, which were “Extremely High” (4 points), “High” (3 points), “Moderate” (2 points), “Slightly Low” (1 point), and “No Need for Support” (0 point), and scores of each answer were summed to reach the final scores. As Table 2.2-11 presents, the priority is highest for marketing followed by financial management, corporate strategy/management and organizational and human resource management.

Table 2.2-11 Priority of BDS Needs in Business Management (Four Main Areas)

Priority	Corporate Strategy/Management	Marketing	Financial Management	Organizational and Human Resource Management
Extremely High (4 points)	68	200	164	60
High (3 points)	72	39	57	66
Moderate (2 points)	38	12	14	36
Slightly Low (1 point)	9	1	2	16
No Need for Support (0 point)	0	0	0	0
Score	187	252	237	178

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

Thirdly, the JICA Survey Team set more specific areas under each of the four business management areas, and measured both seriousness of the business challenges and priority for the BDS needs.<sup>11</sup> Table 2.2-12 enumerates the top 15 ranks among all. Since the scores of the 16<sup>th</sup> or lower show fairly large

<sup>9</sup> One of the BDSPs interviewed by the JICA Survey Team mentioned that the provider facilitated loans from NMB for 52 agri-businesses to the amount of 1 billion TZS in total or 1 to 300 million TZS per company.

<sup>10</sup> Companies in need of both capitals are counted respectively in each capital category.

<sup>11</sup> Answer options for priority in BDS needs and the allocated points are the same as those in the four main areas. As for business challenges, the JICA Survey Team evaluated “seriousness” and set the options of “Most Serious” (4 points), “Very Serious” (3 points), “Serious” (2 points), “Slightly Serious” (1 point), and “Not a Challenge” (0 point) to calculate the total score.

differences from that of the 15<sup>th</sup>, the specific areas from the top to the 15<sup>th</sup> are likely to be the major business challenges and BDS needs of Tanzanian companies.

Under the corporate strategy/management, a) utilization of IT for business management, b) corporate strategy, and c) business plan are included in the rank. In the marketing, i) marketing strategy, ii) promotion strategy, iii) sales plan, iv) market survey/information, and v) digital marketing enter the list. As for the financial management, A) access to finance, B) financial analysis, C) break-even-point sales, D) financial statement, and E) business plan (for acquiring a loan) are listed. In the organizational and human resource management, I) personnel evaluation/incentive system and II) plan of employee training emerge in the list.

Table 2.2-12 Seriousness of Business Challenges and Priority of BDS Needs (Specific Areas): Top 15

Business Challenges (Seriousness)				BDS Needs (Priority)			
Rank	Specific Areas		Score	Rank	Specific Areas		Score
1	FM	Access to finance	225	1	FM	Access to finance	247
2	OHM	Personnel evaluation/incentive system	222	2	CSM	Utilization of IT for business management	243
3	CSM	Utilization of IT for business management	221	3	MK	Promotion strategy	238
4	OHM	Plan of employee training	220	4	OHM	Plan of employee training	236
5	FM	Break-even-point sales	219	5	CSM	Business plan	234
6	MK	Marketing strategy	216	6	CSM	Corporate strategy	227
7	MK	Promotion strategy	211	7	MK	Marketing strategy	227
8	MK	Sales plan	210	8	MK	Digital marketing	222
9	FM	Financial analysis	209	9	OHM	Personnel evaluation/incentive system	220
10	FM	Business plan	195	10	MK	Sales plan	218
11	MK	Digital marketing	192	11	FM	Business plan	212
12	MK	Market survey/information	189	12	FM	Financial analysis	211
13	CSM	Business plan	183	13	MK	Market survey/information	208
14	CSM	Corporate strategy	181	14	FM	Break-even-point sales	205
15	FM	Financial statement	166	15	FM	Financial statement	192

Note: The 16<sup>th</sup> and the 17<sup>th</sup> in the business challenges are sales/purchase credit records and offline promotion whose scores are 133 and 132 respectively. Likewise, the 16<sup>th</sup> and the 17<sup>th</sup> for the BDS needs are attendance management (score: 173) and offline promotion (score: 150), respectively.

FM is an abbreviation for financial management; OHM for organizational and human resource management, CSM for corporate strategy/management, and MK for marketing which are the four main areas of BDS. The same abbreviations are applied to Table 2.2-15 to 2.2-17 below.

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

Needs for BDS are not always the reflection of business challenges and comparing scores on them gives implication to understand the necessity of support from outsiders. More precisely, if the priority of the BDS needs is higher than the seriousness of the challenges, it may suggest the necessity of external support. The scores of both the challenges and the priority are very high, for example, for the access to

finance, utilization of IT for business management, and plan of employee training. It means that the companies regard those as the most important issue that need the external intervention to be resolved. The specific areas in the list under marketing, financial management except access to finance, and two areas in organizational and human resource management follow. In addition, if the priority of the BDS needs are considerably higher than seriousness of the challenges, it is likely to demonstrate the strong necessity of external assistance. This tendency is seen in corporate strategy, business plan (corporate strategy/management), digital marketing, and financial statement.

## 2) Results of interview survey

As mentioned earlier, access to finance is on top both for the seriousness of business challenges and the priority of BDS needs. In the interview survey, the companies raised most frequently capital and sales issues as their significant challenges and needs. These issues should be the reason why they need access to finance and thus the results of the questionnaire survey were verified by the interview survey in this sense. The JICA Survey Team herein analyses causes for lack of the capital and sales based on the interview survey results mainly in the marketing and financial management areas which directly affect the capital and sales issues. The analysis also includes their connections with the corporate strategy/management. Although the analysis does not cover the organizational and human resource management, it is equally important to deal with this area especially with organizational reinforcement, employees' training, and improvement in work efficiency/value-addition, among others, to address the issues regarding the capital and sales.

- Corporate strategy/management

The results of the interview survey confirm that most companies operate their business with a vague or no corporate strategy, and especially the micro and small companies generally show low recognition about importance of the strategy. Their operation proceeds without considering significance of the interrelation among comprehensive factors in their business management including marketing and financial management. A business plan is normally prepared simply to apply for a loan, not for the inherent objective of the business management and the companies often outsource it to BDSPs. This fact also confirms the questionnaire survey result that the need for access to finance is very strong.

- Marketing

The companies demonstrate the extensive need for the external support which generates “visible outcome in a short period of time,” such as support in sales distribution, website development, online promotion, packaging, label making, and so on (18 out of 44 companies). Although a marketing strategy for the differentiation or positioning is essentially important for the industry under the severe competition, only a small number of the companies have the strategy in place. They cannot positively present the unique and differentiated features of their products or business against the competitors and



the sales of many companies become stagnant as a result.

- Financial management

Many of the interviewed companies express their keen needs for increase in their working and investment capital (15 out of 44 companies). Although most of them turn a profit to a certain extent, they lack the capital. The reason is likely to be the inadequacy of their recording/understanding/analysis of the costs, which then cause their profit not to remain at the end. If they were computing the profit correctly, it would suggest that they were not implementing the cashflow management to control the cash payment and collection, or such management activities were not properly working. In these regards, 11 out of 44 companies also show the needs for matters related to financial management except access to finance, and the needs for financial analysis, cost analysis, and break-even-point analysis are especially high. Nevertheless, the companies rarely conduct these activities for the purpose of managing the cash in actuality.

#### (4) BDS Needs by Company Scale/Industry Sector/Region

Table 2.2-12 showed the 15 highest priorities for BDS needs of Tanzanian companies. As mentioned earlier, these 15 specific areas of the business management represent the major needs of the companies. In the meantime, listing the top 15 specific areas classified by company scale, industry sector, and region offers almost the same trend except some different features found in strata of the company scale as shown in Appendix 2. The main differences from Table 2.2-12 are that: a) “attendance management” and “offline promotion” ranking at the 16<sup>th</sup> and 17<sup>th</sup> respectively in the overall result are included in the top 15 in some strata, b) “support in import/export procedure” emerges at the 11<sup>th</sup> in medium and large companies, c) “SWOT analysis” and “sales/purchase credit records” appear, although in the low position, among the top 15, and d) “job description and authority management document” and “legal affairs” lie in the eighth and the tenth respectively in the leather industry.<sup>12</sup>

Table 2.2-13 shows the cross analysis on the BDS needs of the 15 highest priorities for the specific areas of business management by company scale, industry sector, and region. The scores were calculated by dividing the total points of the needs for each specific area by the number of valid responses in each stratum.

The result shows that the specific areas at the high rank in each stratum are fairly consistent with the overall results in Table 2.2-12. In other words, although they are not completely the same, a hypothesis can be formed that there is no significant difference or particular tendency of each stratum of the BDS

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<sup>12</sup> Yet, there are only three valid responses for the leather industry. Thus, it is unlikely that the result represents the overall situation of the industry.

needs except those in the company scale.<sup>13</sup> At the same time, however, insufficiency of the valid responses in many strata makes it difficult to identify the evidence to confirm the hypothesis.<sup>14</sup>

Therefore, the JICA Survey Team herein verifies the actual situation and trends of companies' needs for the specific areas of BDS ranked high by stratum in the table. The verification is performed by summarizing the questionnaire results first, followed by analyzing the information obtained from the interview survey.

Table 2.2-13 Cross Analysis for BDS Needs

Rank in Overall Result		Corporate Strategy/Management			Marketing					Financial Management				Organizational and Human Resource Management		
		6	5	2	13	7	10	3	8	15	14	11	1	12	9	4
Stratum	Valid response	Corporate strategy	Business plan	Utilization of IT for business management	Market survey/information	Marketing strategy	Sales plan	Promotion strategy	Digital marketing	Financial statement	Break-even-point sales	Business plan	Access to finance	Financial analysis	Personnel evaluation/incentive system	Plan of employee training
<b>Company Scale (Number of Employees)</b>																
1 - 4	13	<b>3.4</b>	<b>3.5</b>	3.2	2.9	<b>3.4</b>	<b>3.4</b>	3.3	3.3	<b>3.5</b>	1.8	<b>3.4</b>	<b>3.8</b>	2.9	<b>3.4</b>	<b>3.4</b>
5 - 19	30	<b>3.4</b>	<b>3.4</b>	<b>3.6</b>	2.7	<b>3.5</b>	3.3	<b>3.5</b>	3.2	3.0	3.2	3.1	<b>3.4</b>	3.1	<b>3.4</b>	3.3
20 - 49	12	<b>3.5</b>	<b>3.3</b>	<b>3.4</b>	2.6	3.2	3.0	3.2	3.0	2.5	3.2	2.4	<b>3.5</b>	2.5	2.4	<b>3.3</b>
50 - 99	7	2.4	2.9	3.3	2.4	2.4	2.7	<b>3.4</b>	3.3	1.7	<b>3.4</b>	<b>3.4</b>	<b>3.9</b>	<b>3.9</b>	<b>3.6</b>	<b>3.7</b>
100 - 299	3	2.0	<b>2.7</b>	<b>3.0</b>	<b>3.3</b>	<b>2.7</b>	2.3	2.0	2.3	0.7	1.3	2.0	2.3	1.3	2.0	<b>2.7</b>
300 or above	7	2.4	<b>2.9</b>	<b>2.9</b>	1.6	2.0	2.0	<b>3.3</b>	2.3	1.9	<b>2.9</b>	2.4	<b>2.9</b>	2.6	2.1	<b>3.0</b>
<b>Industry Sector</b>																
Beverage and food	25	3.2	3.2	<b>3.4</b>	2.9	<b>3.3</b>	3.1	<b>3.4</b>	3.2	2.6	<b>3.4</b>	3.1	<b>3.4</b>	3.0	3.1	<b>3.3</b>
Metal	9	3.2	<b>3.7</b>	<b>3.8</b>	3.3	3.4	3.3	3.2	3.4	<b>3.6</b>	1.9	<b>3.6</b>	<b>3.8</b>	3.0	<b>3.7</b>	3.4
Wood/furniture	4	3.0	3.0	<b>3.8</b>	2.5	<b>3.5</b>	3.0	<b>3.5</b>	3.0	<b>3.5</b>	2.8	<b>3.5</b>	<b>3.8</b>	3.3	<b>3.8</b>	<b>4.0</b>
Rubber and plastic	4	2.8	2.8	<b>3.3</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.3</b>	<b>3.0</b>	1.8	2.3	1.8	2.8	2.8	<b>3.0</b>	2.5
Leather	3	<b>3.7</b>	<b>3.7</b>	2.3	3.0	<b>3.7</b>	2.3	<b>4.0</b>	2.0	<b>3.3</b>	2.7	2.0	3.0	2.7	2.3	2.7
Machinery	3	2.7	2.3	<b>3.7</b>	2.3	<b>3.3</b>	3.0	<b>3.3</b>	3.0	1.3	1.7	2.7	<b>3.7</b>	2.3	3.0	<b>3.3</b>
<b>Region</b>																
DSM	28	<b>3.0</b>	<b>3.1</b>	<b>3.1</b>	2.9	<b>3.0</b>	2.9	<b>3.1</b>	2.9	2.7	<b>3.0</b>	2.6	<b>3.5</b>	<b>3.0</b>	2.8	2.8
Morogoro	10	3.7	<b>4.0</b>	3.7	3.5	3.7	3.8	3.7	3.7	<b>3.9</b>	1.8	3.8	<b>3.9</b>	3.3	<b>4.0</b>	<b>3.9</b>
Dodoma	9	3.4	<b>3.8</b>	<b>4.0</b>	2.0	1.9	2.8	<b>3.6</b>	<b>3.8</b>	1.7	3.3	3.0	2.7	2.9	2.4	<b>3.7</b>
Arusha	8	3.3	2.9	3.3	3.3	<b>3.6</b>	3.3	<b>3.6</b>	2.9	2.1	3.0	2.9	<b>3.5</b>	3.0	<b>3.4</b>	<b>3.4</b>
Mbeya	6	2.3	2.7	<b>3.7</b>	2.5	<b>3.7</b>	3.0	3.0	2.7	3.0	3.3	3.2	<b>4.0</b>	2.8	<b>3.5</b>	<b>3.5</b>
Singida	4	2.8	2.5	2.5	<b>3.0</b>	<b>3.3</b>	2.8	<b>3.0</b>	<b>3.5</b>	2.3	2.3	2.0	2.3	2.3	<b>3.0</b>	<b>3.0</b>
Kilimanjaro	4	3.3	<b>3.5</b>	<b>3.8</b>	3.0	<b>3.8</b>	2.8	<b>3.8</b>	2.3	2.8	3.0	3.3	<b>3.8</b>	2.5	2.5	3.5
Mwanza	3	<b>3.3</b>	<b>3.3</b>	<b>3.7</b>	<b>3.3</b>	<b>3.7</b>	2.7	3.0	3.0	2.7	2.7	2.7	<b>3.3</b>	2.7	<b>3.3</b>	<b>3.7</b>

Note: Bold/underlined numbers (in colored cells) signify the five highest priorities in each stratum. DSM is an abbreviation for Dar es Salaam.

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

<sup>13</sup> Companies in a region often belong to the major industries of that region. The required technology or the market does differ according to industries, but the business management activities are largely common to all the industries. Therefore, it can be hypothesized that there is no clear difference in the needs of the companies from the viewpoint of the "business management" except the difference appearing in line with variation of the company scales.

<sup>14</sup> The strata with ten or more valid responses are only "micro companies," "small companies," "beverage and food," "Dar es Salaam," and "Morogoro."

## 1) BDS needs by company scale

Table 2.2-14 shows the average points of the BDS needs for the four main areas by company scale. The needs are higher for micro to medium companies and lower for large companies.

Table 2.2-14 BDS Needs by Company Scale (Four Main Areas)

Company Scale (Employees)	Valid Responses	Corporate Strategy/Management	Marketing	Financial Management	Organizational and Human Resource Management
1 - 4	13	2.6	3.5	3.4	2.4
5 - 19	30	3.0	3.7	3.6	2.7
20 - 49	12	2.3	3.3	3.2	2.5
50 - 99	7	2.4	3.4	3.1	2.7
100 - 299	3	2.0	2.7	2.0	1.3
300 or above	7	2.0	3.1	2.7	2.0
Total/Average	72	2.6	3.5	3.3	2.5

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

Table 2.2-15 excerpts the five specific BDS areas of the highest priority by company scale from Table 2.2-13, a result of the cross analysis by stratum. Analysis on the results from both the questionnaire survey and the interview survey reveals the following trends in the business challenges and BDS needs of each scale of the companies.

Table 2.2-15 BDS Needs by Company Scale (Specific Areas)

No.	1 - 4 Employees	5 - 19 Employees	20 - 49 Employees	50 - 99 Employees	100 - 299 Employees	300 Employees or Above
1	Access to finance 3.8	Utilization of IT for business management 3.6	Corporate strategy 3.5	Access to finance 3.9	Market survey/information 3.3	Promotion strategy 3.3
2	Financial statement 3.5	Marketing strategy 3.5	Access to finance 3.5	Financial analysis 3.9	Utilization of IT for business management 3.0	Plan of employee training 3.0
3	Business plan (CSM) 3.5	Promotion strategy 3.5	Utilization of IT for business management 3.4	Plan of employee training 3.7	Business plan (CSM) 2.7	Business plan (CSM) 2.9
4	Corporate strategy 3.4	Business plan (CSM) 3.4	Business plan (CSM) 3.3	Personnel evaluation/incentive system 3.6	Marketing strategy 2.7	Utilization of IT for business management 2.9
5	Marketing strategy 3.4	Access to finance 3.4	Plan of employee training 3.3	Promotion strategy 3.4	Plan of employee training 2.7	Break-even-point sales 2.9

Note: The areas that are not shown in the table but hold the same score as the fifth rank are shown below. For the fifth position, the table lists the areas with a higher score before rounding or those which the JICA Survey Team finds more importance from the interview survey.

1-4 employees: Sales plan, business plan (financial management), plan of employee training, corporate strategy, and personnel evaluation/incentive system

5-19 employees: Corporate strategy, personnel evaluation/incentive system

20-49 employees: Market survey/information

50-99 employees: Business plan (financial management), break-even-point sales

300 employees or above: Financial analysis

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

- Micro companies (1-4)

In the questionnaire survey, the needs for access to finance is highest and the specific areas under corporate strategy/management, marketing, and financial management follow. It is the feature of the micro companies that the financial statement is at the second place in comparison with the fifteenth in the overall result. They do not sufficiently keep bookkeeping records of sales and expenses.

In the interview survey, the JICA Survey Team also confirmed that they were facing the most significant challenge/needs in the working and investment capital. Yet, all employees in micro companies are often engineers or craft persons and engaged only in the manufacturing process, thereby leading to incapacity to conduct marketing activities. Therefore, they, in most cases, need to depend on referrals from the existing customers to gain the new customers. Furthermore, these companies do not implement any activities at the strategic level such as preparing and practicing a corporate strategy or a marketing strategy.

- Small companies (5-19)

In the questionnaire survey, access to finance and business plan (corporate strategy/management) lie in the high ranks, presenting the trend similar to the micro companies. The specific areas under marketing such as marketing strategy and promotion strategy are also evaluated high, thereby aligning along the trend of the overall result. The difference from the result of the micro company stratum is that the first priority is given to IT utilization for business management.

In the interview survey, many companies raised the challenge in the working capital as the micro companies did. According to them, lack of the working capital leads to stagnation of the sales. With regard to marketing, whereas the companies deal with two or more distributors and individual agents, many of them continuously work with the same distributors/agents without seeking the new channels that may be more efficient and effective. In addition, their marketing activities are generally limited to a very simple online promotion to the final consumers with the private account of the owner or the employee. In terms of financial management, many of the companies cannot maintain the working capital even if they turn a certain amount of the net profit. It suggests that they do not conduct the cost management or cashflow management, or even if they do, it does not function well.

- Small companies (20-49)

They place the first priority on corporate strategy and access to finance, followed by IT utilization in business management. While their needs for the capital are still high, interest in preparing a corporate strategy becomes higher at the same time. Formulation of a plan to train employees appears in the top five priority, implying that the companies are more aware, than the companies of smaller scales, of capacity development as an organization.

The companies visited in the interview survey mostly generate a certain amount of the sales and consist of specialized departments such as production, marketing, and accounting. Among them, some

companies work on corporate activities entailing the capital investment, such as establishing a new factory and developing new products. Nevertheless, these activities are not sufficient in most cases. The challenges and the needs regarding sales and capital are still most serious on this stratum of the company scale. For this scale of the companies, it would be effective to support the specific areas of the business management identified by a company diagnosis or to assist in preparing an overall corporate strategy encompassing all areas of the business management.

- Medium companies (50-99)

In the stratum of the medium companies, there is a trend that the specific areas under the organizational and human resource management are given the high priority while the need for access to finance is still high. Financial analysis and break-even-point sales emerge in the list, although they are not within the top 15 in the overall result. This result may suggest that their focus has shifted from the sales to the financial management such as financial analysis and cost analysis.

- Large companies

The large companies (100-299) evaluate market survey/information as the first priority among their BDS needs, and IT utilization for business management follows. As for the large companies (300 or above), promotion strategy is on top, followed by plan of employee training, business plan (corporate strategy/management), IT utilization for business management, and break-even-point sales. The large companies show various kinds of needs, unlike the trend of the companies in the smaller scales. The main difference from other strata in the company scale is that the need for access to finance is not listed within the top five priorities. The result indicates that the large companies meet with the basic condition in most of the business management areas, and hence, they have their own specific needs. More precisely, their needs are specifically oriented to the individual challenges unique to each company, aside from the trend that organizational and human resources management commonly forms the prioritized issues. In the interview survey, the JICA Survey Team heard their specific needs such as training on the sales personnel, division of duties, automation of production, in-process and statistical quality control, sophistication of production technology, and so forth.

## 2) BDS needs by industry sector

The BDS needs are analyzed here for the six manufacturing industry subsectors in which there are relatively many samples in the questionnaire survey. Table 2.2-16 shows the five specific areas of BDS to which the companies in each subsector give the highest priority in the questionnaire survey. Analysis of the results from the interview survey follows.

As the table shows, the specific BDS areas of the high rank in each sector accord largely with those in the overall result, thereby indicating that there is little unique trend in each industry sector. It is supposed that the order of the high rank areas slightly changes depending on the level of competition in the industry

or on the difference of business models according to it. The different tendency in each industry subsector, if any, is described below.

Table 2.2-16 BDS Needs by Industry Sector (Specific Areas)

No.	Beverage and Food	Metal	Wood/furniture	Rubber and Plastic	Leather	Machinery
1	Utilization of IT for business management 3.4	Utilization of IT for business management 3.8	Plan of employee training 4.0	Utilization of IT for business management 3.3	Promotion strategy 4.0	Utilization of IT for business management 3.7
2	Promotion strategy 3.4	Access to finance 3.8	Utilization of IT for business management 3.8	Promotion strategy 3.3	Corporate strategy 3.7	Access to finance 3.7
3	Break-even-point sales 3.4	Business plan (CSM) 3.7	Access to finance 3.8	Market survey/information 3.0	Business plan (CSM) 3.7	Marketing strategy 3.3
4	Access to finance 3.4	Personnel evaluation/incentive system 3.7	Personnel evaluation/incentive system 3.8	Marketing strategy 3.0	Marketing strategy 3.7	Promotion strategy 3.3
5	Marketing strategy 3.3	Financial statement 3.7	Marketing strategy 3.5	Sales plan 3.0	Financial statement 3.3	Plan of employee training 3.3

Note: The areas that are not shown in the table but hold the same score as the fifth rank are shown below. For the fifth position, the table lists the areas with a higher score before rounding or those which the JICA Survey Team finds more importance from the interview survey.

Beverage and food: Plan of employee training

Metal: Business plan (financial management)

Wood/furniture: Promotion strategy, financial statement, business plan (financial management)

Rubber and plastic: Digital marketing, personnel evaluation/incentive system

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

- Beverage and food

Access to finance, IT utilization for business management, promotion strategy, and break-even-point sales are highest with 3.4 points. Among them, the break-even-point sales is at the 14<sup>th</sup> in the overall result, presenting a different feature from it. In the interview survey, improvement in the capital and sales attracted the highest needs. Especially, the needs for the working capital related to seasonal purchases of raw materials and for the investment capital for strengthening/renewal of production facility were strong. The beverage and food products industry includes various companies, such as, maize powder, sunflower oil, peanut butter, wine, fruit wine, processed vanilla, bread, coffee, and so forth. The competition is harsh for most of these sectors. Therefore, it is of significant importance to set a sales target based on the break-even-point analysis and to create a marketing strategy for achieving the targeted sales. As mentioned in the end of this section, the needs of individual companies differ according to the competitive environment of the industry that they belong to.

- Metal

Most companies in the metal industry that answered the questionnaire survey are the KAIZEN-implemented cluster companies. In the interview survey, they had strong recognition that they were not

able to sufficiently conduct the necessary activities in every business management area, resulting in the generally high BDS needs. In the questionnaire survey, the needs for access to finance and IT utilization for business management are highest with 3.8 points, and business plan (corporate strategy/management), personnel evaluation/incentive system, and financial statement follow with 3.7 points.

In the interview survey, their needs for the working and investment capital were confirmed to be very high, and they intended to increase the sales by the capital enhancement. Nevertheless, none of those companies prepare a marketing strategy and actively implement the marketing activities.

- Wood/furniture

All respondents in the questionnaire survey score four points for plan of employee training. IT utilization for business management, access to finance, and personnel evaluation/incentive system come next with 3.8 points each.

The companies visited in the interview survey include a furniture shop and an interior finishing work operator. The furniture shop is a micro company and displays its products along the street in an attempt to attract interests from the potential customers. The company needs to have a certain number of finished goods inventories, thus creating the large needs for the working capital. The company of interior finishing work is a medium company and show the strong needs for the specific BDS areas under the organizational and human resource management and IT utilization for improving the business operation.

- Rubber and plastic

Compared to the other industries, the companies in this sector have low recognition of the challenges in each business management category. Thus, their BDS needs are generally low. In the specific areas of BDS, IT utilization for business management and promotion strategy draw the highest needs with 3.3 points. When the JICA Survey Team checked the actual situation through the interview survey, many of those respondent companies demonstrated good financial performance which was likely to affect the questionnaire result.

- Leather

In the questionnaire survey, all respondent companies score four points for promotion strategy. It is followed by corporate strategy, business plan (corporate strategy/management), and marketing strategy with 3.7 points. Financial statement appears at the fifth which is a different feature from the overall result (15<sup>th</sup> rank).

From the interview survey, it was found that many of them had their own shops to sell the products. Therefore, the needs for a promotion/marketing strategy emerge at the high rank. In addition, the industry faces stiff competition among many companies.

- Machinery

In the questionnaire survey, scores of access to finance and IT utilization for business management are highest with 3.7 points. Marketing strategy, promotion strategy, and plan of employee training follow

with 3.3 points.

The JICA Survey Team found from the interview survey that the companies in this sector needed considerable capital to procure parts and other inputs for manufacturing their products which also required a long period of time. Therefore, it is important to maintain sufficient working capital and make the operation more efficient. In addition, receiving one order carries the significant meaning for this industry sector. These are likely to be the background of the results of the questionnaire survey.

The analysis and discussion above lead to a conclusion that there is no major difference in the BDS needs among the industry sectors. As mentioned earlier, intensity of the competitive environment and the business condition under such environment affect the needs of companies. Companies struggling to survive the competition naturally possess the needs for enhancing distribution or working/investment capital. Under the severe competition, companies actually need the solutions from the upstream areas of BDS such as a marketing strategy or a corporate strategy; however, these measures are not adequately taken at this point.

By contrast, in the industries without intense competition,<sup>15</sup> most companies have established the wide distribution channels and hence the sales/profit tend to increase. Their needs turn different from the industry with severe competition, such as training on personnel and capital investment for increasing production.

### 3) BDS needs by region

Table 2.2-17 enumerates the five specific areas of BDS that attract the highest needs from the respondents to the questionnaire survey in each target region.

The result again reveals that there is no clear difference from the overall trend on the BDS needs. In all regions, access to finance and marketing related themes appear at the high ranks. The specific BDS areas under the corporate strategy/management come next, followed by those under the organizational and human resource management and the financial management except access to finance.

To summarize the interview survey results, there emerges the difference in companies' BDS needs in any region, according to the factors of company scale, competitive environment in industries, and diversity of the industries. As discussed earlier, the larger the companies are, the more specific BDS needs they tend to possess. In addition, considering that many companies belong to the major industries in each region, there should be difference in the BDS needs between the regions where industries with stiff competition constitute the majority and where they are not. Moreover, the needs become diversified in a region such as Dar es Salaam where various industries exist. It can be concluded that importance is low to analyze the

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<sup>15</sup> Among the interviewed companies, those industry sectors include vanilla processing, coconut oil making, plastic rope manufacturing, coffee bean making, trailer manufacturing, glass bottle manufacturing, cold storage service, and so forth.



difference in the BDS needs by region.

Table 2.2-17 BDS Needs by Region (Specific Areas)

No.	Dar es Salaam	Arusha	Kilimanjaro	Singida	Dodoma	Mbeya	Mwanza	Morogoro
1	Access to finance 3.5	Marketing strategy 3.6	Utilization of IT for business management 3.8	Digital marketing 3.5	Utilization of IT for business management 4.0	Access to finance 4.0	Utilization of IT for business management 3.7	Business plan (CSM) 4.0
2	Business plan (CSM) 3.1	Promotion strategy 3.6	Marketing strategy 3.8	Marketing strategy 3.3	Business plan (CSM) 3.8	Utilization of IT for business management 3.7	Marketing strategy 3.7	Personnel evaluation/incentive system 4.0
3	Utilization of IT for business management 3.1	Access to finance 3.5	Promotion strategy 3.8	Market survey/information 3.0	Digital marketing 3.8	Marketing strategy 3.7	Plan of employee training 3.7	Financial statement 3.9
4	Promotion strategy 3.1	Sales plan 3.4	Access to finance 3.8	Promotion strategy 3.0	Plan of employee training 3.7	Personnel evaluation/incentive system 3.5	Corporate strategy 3.3	Access to finance 3.9
5	Corporate strategy 3.0	Plan of employee training 3.4	Business plan (CSM) 3.5	Personnel evaluation/incentive system 3.0	Promotion strategy 3.6	Plan of employee training 3.5	Business plan (CSM) 3.3	Plan of employee training 3.9

Note: The areas that are not shown in the table but hold the same score as the fifth rank are shown below. For the fifth position, the table lists the areas with a higher score before rounding or those which the JICA Survey Team finds more importance from the interview survey.

Dar es Salaam: Marketing strategy, break-even-point sales, financial analysis

Singida: Plan of employee training

Mwanza: Market survey/information, access to finance, personnel evaluation/incentive system

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

## (5) BDS

This subsection reports the survey results about 1) companies' recognition about BDS/experience of its utilization, 2) situation of the utilization, 3) BDS fees and its acceptable price for companies, and 4) challenges in utilizing BDS.

### 1) Recognition about BDS and experience of its utilization

In the questionnaire survey, the respondents recognizing the word "BDS" constitute 65% of all, and 49% of them have experience in using BDS. As for the experience in using BDS by company scale, the ratios of micro companies, small companies (5-19), and small companies (20-49) stand at 65%, 50%, and 75%, respectively. The ratio turns higher as the company scale becomes bigger. On the other hand, the ratio for medium companies (50-99) falls down to 43 % and that for large companies (100-299) drops further to 33%. The ratio becomes lower for bigger companies in these company scales. It returns up to 71% for large companies (300 or above).

Table 2.2-18 shows the BDSPs recognized by the respondents. A total of 46 companies name 57 BDSPs, of which SIDO and private financial management/tax companies (named by eight companies each) are

the providers that the companies recognize most. The reason for this is likely to be that the respondents, by their nature, maintain the close relationship with SIDO, and they tend to outsource to BDSPs the work related to the compliance issues such as preparing the financial statement, its auditing, and procedure for tax payment. Other answers include technical support/research organizations with four responses, and human resource management consultants, marketing consultants, and productivity/KAIZEN consultants receiving three responses respectively.

Table 2.2-18 BDSPs Recognized by Companies

Organization/Consulting Areas	Responses
SIDO	8
Financial management and tax company	8
Technical support/research organization	4
Organizational/human resource management consultant	3
Marketing consultant	3
Productivity/KAIZEN consultant	3
Other organization	3
Donor	2
Venture capital/incubator	2
Financial institution	2
Non-governmental organization (NGO)	1
Other individual consultant	1
VETA	1
University	1
Government	1
Other consulting company	14
<b>Total</b>	<b>57</b>

Note: "Other consulting company" provides consulting services in the multiple areas or renders the unclear areas of BDS.

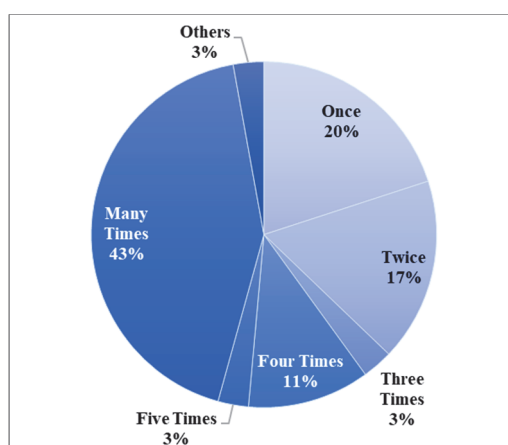
Source: Prepared by JICA Survey Team based on result of the questionnaire survey

During the interview survey, the companies illustrated the following experiences in utilizing BDS, suggesting that various areas and types of BDS were being provided in Tanzania.

- Participated in trainings on production technology and marketing organized by SIDO.
- Consulted SIDO in purchasing machinery.
- Outsourced preparation and auditing of a financial statement for tax return to individual/corporate BDSPs.
- Outsourced to individual/corporate BDSPs the formulation of a business plan to apply for a loan or gained support for it by the BDSPs.
- Received guidance on production technology from a technical support/research organization.
- Outsourced package/brochure designs and online marketing to marketing companies.
- Received assistance from donors and NGOs in manufacturing machines and enhancing working capital.

## 2) Situation of BDS utilization

As for the number of BDS (including both paid and free service) that the questionnaire respondents have utilized before, the answers of once and twice constitute 37% of the valid responses while “many times” occupy 43%. Therefore, there is distinction between companies utilizing BDS often and those not doing so. The result suggests that a certain number of companies understand the effectiveness of BDS on one hand. On the other hand, it also implicates the current situation in which donor agencies, governmental agencies and NGOs repeatedly provide support to the same companies, as Section 2.3 discusses later.



Source: Prepared by JICA Survey Team based on result of the questionnaire survey

Figure 2.2-2 Number of BDS Utilization

## 3) BDS fees and its acceptable price

The questionnaire survey identifies the respondents' acceptable prices per day for each area of BDS. Irrespective of the areas, the answer of “20,000 TZS or below” occupies more than half of all, and further, that up to 80,000 TZS or below accounts for over 80%.

Table 2.2-19 Acceptable Prices of BDS per Day

Acceptable Prices (TZS)	Corporate Strategy/ Management		Marketing		Financial Management		Organizational and Human Resource Management		Average
	Valid Responses	Percentage	Valid Responses	Percentage	Valid Responses	Percentage	Valid Responses	Percentage	
20,000 or below	46	63.9%	42	58.3%	42	58.3%	47	65.3%	61.5%
40,000 or below	11	15.3%	11	15.3%	10	13.9%	9	12.5%	14.2%
80,000 or below	7	9.7%	10	13.9%	9	12.5%	9	12.5%	12.2%
Below 160,000	4	5.6%	3	4.2%	5	6.9%	4	5.6%	5.6%
160,000 or above	4	5.6%	6	8.3%	6	8.3%	3	4.2%	6.6%
Valid Responses	72	100%	72	100%	72	100%	72	100%	100%

Note: Integer numbers in the table show the valid responses.

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

Table 2.2-20 classifies the acceptable prices by company scale. They are average prices of those in all the four BDS areas. More than 60% of both micro and small companies answer 20,000 TZS or below. On the contrary, the same price range accounts for less than half in medium companies. In large companies (100-299), the most frequent responses are 80,000 TZS or below with 50% of the composition. Further, the answers of large companies (300 or above) occupy 10 % or higher in every price category with the highest concentration in below 160,000 TZS (28.6%). As the company scale becomes bigger, the acceptable price becomes higher.

Table 2.2-20 Acceptable Prices of BDS per Day by Company Scale

Number of Employees	20,000 TZS or Below	40,000 TZS or Below	80,000 TZS or Below	Below 160,000 TZS	160,000 TZS or Above
1 - 4	80.8%	11.5%	7.7%	0.0%	0.0%
5 - 19	66.7%	14.2%	10.0%	5.0%	4.2%
20 - 49	70.8%	16.7%	8.3%	4.2%	0.0%
50 - 99	46.4%	10.7%	21.4%	7.1%	14.3%
100 - 299	33.3%	16.7%	50.0%	0.0%	0.0%
300 or above	14.3%	21.4%	14.3%	28.6%	21.4%

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

Among the companies that have utilized BDS, 71% have received the fee-based BDS. The questionnaire survey asked them about the highest amount of the payment per day. There are 18 responses with large variability; the median is 100,000 TZS while the lowest and the highest are 15,000 TZS and 4.5 million TZS,<sup>16</sup> respectively. The second highest rate stands at 1 million TZS and it is the fee for preparing a financial statement. Some respondents answer the total payment amount for the whole service instead of the amount per day.

The JICA Survey Team collated the following examples of BDS and their fees in the interview survey.

- Participate in a technical training: From 20,000 to 50,000 TZS per person per day.
- Prepare a financial statement: Around 30,000 TZS when a company mainly prepares it and from 800,000 to 5 million TZS when a BDSP mainly does it.
- Formulate a business plan: From 150,000 to 500,000 TZS.
- Support access to a loan: From 2% to 10% of the loan amount.
- Design product packages: From 300,000 to 650,000 TZS.
- Conduct monthly digital marketing service: 300,000 TZS.

Additionally, the interview survey results suggest that the companies which have sales amount reaching 100 to 200 million TZS tend to start utilizing fee-based BDS.

<sup>16</sup> The respondent company raised two international accounting consulting firms to the question about BDSPs recognized by them. Hence, the company probably received the services in a corporate strategy or financial management such as a business plan and a financial statement.

## 4) Challenges in BDS utilization

As Table 2.2-21 shows, the biggest reason for the companies not to have utilized BDS is that they do not know any available BDS/BDSP (60%) according to the questionnaire survey. During the interview survey, some companies opined that they did not know any BDSPs except the financial management consultants which they had used for the taxation compliance purposes. The second most frequent response is that they need a particular area of BDS but the service is too expensive (27.5%). When the JICA Survey Team asked those respondents about their expected contents of BDS, they specified various areas; for example, access to finance, marketing/promotion, and preparation of a training plan for each department, among others. In contrast, many companies were not able to have a concrete image about BDS, thereby pointing to significance to provide them with clear and systemized information of available BDS.

Table 2.2-21 Reasons for Not Having Utilized BDS

Option	Frequency	Ratio
I do not know any available BDS or BDSP.	24	60.0%
I need a particular area of BDS but the service is too expensive.	11	27.5%
I cannot identify a necessary area of BDS.	4	10.0%
There are some BDSPs in our district/region but they target different growth stages of start-ups from ours.	4	10.0%
I am not interested in receiving BDS.	3	7.5%
There is no or a very little number of BDSPs in our district/region.	3	7.5%
I need a particular area of BDS but there is no BDSP which can provide it in our district/region.	1	2.5%
There are some BDSPs in our district/region but they target different size of companies from ours.	1	2.5%
Valid Responses = 40		

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

In addition, the questionnaire survey asked about problems of BDSPs to which the main answers fell into “Do not know BDSPs” and “Price is too high” with three respondents each, “Need other areas of support (productivity improvement (one respondent)/mindset change (one respondent))” with two respondents, and “Lack of monitoring/follow-up” with one respondent.

In terms of the preference about the forms of BDS provision, the companies’ answers concentrate in “Receive it at the company’s premise” and “Participate in group training” as Table 2.2-22 presents.

Table 2.2-22 Preference about Forms of BDS Provision

Option	Frequency	Ratio
Receive it at company’s premise	56	77.8%
Participate in group training	48	66.7%
Receive it online/by phone	19	26.4%
Receive it at BDSP’s premise	10	13.9%
Others	1	1.4%
Valid Responses = 72		

Source: Prepared by JICA Survey Team based on result of the questionnaire survey

(6) Conclusion

The current section so far analyzed the results of both the questionnaire survey and the interview survey from the overall samples as well as from the perspectives of the company scale, region, and industry sector. Based upon the analysis results, it would be effective for BDSPs to provide companies with individual support according to their business challenges, while taking profound account of the company scale and the situation regarding the competition in the market. It would also be practical to deliver BDS in consideration of effectiveness, efficiency and convenience for both BDSPs and customer companies by; for example, providing group training to the companies which have similar challenges, while offering individual consultation to the companies which face unique and specific issues. As a conclusion, the following summarize the main business challenges of Tanzanian companies and the BDS areas to solve these challenges based on the entire results from the Company Survey.

1) Corporate strategy/management: a. Preparation of corporate strategy, b. IT utilization in business management

Many companies identify the issues regarding the capital and sales as their most serious business challenges. The fundamental background of them lies in the current situation in which they do not prepare an overall corporate strategy according to their sales and financial challenges. The situation of the capital and sales are interrelated with other business management factors. Therefore, it is highly critical for BDSPs to communicate to the companies the significant importance of a corporate strategy encompassing such factors especially as marketing, costs and cashflows, followed by providing the actual support in preparing and implementing the strategy.

Furthermore, although companies express strong needs for introducing IT in their business management, its utilization particularly by micro and small companies is currently limited. At the same time, however, many companies use MS Excel for bookkeeping and conduct, though on a small scale, the online promotion. In these ways, introduction of IT can start from the possible and easy area and then expand the scope, thereby enhancing effectiveness and efficiency of their business management activities. This also enables accumulation of information that can serve as the basis for preparing a corporate strategy. Nevertheless, there is only a limited number of BDSPs that have sufficient experience in supporting introduction of IT in business management activities of the customers, as discussed in Section 2.3.

2) Marketing: a. Preparation of marketing strategy

In the industries in the harsh competition, companies usually produce similar products. Under such circumstances, it is critically important for the companies to formulate and implement a marketing strategy to differentiate themselves from the competitors in the market and establish a strong and exclusive brand

that can occupy the customers' minds. Although the results of the questionnaire survey indicate that the companies seem to be aware of such importance, they, as the interview survey results reveal, do not actually consider preparing such a concrete strategy or even do not have the correct understanding of its meaning. Especially, micro and small companies need to establish the strategy that clarifies the clear and specific direction of their marketing activities under the severe resource limitation, and then, prepare and implement a sales plan according to the strategy. As discussed earlier, companies express strong needs for support in marketing improvement. A series of support from the strategy making, sales/promotion planning, and to their implementation based on the strategy and plan would be able to contribute largely to addressing the difficulty to expand the sales, one of the bottleneck business challenges faced by Tanzanian MSMEs.

- 3) Financial management: a. Financial/cost/break-even-point analyses, b. Cashflow management, c. Preparation of business plan

Most companies simply compute the profit based only on the major costs of goods sold such as the direct material cost and the direct labor cost. They often face a lack of the working capital even if recording the profit. Costs consist of the comprehensive varieties including, for instance, outsourcing cost, marketing cost, distribution cost, procurement cost other than that incurred by purchasing the direct materials, indirect labor cost, travel expenses, and compliance costs (tax, registration, safety compliance, etc.), to name a few. It is essential for companies to comprehensively understand costs incurred by running their business and to ensure that they do not miss recording any expenses. It would be ideal if a company could first conduct the break-even-point analysis based on the correct records to set the targets of sales, profit and costs which would then be reflected in a marketing strategy and a sales plan. In these processes, again, it would be indispensable to clarify interrelations among business management factors by formulating a corporate strategy.

In addition, beverage and food manufacturers and some other industries often purchase materials in a certain period of season by cash. The payment schedule, however, varies from one to three months after sales, and thus, the cashflow management is inevitable. Delays in collecting accounts receivable that many companies are facing also lead to shortage of the working capital; this situation also signifies importance of the cashflow management.

On the other hand, BDSPs currently provide services for preparing a business plan for the customers to apply for a loan and the needs for this are expected to remain high in the future as well. The important point here is that companies need the "visible outcome realized in a short term." Yet, the outcome from the BDS support at the strategic level such as preparation of a corporate strategy and a marketing strategy is not easily recognizable for companies. Therefore, linking a business plan for acquiring a loan to the strategic levels of support would make it easier for the BDSPs to satisfy companies' expectation. Since

these strategies constitute the necessary contents in a business plan, BDS for preparing the plan should continue to be an important area in this sense as well.

- 4) Organizational and human resource management: a. Formulation of plan of employee training, b. Establishment of personnel evaluation/incentive system

Small to large companies have strong needs for devising a systematic plan to train their employees. Development of human resources is critical to solve shortage of the capital and difficulty of the sales increase that the companies recognize as the most serious issues in their business management. Hence, support in preparing a plan of employee training is considered to be a very effective and meaningful BDS.

Medium to large companies, in addition to the plan of employee training, possess other needs such as a personnel evaluation/incentive system and a job description/authority management document which serve as the basis for the former. Although they establish the basic business management function, it is natural that the importance of organizational and human resource management increases as organizations grow. Additionally, the companies need to develop and regularly update a new system and function for organizational and human resource development. Since the demand for support from medium and large companies in the areas of business management tends to be weak but unique, specific and advanced, the priority of BDS provision to them is not deemed high compared to that to other scales of companies. It is therefore appropriate to develop BDS market for medium to large companies in the mid- to long term or have the highly-specialized BDSPs deal with those companies according to their specific needs.

### 2.2.2 VETA Survey<sup>17</sup>

This subsection examines synergistic effects with other cooperation measures to augment the effects of those proposed by the Survey. The “Information Collection Survey on Industrial Human Resource Development in Tanzania (hereinafter referred to as the ‘IHRD survey’),” which was conducted between September 2021 and March 2022, recommended cooperation measures to develop human resources with high market value by promoting the provision of short training courses and strengthening the public-private partnership (hereinafter referred to as “PPP”) of VETA. Thus, the goal of the VETA Survey is to identify methods for achieving the synergistic effects between the measures to improve the business management capacity for private enterprises to increase their competitiveness and those to strengthen the capacity of VETA-centered TVET institutions.

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<sup>17</sup> The VETA Survey is a needs-identification survey to seek possibility for VETA to enhance the organizational capacity through receipt of BDS and other supports.



### 2.2.2.1 Activities

The VETA Survey established the following criteria for selecting the target VETA centers from the perspectives of BDS and IHRD.

- VETA centers located in the regions where KAIZEN spread and KAIZEN trainers are relatively active (BDS)
- VETA centers that provide training courses at level 3<sup>18</sup> in the areas of automotive mechanics and electrical installment (IHRD)

Consequently, the JICA Survey Team selected three centers: Dar es Salaam, Dodoma, and Mbeya. In addition to these three centers, the team targeted the VETA headquarters and thus visited a total of four institutions. Table 2.2-23 shows the VETA Survey schedule.

Table 2.2-23 Schedule of VETA Survey

Date	Destination to Visit	Interviewees (Position)
26 July 2022	VETA Dodoma Center (1st Visit)	Principal, Registrar, HRM Officer, Short Course Coordinator, and one other person
3 August 2022	VETA Dar es Salaam Center (1st Visit)	Principal
5 August 2022	VETA Dar es Salaam Center (2nd Visit)	Principal
10 August 2022	VETA Headquarters, Dodoma	Acting Director General, Acting Director VET
10 August 2022	VETA Dodoma Center (2nd Visit)	Principal, Registrar, HRM Officer, Short Course Coordinator
15 August 2022	VETA Mbeya Center	Principal, Vocational Trainer in Food Production and Entrepreneurship

Source: Prepared by JICA Survey Team

The following three points were discussed at the VETA centers and headquarters:

- 1) Needs for BDS and KAIZEN support (hereinafter referred to as the “BDS support”)
- 2) Benefits expected from the BDS support
- 3) Restrictions on receiving the BDS support

Regarding 1), the JICA Survey Team obtained information on the needs of VETA for the four main areas of BDS including a) corporate strategy/management, b) marketing, c) financial management, and d) organizational and human resource management. The team also attempted to confirm what kind of needs VETA had as a partner institution<sup>19</sup> for KAIZEN dissemination.

As for the benefits expected from the BDS support mentioned in 2), the team conducted an exchange with

<sup>18</sup> National Vocational Awards (NVA) 1-3 are given at the end of the long training courses at VETA. After obtaining the highest grade of NVA level 3, trainees can proceed to the more advanced program and pursue the training to obtain the National Technical Awards (Levels 4-10). They are also anticipated to increase in demand in the labor market.

<sup>19</sup> VETA is officially included as a partner institution for KAIZEN dissemination in “FKM 2020-2030” which was institutionalized through the KAIZEN Project.

VETA of opinions from the aspect of the synergistic effects with cooperation measures in the area of IHRD. Through this exchange, it intended to make clear what kind of positive impacts could be generated when VETA receives assistance from both the BDS and IHRD supports. Moreover, the team investigated the restrictions that VETA may face in receiving the BDS support as described in 3).

#### 2.2.2.2 Results

This subsection summarizes responses from VETA in line with the three points mentioned above.

##### (1) Needs for BDS Support

Table 2.2-24 summarizes the responses from the VETA centers and headquarters, which inductively illustrate the entire trend on the needs of VETA for BDS.

The findings from the discussion indicate that marketing and financial management are the most in-demand BDS. When limiting the scope of corporate strategy/management to more focused issues such as “planning and implementation of revenue-generating activities” and “cooperation with private companies,” the high need is proven. Additionally, organizational and human resource management is in demand, albeit to a lesser extent than other BDS areas.

Although the KAIZEN Project developed several VETA teachers into KAIZEN trainers, most of them are not active at present. VETA expressed a strong concern for the diminished KAIZEN activities within their centers with requests for a) refresher training for the existing trainers and b) new support for basic-level trainer development. Furthermore, the VETA Survey confirmed that VETA had a vision to develop a training course specialized in KAIZEN and would sell it as a new service to students and companies after they developed the basic-level trainers with a cascade approach.

Table 2.2-24 Needs of VETA for BDS Support

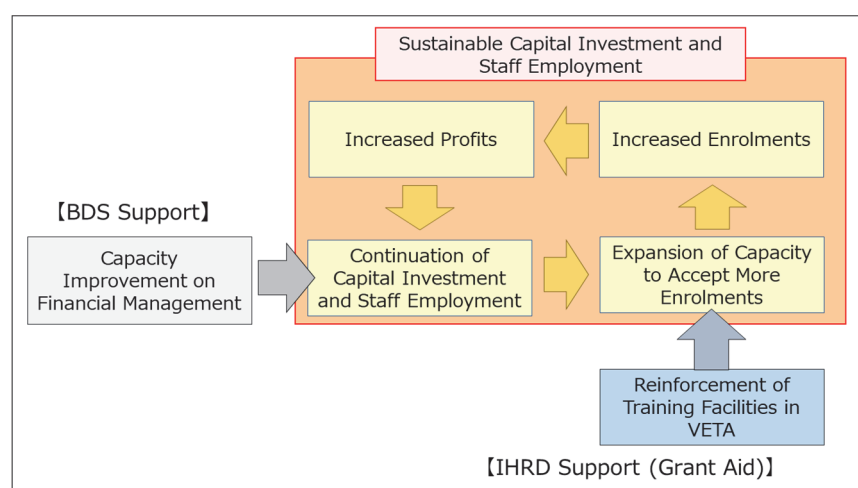
	Area	Dar es Salaam	Dodoma	Mbeya	Headquarters
BDS	Corporate Strategy/ Management	<ul style="list-style-type: none"> <li>- Corporate strategy is prepared by VETA headquarters, and therefore external support is not needed.</li> <li>- There is high demand for a strategy with a special focus on short training courses.</li> </ul>	There is a high demand for revising the existing corporate strategy in light of the identification of training courses to sell and partners to cooperate with limited resources.	Preparation of a strategy and plan for a partnership with private companies is in particular of high demand.	Advisory service on what type of vocational training courses should be prepared in response to a rapid change in market technologies is in high demand.
	Marketing	<ul style="list-style-type: none"> <li>- Highly demanded.</li> <li>- Income-generating activities and short training courses need to be more widely promoted.</li> <li>- It is vital to reinforce knowledge and skills of those who engage in marketing activities for private companies.</li> </ul>	There is high demand for preparation of a marketing strategy to secure a bigger customer base for income-generating activities and the development of promotion and sales tools.	<ul style="list-style-type: none"> <li>- Know-how concerning customer base expansion is in high demand.</li> <li>- VETA center would include marketing skills in training courses and thus contribute to the improvement of trainees' employability.</li> </ul>	<ul style="list-style-type: none"> <li>- Highly demanded.</li> <li>- VETA headquarters would expand its customer base by introducing IT-based marketing tools.</li> <li>- Selling products through e-commerce would contribute to a profit increase.</li> </ul>
	Financial Management	<ul style="list-style-type: none"> <li>- Increase in net income through reviewing fixed costs and in revenue from income-generating activities are in high demand.</li> <li>- Discrepancy on the use of generated profit should be delegated to VETA centers.</li> </ul>	<ul style="list-style-type: none"> <li>- Knowledge and skills in financial management are in high demand.</li> <li>- It is necessary to get permission from VETA headquarters in case financial information is disclosed.</li> </ul>	Upgrading skills in financial management is important. An increase in income-generating activities and efficient capital investment can be realized with the upgraded skills.	It is of particularly high demand for knowledge and skills in fundraising and budget exercise.
	Organizational and Human Resource Management	There is a high demand for preparation of training plans for teachers, which was not able to be prepared due to budget constraints.	Not very demanded BDS.	<ul style="list-style-type: none"> <li>- Though required to get approval from the central government for permanent staff employment, VETA centers can employ contract staff with their own budget.</li> <li>- Efficient staff allocation plans and staff training plans are in demand.</li> </ul>	<ul style="list-style-type: none"> <li>- VETA headquarters would develop the existing performance appraisal into a more systematic one.</li> <li>- A training plan for each staff is also in demand.</li> </ul>
	KAIZEN	<ul style="list-style-type: none"> <li>- KAIZEN trainers developed in VETA through the KAIZEN Project are not active.</li> <li>- Reeducation and an increased number of the trainers could be effective for future KAIZEN dissemination.</li> <li>- 5S and problem-solving are highly demanded.</li> </ul>	<ul style="list-style-type: none"> <li>- KAIZEN is in high demand. It is efficient that all teachers first master KAIZEN and then disseminate it in school in a cascade.</li> <li>- VETA center would start to provide short training courses on KAIZEN on a fee basis after KAIZEN trainers reach a sufficient level.</li> </ul>	<ul style="list-style-type: none"> <li>- Making use of KAIZEN trainers in SIDO, VETA center would be able to disseminate KAIZEN in the school.</li> <li>- VETA center would also sell KAIZEN in the form of short training courses in the future.</li> </ul>	It is reasonable to develop KAIZEN trainers who can teach the basic KAIZEN within VETA centers and then proceed to selling KAIZEN as a packaged training course for new employees of private companies in the future.

Source: Prepared by JICA Survey Team based on results from interviews with VETA centers and headquarters

## (2) Benefits Expected from BDS Support

## 1) Sustainable capital investment and staff employment

Figure 2.2-3 illustrates how benefits could emerge in VETA in terms of “sustainable capital investment and staff employment” with both the BDS and IHRD supports.



Source: Prepared by JICA Survey Team

Figure 2.2-3 Expected Benefits for VETA (1): Sustainable Capital Investment and Staff Employment

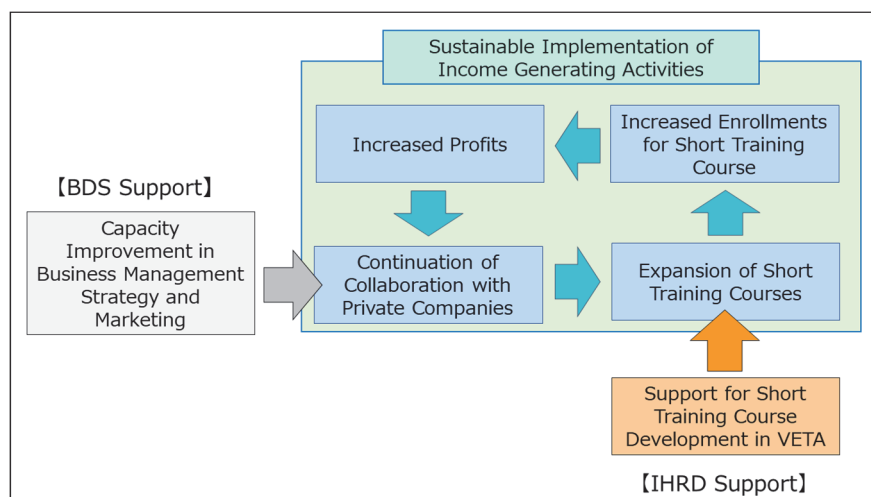
From an overview of the needs for the BDS support summarized in Table 2.2-24, VETA is considered to be eager to receive support in BDS to increase their own revenue. Against this background, there is a fact that TVET institutions including VETA currently accept only 20%-40% of all applicants due to a lack of facilities and equipment, which stemmed from their budget shortage. In this situation, the Tanzanian government suggests several measures to break the status quo according to their national policy to increase enrollments to TVET institutions by more than six times within five years.<sup>20</sup> In accordance with the government policy, VETA intends to improve their capacity to accept more enrollments by realizing more capital investment and staff employment with increased revenue, to which the expansion of income-generating activities and efficient financial management make a significant contribution. Meanwhile, the IHRD survey proposed the expansion of facility and equipment provision to VETA via grant aid to promote the efficient operation of their training activities. In short, VETA could expand their capacity to accept enrollments by enhancing its facilities and equipment with the IHRD support, which would result in increased income from tuition fees. Moreover, with the BDS support, VETA could realize the sustainable capital investment and staff employment by strengthening their capacity of business management that contributes to monetizing their income-generating activities and efficiently allocating

<sup>20</sup> TVET Program (TVETDP 2013/2014-2017/2018)

their resources.

## 2) Sustainable implementation of income-generating activities

Figure 2.2-4 illustrates how benefits could emerge in VETA in terms of “sustainable implementation of income-generating activities” with both the BDS and IHRD supports.



Source: Prepared by JICA Survey Team

Figure 2.2-4 Expected Benefits for VETA (2): Sustainable Implementation of Income-generating Activities

The IHRD survey recommended that VETA increase the revenue from their income-generating activities by expanding the short training courses in collaboration with private companies, for which their capacity for PPP promotion must be strengthened. This is an attempt to increase the revenue from tuition fees as a result of the expansion of the short training courses and their enrollments. However, VETA has never committed itself to PPP promotion activities in both a strategic and planned manner due to their limited capacity for business management and the shortage of funds and human resources. VETA should collaborate with private companies to monetize the short training courses. For this to be secure and sustainable, VETA should strengthen their capacity for business management with a particular focus on corporate strategy/management and marketing. In this context, the BDS support would not only enable VETA to equip themselves with relevant capacities but also give sustainability to implementation of the short training courses, for which the IHRD support is expected to edge in.

## (3) Restrictions on Receiving BDS Support

The results of the VETA Survey revealed that there were no institutional limits in VETA when receiving the BDS support. Therefore, the JICA Survey Team investigated potential restrictions other than institutional ones through discussions with the VETA centers and headquarters. The following provide the

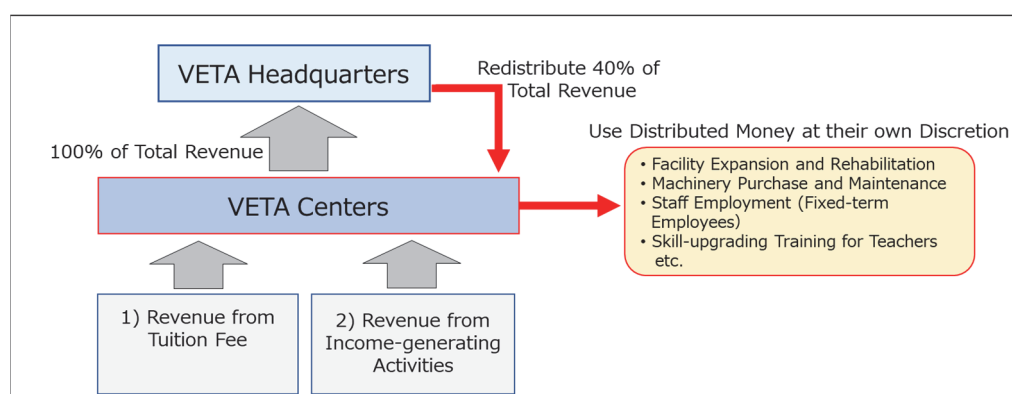
summary of the discussions.

1) Securing teachers who are supposed to receive BDS support

The JICA Survey Team examined whether VETA teachers who were supposed to receive the BDS support would encounter scheduling conflicts with their regular classes. The VETA headquarters answered this question by stating that the VETA centers were likely to implement a rotation system in which all teachers organize their schedules so that they would be able to receive the BDS support. The headquarters also noted that all teachers of the centers were required to teach students BDS information and skills through the entrepreneurial programs,<sup>21</sup> and they could absorb the BDS-related knowledge and skills thanks to their exiting basic discipline.

2) Ownership of revenue from income-generating activities

The team queried the VETA centers on how much autonomy they would have if they were able to increase revenue with the BDS support. They explained that it was a mandatory to flow the revenue that the centers gained from the income-generating activities to the headquarters. However, the headquarters reallocates 40% of the flowed revenue to the centers; sequentially, the latter could discretionally use it for necessary expenditures such as capital investment and staff employment.<sup>22</sup>



Source: Prepared by JICA Survey Team based on discussion with VETA headquarters

Figure 2.2-5 Revenue Flow of VETA

<sup>21</sup> The entrepreneurship program teaches methods for business plan preparation, evaluation, market survey, business networking, fundraising, employee management, record keeping, cash flow projection, profit-and-loss statement preparation, balance sheet preparation, and break-even point calculation. It is taught as a part of long training course as well as a one-month short training course.

<sup>22</sup> The VETA Survey found out that the answers to the ratio of the reallocation to the VETA centers were inconsistent among the centers and the headquarters; 40% in the answers from the VETA headquarters and the Dar es Salaam center, 35% from the Dodoma center, and 60% from the Mbeya center. This report applies the ratio answered by the VETA headquarters as information of high reliability.

### 3) Disclosure of financial information

The JICA Survey Team asked the VETA headquarters if financial information could not be disclosed without official permission, given that the BDS support requires such disclosure. In this context, the headquarters answered that there was no problem because the organization annually underwent an external audit of its financial records.<sup>23</sup>

## 2.3 Collection and Analysis of Information on Current Situation of BDSPs

In this section, the contents of the information collected from BDSPs in Tanzania and the findings from the analysis of the information (hereinafter referred to as the “BDSP Survey”) are described. The BDSP Survey aimed to identify the current situation and issues of BDSPs in the country and to deliberate their capability to assess the genuine challenges faced by their client companies. Following the remote interviews and the subcontracted research, face-to-face interviews were conducted during the field survey.

### 2.3.1 Activities

#### 2.3.1.1 Overview of Subcontracted Research

From June to July 2022, the subcontracted consultant implemented the questionnaire survey in the eight target regions. The JICA Survey Team prepared the question components in coordination with those for the company questionnaire survey described in Section 2.2. The consultant compiled a list of BDSPs for distribution of the online questionnaire, whereas the JICA Survey Team also identified other BDSPs and referred them to the consultant. The target number of sample collection was distributed among the target regions in proportion to the population size. The consultant attempted to achieve the target number for each region through either physical visits or phone calls. In the end, data were collected from 163 BDSPs.

#### 2.3.1.2 Contents of Remote Interviews and Field Survey

Parallel to the subcontracted research, the JICA Survey Team implemented remote interviews with 13 BDSPs that had been previously identified. The team elaborated more on some questions as needed while covering the same set of questions used in the subcontracted research.

For the field survey, the team identified the BDSPs with many service cases or unique characteristics among the respondents to the questionnaire survey in the subcontracted research. Then, to verify the contents of the responses and/or ask for more insight and perspectives, face-to-face interviews were conducted with 52 BDSPs in the eight regions.

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<sup>23</sup> The VETA Survey confirmed that the VETA centers had to obtain an official permission from the headquarters when disclosing the financial information.

Additionally, the JICA Survey Team interviewed 11 KAIZEN trainers either remotely or directly to grasp the methodologies that they applied for the identification of the genuine challenges of their clients as well as the issues that they had as a BDSP. The number of BDSPs surveyed in the BDSP Survey is summarized in Table 2.3-1.

Table 2.3-1 Number of BDSPs Surveyed in BDSP Survey

Region	BDSPs				KAIZEN Trainers	
	Remote Interview	Subcontracted Research	(Of Which, Visited during Field Survey)	Ratio	Remote Interview	Field Survey
Dar es Salaam	9*	37	(11)	26.1%	4	1
Arusha	1	21	(5)	12.5%		2
Kilimanjaro		15	(5)	8.5%		2
Singida		15	(5)	8.5%		1
Dodoma	1	20	(7)	11.9%		
Mbeya	1	20	(8)	11.9%		
Mwanza		20	(6)	11.4%		
Morogoro	1	15	(5)	9.1%	1	
Total	13	163	(52)	100%	5	6
	176				11	

Note: \* Including one BDSP in the Pwani region adjacent to Dar es Salaam.

Source: Prepared by JICA Survey Team

## 2.3.2 Results

In this subsection, the findings of the BDSP Survey along the following eight aspects are described:

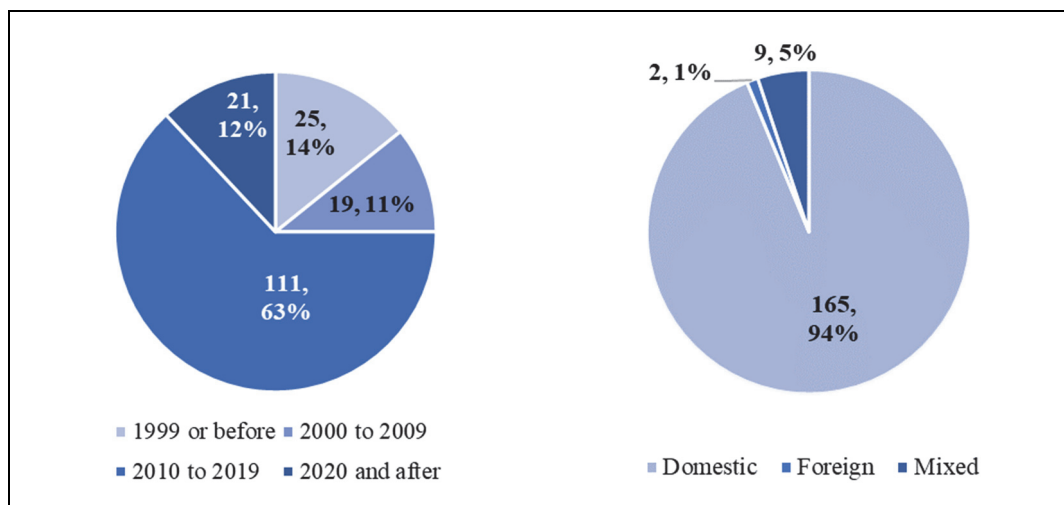
- Overview (2.3.2.1)
- Target clients (2.3.2.2)
- Service contents (2.3.2.3)
- Linkage among BDSPs and methodologies to acquire clients (2.3.2.4)
- Payment for BDS and service quality (2.3.2.5)
- Expected demand for BDS (2.3.2.6)
- Ability (2.3.2.7)
- Other problems (2.3.2.8)

The summary of the findings and deliberation of the JICA Survey Team on them are presented in 2.3.2.9, and the conclusion drawn for this section is provided in 2.3.2.10.

### 2.3.2.1 Overview of BDSPs Surveyed in BDSP Survey

Table 2.3-1 above shows that BDSPs based in Dar es Salaam account for 26% of 176 BDSPs surveyed in the BDSP Survey. Three-quarters of the BDSPs were established in 2010 and after, and the vast majority are domestically owned, as indicated in Figure 2.3-1.

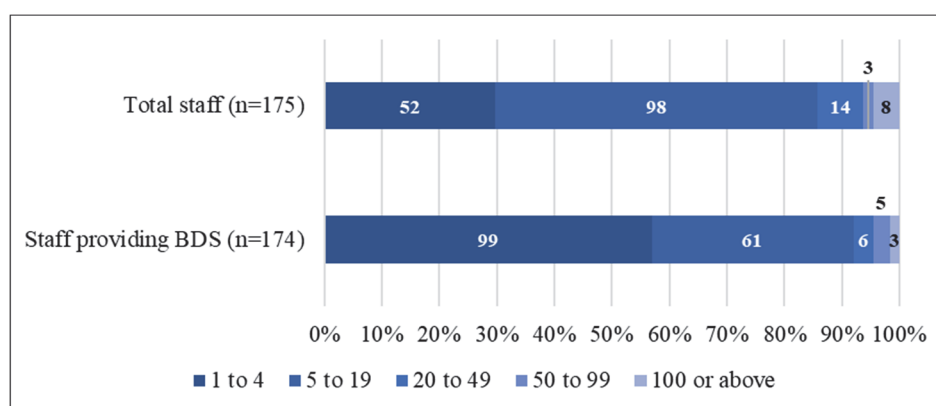




Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

Figure 2.3-1 Year of Establishment and Ownership of Surveyed BDSPs

Figure 2.3-2 shows that more than 80% of the BDSPs are with 19 employees or fewer, including the ones with four or fewer employees which account for 30% of the respondents. Moreover, nearly 60% of the BDSPs have four staff or fewer for their service provision, which implies that only a limited number of BDSPs are able to extend comprehensive services to many clients. As explained later, BDSPs tend to provide a limited number of service cases and supplement the shortage of expertise by outsourcing to other partners/resource persons or forming a team to contract and undertake the assignment.



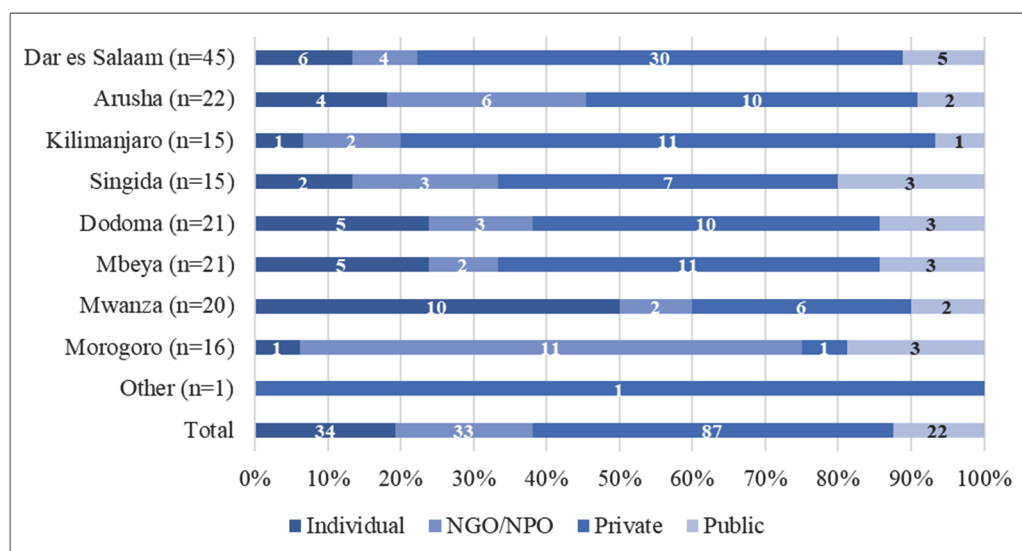
Note: The figures within the graph indicate the numbers of BDSPs for the respective responses; “n” indicates the number of valid responses.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

Figure 2.3-2 Share of Surveyed BDSPs by Staff Count

Figure 2.3-3 indicates the organizational types of the BDSPs surveyed in the respective regions. Almost half are in the private sector, whereas NGOs/Nonprofit Organizations (NPOs) and individual BDSPs share

approximately 20% each, followed by those in the public sector at 13%. Due to the small sample size, the results are not necessarily indicative of all BDSPs present in each region. Nevertheless, it can be deduced that the number of private BDSPs in Dar es Salaam is proportional to the number of enterprises, or clients of BDSPs. Morogoro has a greater prevalence of NGOs/NPOs, whereas Mwanza sees a higher proportion of individual BDSPs.



Note: The figures within the graph indicate the numbers of BDSPs for the respective responses; “n” indicates the number of valid responses.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

Figure 2.3-3 Organizational Types of Surveyed BDSPs

### 2.3.2.2 Target Clients of BDSPs Surveyed in BDSP Survey

This subsection analyzes the clients of the surveyed BDSPs by region, company size, and industrial sector. In Table 2.3-2, the locations of the surveyed BDSPs are indicated in the far left column and those of their clients are in the top row.

The surveyed BDSPs usually target clients located in the same regions. However, those in Mbeya and Mwanza also tend to have clients in the nearby regions in Southern Highland and Lake Zone areas, respectively, whereas the BDSPs in Dar es Salaam extend coverage across the mainland and Zanzibar. The demand for BDS seems to be comparatively large in Arusha and Dar es Salaam, as the companies in these regions also receive BDS from other regions.

Table 2.3-2 Distribution of Client Companies of Surveyed BDSPs

	DSM	AR	KL	SG	DO	MB	MW	MO	All	ZA	SH	LZ	Others
Dar es Salaam (DSM)	28	13	2	1	5	11	9	12	11	6	8	1	8
Arusha (AR)	6	17	6	1	7	4	3	2	4	0	3	0	10
Kilimanjaro (KL)	3	5	13	0	1	2	0	0	0	0	3	2	4
Singida (SG)	4	3	1	11	3	4	2	3	2	0	0	1	4
Dodoma (DO)	5	4	0	2	14	1	5	2	4	1	6	3	1
Mbeya (MB)	3	2	0	2	3	15	2	1	3	0	32	1	1
Mwanza (MW)	4	5	1	0	0	2	16	2	2	1	2	15	7
Morogoro (MO)	3	2	1	1	5	1	1	11	5	0	7	0	1
Other	1	1	1	0	1	0	0	1	0	1	0	0	2
<b>Total</b>	<b>57</b>	<b>52</b>	<b>25</b>	<b>18</b>	<b>39</b>	<b>40</b>	<b>38</b>	<b>34</b>	<b>31</b>	<b>9</b>	<b>61</b>	<b>23</b>	<b>38</b>

Note: The regions in the far left column are where BDSPs are based, and those in the top row list the regions where clients exist. The numbers indicate that of the BDSPs with clients in the respective regions. Abbreviations not defined within the table are as follows: All, nationwide; LZ, Lake Zone (except Mwanza) including Geita, Kagera, Mara, Shinyanga, and Simiyu; ZA, Zanzibar; SH, Southern Highland (except Mbeya) including Iringa, Njombe, Rukwa, Ruvuma, and Songwe.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

The sizes of the client companies are described in Table 2.3-3.

Table 2.3-3 Size of Client Companies of Surveyed BDSPs

	Total	DSM	AR	KL	SG	DO	MB	MW	MO
Size of Clients in Terms of Number of Employees (Actually Served; Multiple Answers Allowed)									
1-4	48.2	<b>60.5</b>	<b>65.0</b>	46.7	<u>35.7</u>	42.1	47.4	<u>10.5</u>	<b>56.3</b>
5-19	52.4	<b>67.4</b>	55.0	<u>20.0</u>	<u>42.9</u>	52.6	47.4	52.6	50.0
20-49	45.8	48.8	50.0	<u>13.3</u>	<u>35.7</u>	52.6	42.1	<b>63.2</b>	43.8
50-99	25.3	<b>34.9</b>	25.0	<u>6.7</u>	<u>14.3</u>	31.6	<u>15.8</u>	31.6	18.8
100-299	14.5	18.6	<b>25.0</b>	<u>0.0</u>	7.1	<b>26.3</b>	<u>5.3</u>	<u>5.3</u>	12.5
300 or above	12.0	18.6	5.0	<b>26.7</b>	<u>0.0</u>	5.3	15.8	5.3	12.5
n	166	43	20	15	14	19	19	19	16
Size of Clients in Terms of Number of Employees (Most Frequently Served)									
1-4	23.9	17.1	<b>43.8</b>	<b>33.3</b>	28.6	<b>33.3</b>	21.1	<u>5.3</u>	18.8
5-19	31.4	<b>43.9</b>	25.0	<u>20.0</u>	28.6	<u>22.2</u>	36.8	31.6	25.0
20-49	25.8	22.0	<u>0.0</u>	<u>13.3</u>	28.6	33.3	21.1	<b>57.9</b>	31.3
50-99	4.4	7.3	0.0	6.7	7.1	0.0	5.3	0.0	6.3
100-299	6.9	4.9	<b>25.0</b>	0.0	7.1	11.1	0.0	5.3	6.3
300 or above	7.5	4.9	6.3	<b>26.7</b>	0.0	0.0	<b>15.8</b>	0.0	12.5
n	159	41	16	15	14	18	19	19	16

Note: The figures indicate the percentages of BDSPs out of valid responses (n) that serve the clients in the respective size categories.

Those above the average by eight points are indicated in boldface, and those below the average by eight points are underlined.

The same abbreviations are applied as in Table 2.3-2.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

More than 45% of the surveyed BDSPs provide services to clients with 49 employees or fewer. Of them,

the clients with 5-19 employees are the main target, served by more than half of the surveyed BDSPs. In Arusha, Kilimanjaro, and Morogoro, the BDSPs primarily serve micro companies with four or fewer employees, whereas, in Dar es Salaam, they serve clients of all sizes.

The BDSPs tend to serve clients of different size categories. Nevertheless, it is less so in Kilimanjaro and Singida. This could be due to the limited number of clients (i.e. low demand for BDS) or the restricted responsiveness of the BDSPs themselves (i.e. limited areas and levels of expertise on the side of BDSPs).

As shown in Table 2.3-4, the most common industrial sectors of the client companies served by the surveyed BDSPs are beverages and food product manufacturers, followed by services (business oriented)<sup>24</sup> and agriculture, forestry and fishing.

Table 2.3-4 Industrial Sectors of Client Companies of Surveyed BDSPs

Sectors of Clients, Top 3 (Most Frequently Served)	Total	DSM	AR	KL	SG	DO	MB	MW	MO
<b>A. Manufacturing</b>									
1 Beverages and food products	43.1	41.5	44.4	<u>30.0</u>	<u>33.3</u>	37.5	37.5	<b>52.9</b>	<b>61.5</b>
2 Wearing apparel/ Textiles	16.0	14.6	22.2	10.0	8.3	<u>6.3</u>	18.8	<b>29.4</b>	15.4
3 Furniture/ Wood and wood products and cork	6.9	7.3	11.1	0.0	0.0	12.5	0.0	5.9	<b>15.4</b>
4 Metal and non-metal/ Fabrication	10.4	12.2	11.1	10.0	<u>0.0</u>	6.3	6.3	11.8	<b>23.1</b>
5 Electrical equipment/ Computer, electronic and optical metal	5.6	4.9	0.0	0.0	0.0	12.5	6.3	5.9	<b>15.4</b>
6 Leather and related products	9.0	7.3	<u>0.0</u>	10.0	8.3	<b>18.8</b>	6.3	<b>17.6</b>	7.7
7 Repair and installation of machinery and equipment	2.8	4.9	<b>11.1</b>	0.0	0.0	0.0	0.0	0.0	0.0
8 Machinery and equipment n.e.c	2.8	4.9	0.0	0.0	0.0	6.3	0.0	5.9	0.0
9 Chemicals and chemical products	8.3	2.4	<b>16.7</b>	<u>0.0</u>	8.3	6.3	<u>0.0</u>	<b>35.3</b>	<u>0.0</u>
10 Rubber and plastic products	2.8	4.9	5.6	0.0	0.0	0.0	0.0	0.0	0.0
11 Motor vehicles, trailers and semi-trailers/ Other transport equipment	5.6	7.3	0.0	10.0	0.0	6.3	0.0	11.8	0.0
12 Pharmaceuticals, medicinal chemical and botanical products	6.3	7.3	5.6	0.0	8.3	6.3	0.0	<b>17.6</b>	0.0
13 Other manufacturing	4.9	4.9	5.6	0.0	<b>16.7</b>	0.0	0.0	11.8	0.0
<b>B. Industry (except manufacturing)</b>	<b>2.8</b>	<b>7.3</b>	<b>5.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>C. Agriculture, Forestry and Fishing</b>	<b>30.6</b>	<b>26.8</b>	<b>38.9</b>	<b>30.0</b>	<u>16.7</u>	37.5	<b>50.0</b>	<u>5.9</u>	<b>46.2</b>
<b>D. Service (business oriented)</b>	<b>36.8</b>	<b>46.3</b>	<b>38.9</b>	<u>20.0</u>	<b>50.0</b>	<u>12.5</u>	<b>62.5</b>	<u>23.5</u>	<u>23.1</u>
<b>E. Service (non-business oriented)</b>	<b>19.4</b>	<u>7.3</u>	22.2	<b>50.0</b>	25.0	<b>31.3</b>	12.5	11.8	<b>30.8</b>
n	144	42	18	10	12	16	16	17	13

Note: The figures indicate the percentages of BDSPs out of valid responses (n) that are located in the regions in the top row and named the respective sectors in the far left column as the top three. Those above the average by eight points are indicated in boldface, and those below the average by eight points are underlined. The same abbreviations are applied as in Table 2.3-2.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

<sup>24</sup> It covers G (Wholesale and retail trade; repair of motor vehicles and motorcycles), H (Transportation and storage), I (Accommodation and food service activities), J (Information and communication), K (Financial and insurance activities), L (Real estate activities), M (Professional, scientific and technical activities) and N (Administrative and support service activities) of ISIC, Rev. 4.

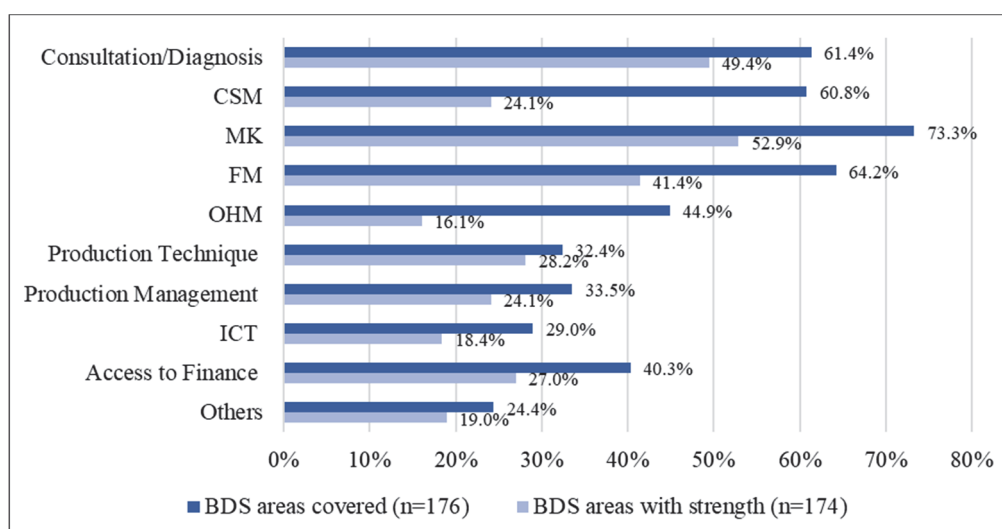
In terms of characteristics by region, although reliability is limited due to small sample sizes, BDS for agriculture, forestry and fishing is more commonly provided in the regions in close proximity to agricultural production areas such as Arusha, Mbeya, and Morogoro. In Morogoro, BDS is also often rendered to beverages and food product manufacturers.

Moreover, BDS is frequently delivered to the service sector (business oriented) in Dar es Salaam, which is the commercial capital of the country, as well as in Mbeya and Singida. In Singida, the reasons may be the lack of manufacturing industries and the small number of farmers who can afford to pay for BDS.

### 2.3.2.3 Service Contents Provided by BDSPs Surveyed in BDSP Survey

#### (1) Areas of BDS

Figure 2.3-4 summarizes the areas of BDS offered by the surveyed BDSPs.



Note: The figures indicate the percentages of BDSPs out of valid responses (n) that provide BDS in the areas on the vertical axis. Abbreviations are as follows: CSM, corporate strategy/management; FM, financial management; MK, marketing; OHM, organizational and human resource management.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

Figure 2.3-4 Areas of BDS Offered by Surveyed BDSPs

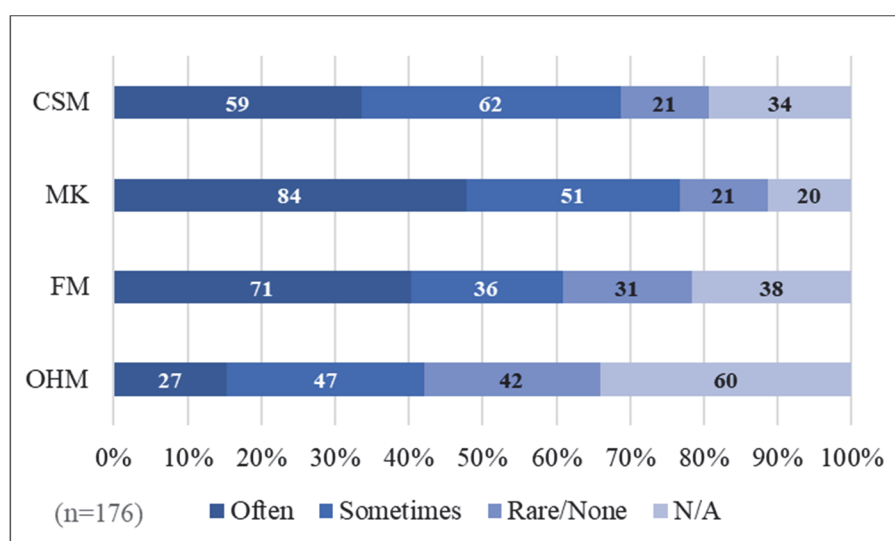
Over 70% of all provide BDS related to marketing (MK), making it the most prevalent service. It is followed by financial management (FM), consultation/diagnosis,<sup>25</sup> and corporate strategy/management (CSM), each of which is extended by more than 60% of the BDSPs. However, the percentages of the

<sup>25</sup> Consultation/diagnosis refers to general management consultation and advice including information provision, as well as a diagnostic service which identifies issues and solutions.

BDSPs indicating FM and CSM as their areas with strength decrease significantly to 41% and 24%, respectively, suggesting that there are many BDSPs that are not confident in these areas.<sup>26</sup> Furthermore, less than half, approximately 45%, of the surveyed BDSPs, offer BDS in the area of organizational and human resource management (OHM), and those which are confident in this area are limited to 16%. The BDSPs delivering services in the ICT area including the website designing consist of less than 30% of all and those which have confidence of it do not reach 20%.

In terms of characteristics by region, consultation/diagnosis is provided more frequently in Dar es Salaam (71%) and less so in Mwanza (30%). Services in organizational and human resource management are also offered more in Dar es Salaam (62%). Services related to ICT are rendered more in Arusha (41%) and Kilimanjaro (47%) and less in Mwanza (15%) and Singida (13%), although there is little significance in this difference.

In terms of the frequency of services offered, Figure 2.3-5 reveals that, of the four categories, BDS in the MK category is provided most frequently, with three-quarters of the respondents giving the service either regularly or occasionally (“Often” or “Sometimes”). It is followed by CSM, FM, and OHM. For OHM, no response, indicated as “N/A” and suggesting that many of them are not extending services in this category, was given by a third of the respondents.



Note: The figures within the graph indicate the numbers of BDSPs for the respective responses; “n” indicates the number of valid responses. The same abbreviations are applied as in Figure 2.3-4.

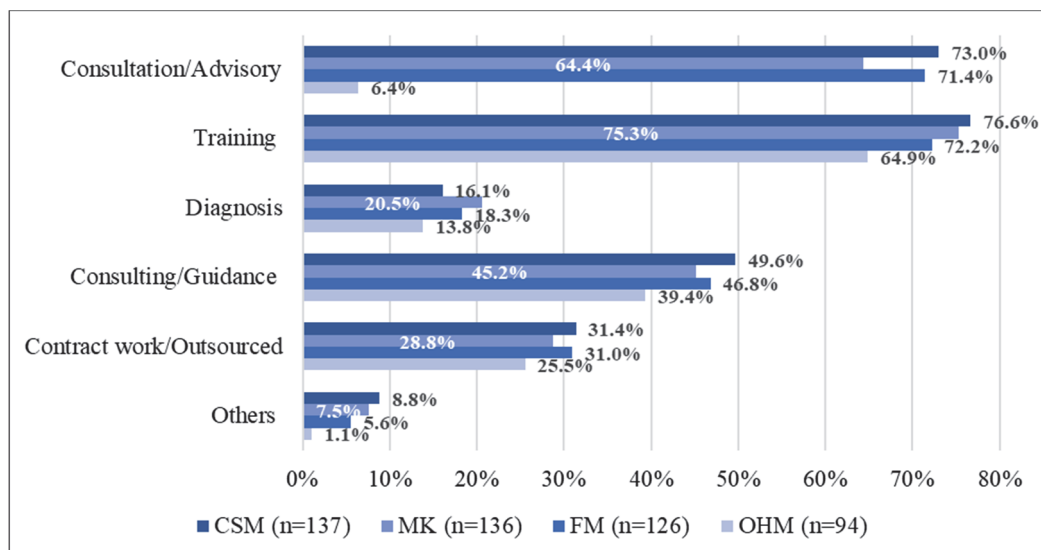
Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

Figure 2.3-5 Frequency of BDS Provision by Surveyed BDSPs

<sup>26</sup> The respondents include financial management experts such as certified public accountants. Accordingly, it is assumed that less than 41% of the BDSPs that are not such experts are confident in BDS provision in financial management.

## (2) Type of Services

The percentages of the surveyed BDSPs providing different types of services for each of the four categories of BDS are shown in Figure 2.3-6.<sup>27</sup>



Note: The figures indicate the percentages of BDSPs out of valid responses (n) that provide the respective types of services. The abbreviations are the same as in Figure 2.3-4.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

Figure 2.3-6 Type of Services Offered by Surveyed BDSPs

Training is the most common type of service, followed by consultation/advisory. By contrast, the BDSPs providing consulting/guidance are less than 50%, and those conducting diagnosis are even less than 20%, which is below the BDSPs undertaking contract work. The findings during the interviews also substantiate this notion, with examples such as BDSPs being outsourced from governments or donors to provide training and delivering advice to the clients based on consultation on specific issues.

As previously noted, the number of the BDSPs offering organizational and human resource management services is low. They appear to offer training, consulting, and contracting services but not many consultation or advisory services. Some BDSPs informed the JICA Survey Team that they were contracted to hire new staff and draft work regulations for their clients.

## (3) Number of Services Provided

The percentages in the valid responses in terms of the number of service cases provided within the past

<sup>27</sup> Consulting/guidance refers to provision of (ideas for) solutions to the issues identified during consultation/advisory or based on diagnosis. It entails more specific and specialized support measures.

three years by different categories of BDS areas are presented in Table 2.3-5.

Table 2.3-5 Number of Services Provided by Surveyed BDSPs, by BDS Area (Past 3 Years)

BDS Area	Subcategory	Number of Service Cases (Past 3 Years)					n
		10 or below	10-19	20-29	30-39	40 or above	
Corporate Strategy/Management	Procedures	46.8	21.3	12.8	3.2	16.0	94
	Corporate Strategy/Management System	56.6	24.2	8.1	2.0	9.1	99
	Business Planning/Evaluation	57.7	25.0	5.8	1.9	9.6	104
	Legal Affairs	63.1	13.1	8.3	3.6	11.9	84
	Mean	56.0	20.9	8.7	2.7	11.6	-
Marketing	Marketing Concept, Strategy/Planning	57.8	15.6	5.5	5.5	15.6	109
	Practice (Non-digital)	72.0	11.8	6.5	0.0	9.7	93
	Practice (Digital)	67.1	8.2	3.5	2.4	18.8	85
	Packaging and Labeling, Advertising and Promotion	61.8	10.1	6.7	4.5	16.9	89
	Trade Practice	75.0	11.1	1.4	2.8	9.7	72
	Mean	66.7	11.4	4.7	3.0	14.1	-
Financial Management	Bookkeeping and Accounting	47.5	19.8	4.0	6.9	21.8	101
	Costing and Financial Analysis	60.7	10.7	7.1	1.2	20.2	84
	Financial Statements and Audit	53.1	16.0	8.6	3.7	18.5	81
	Financing	65.8	6.3	1.3	2.5	24.1	79
	Financial/Accounting System	80.3	9.1	1.5	1.5	7.6	66
	Mean	61.5	12.4	4.5	3.2	18.4	-
Organizational and Human Resource Management	Asset Management	86.8	1.5	1.5	4.4	5.9	68
	Organization and Labor Management System	85.1	5.4	0.0	1.4	8.1	74
	Competence and Morale Improvement of Staff	84.0	9.3	1.3	0.0	5.3	75
	Information/Employee Management Systems	86.6	6.0	0.0	1.5	6.0	67
	Mean	85.6	5.5	0.7	1.8	6.3	-

Note: The figures indicate the percentages of BDSPs out of valid responses (n) that provide BDS in the respective areas.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

The data suggest that many BDSPs operate on a small scale, as more than half of the BDSPs respond with less than ten cases in the past three years for all four categories of the BDS areas. Particularly, as stated earlier, the demand for the services in organizational and human resource management is low, judging from the findings that more than 84% of the BDSPs report less than 10 cases in all subcategories and that the number of nonrespondents is also high. Regarding financial management, more than 20% of the surveyed BDSPs provided more than 30 services in all subcategories except financial/accounting system. This is presumably because the services in financial management often require professional knowledge and qualifications such as the preparation of financial statements, which is also repeated every year. Additionally, although not confirmed definitively, the demand for the services in corporate



strategy/management seems relatively high, in proportion to the number of the valid responses.

Less than 20% of the BDSPs provided more than 30 services in the area of corporate strategy/management. However, comparatively, services related to the procedures subcategory are offered more frequently. In marketing, more than 20% of the BDSPs rendered more than 30 services in three subcategories, namely, marketing concept and strategy/planning; practice (digital); and packaging and labeling, advertising and promotion. The overall demand for marketing services is high, and specific knowledge and expertise are required for each subcategory of marketing, similar to the financial management area. This situation possibly explains that the demand is skewed toward the BDSPs with the competency to provide appropriate marketing services. Conversely, this may imply that the numbers of competent BDSPs are limited in the financial management and marketing areas.

#### 2.3.2.4 Linkage among BDSPs and Methodologies to Acquire Clients

##### (1) Linkage among BDSPs

##### 1) Linkage and network

In terms of collaboration experience with other BDSPs, 51% of the surveyed BDSPs with valid responses (172) claim that they have collaboratively contracted projects with other BDSPs. Additionally, 40% of them have outsourced to other BDSPs and 38% have been outsourced from other BDSPs.<sup>28</sup> The interview results show that functional BDSPs, even if their corporate size is small, attempt to increase their workload and capacity utilization through mutual collaboration by taking advantage of their personal networks.

In the interviews, most BDSPs pointed out the necessity of networking among BDSPs and expressed their desire to participate in it for the purposes of primarily knowledge sharing and client referral. Some donor-supported projects have attempted to establish networking organizations among BDSPs. For example, a project of the United States Agency for International Development (USAID) supported the establishment of BDSP associations in the target regions such as Mbeya and Morogoro. Nevertheless, it seems that the momentum did not continue as much as anticipated after the project ended, which reflects the difficulties in sustaining and developing such an organization.<sup>29</sup> Another project carried out by a Swiss NGO is promoting the networking of BDSPs in Morogoro. The member companies and individuals that pay an annual membership fee are provided with opportunities for capacity building and assignments

<sup>28</sup> Valid responses are 171 and 172, respectively.

<sup>29</sup> The Enabling Growth through Investment and Enterprise Programme (ENGINE), which was implemented from 2016 to 2020, provided training, coaching, and mentorship to 375 BDSPs in the project target sites (Iringa, Mbeya, Morogoro, and Zanzibar), according to its final program report ([https://pdf.usaid.gov/pdf\\_docs/PA00X9R6.pdf](https://pdf.usaid.gov/pdf_docs/PA00X9R6.pdf)). Subsequently, a total of 100 BDSPs were networked in the respective sites, such as 18 in Mbeya and 33 in Morogoro. However, according to the findings from the interviews in both regions, this network became stagnated after the project.

from the NGO.<sup>30</sup>

There is an example that private BDSPs took the initiative to form a formal network by themselves. It was started in 2011 by the participants in a training program of the International Labour Organization (ILO). Initially, they planned to expand the coverage nationwide. Nonetheless, due to challenges in controlling service quality and compliance issues, this networking body has settled in a position as a BDSP.

The opportunities and a platform to facilitate knowledge sharing should be highly necessary to improve the quality as well as market maturity of BDS in Tanzania, although ensuring the sustainability of such a platform is an issue to be solved.

## 2) Information and registration of qualified BDSPs

The National Economic Empowerment Council (NEEC) of the Tanzanian government began to call for applications to register BDSPs in May 2022, out of the need to identify the BDSPs in good quality.<sup>31</sup> The idea is to extend training to the screened BDSPs in cooperation with a major commercial bank, thereby nurturing and acknowledging the BDSPs that can properly assist in the preparation of credit-ready business plans.<sup>32</sup> Although this initiative seems to be relevant and quickly effective, the content of the BDS to be strengthened may be limited to the areas such as the preparation of business plans and related documents and support for obtaining approvals that are directly linked to loan application and screening. Other areas such as marketing, production technology, productivity, organizational and human resources management, and ICT may not be covered.

The JICA Survey Team was not able to confirm any other systematic initiatives to capture and list qualified BDSPs. Moreover, those donor-supported BDSP networks mentioned above do not undertake quality control of BDS, although capacity-building opportunities through training and other means are provided. The quality of BDS is discussed in more detail in Subsection 2.3.2.5.

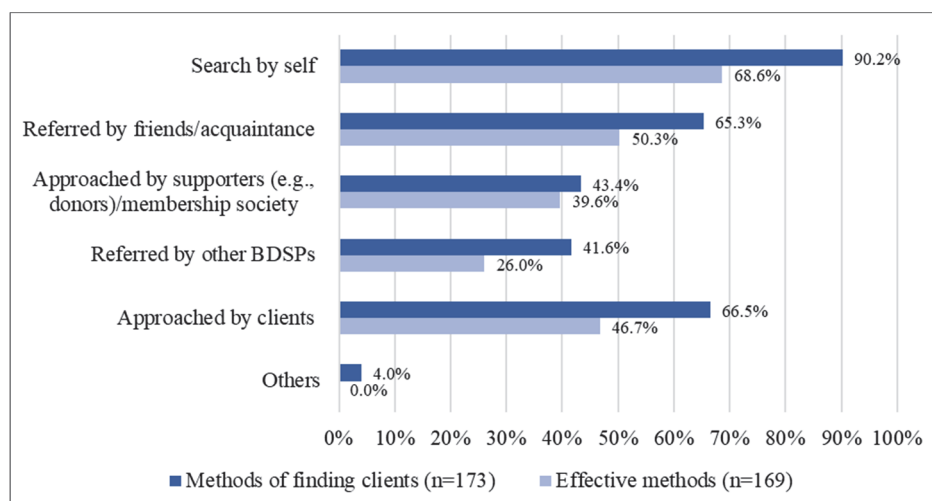
<sup>30</sup> According to a BDSP who also participated in ENGINE, this project by the Swisscontact (Skills for Employment Tanzania Project; <https://www.swisscontact.org/en/projects/set>) is more active and has led to the establishment of the Morogoro Society of Professional Agribusiness Trainers (MoSPAT).

<sup>31</sup> NEEC was established in 2004 to promote empowerment of the people in Tanzania Mainland. Its mandates include the development of the National Entrepreneurship Training Framework (NETF) to guide infusion of entrepreneurship training to the education system from primary to higher levels and the Tanzania Inclusive National Entrepreneurship Strategy (NES). Coordination of financing schemes for entrepreneurs and promotion of public procurement are also undertaken by NEEC. It used to be under the Prime Minister's Office, until it was transferred to MIIT along with the directorate in charge of investment. Currently, NEEC is an organization under the Economic Empowerment and Private Sector Development Division of the ministry, which was newly established in July 2022.

<sup>32</sup> According to an official of NEEC, approximately 50 out of more than 200 applicants have fulfilled the screening criteria as of August 2022. The screening confirms whether the applicant is formal, commercial, and active. NPOs are excluded due to concern of the dependency on external funding which has an implication on sustainability. Further, the company/business registration status, and service menus of the applicants are checked in the four areas of a) training, b) consultancy, including business plan development, c) incubation, including mentoring, and d) market linkage.

## (2) Methodologies to Acquire Clients

As shown in Figure 2.3-7, more than 90% of the surveyed BDSPs look for their clients on their own initiatives. Approximately, two-thirds of the BDSPs regard it as an effective approach. Passive methods such as referral from acquaintances and approaches from clients are also regarded as effective by approximately half of the BDSPs. By contrast, 26% of the BDSPs consider that referral from other BDSPs is effective, implying that about three-quarters of the BDSPs do not have functioning connections with other BDSPs.<sup>33</sup> Overall, BDSPs search for their clients by themselves, and those with good reputations also secure repeating clients and new ones from their referrals. BDSPs with personal networks with other BDSPs obtain part of their workload through the latter. Additionally, some BDSPs that have accumulated a certain level of work record with donor-funded projects continuously receive offers afterward, according to the findings from the interviews.



Note: The figures indicate the percentages of BDSPs out of valid responses (n) that use the respective methodologies. Answers to “effective methods” were capped at three choices.

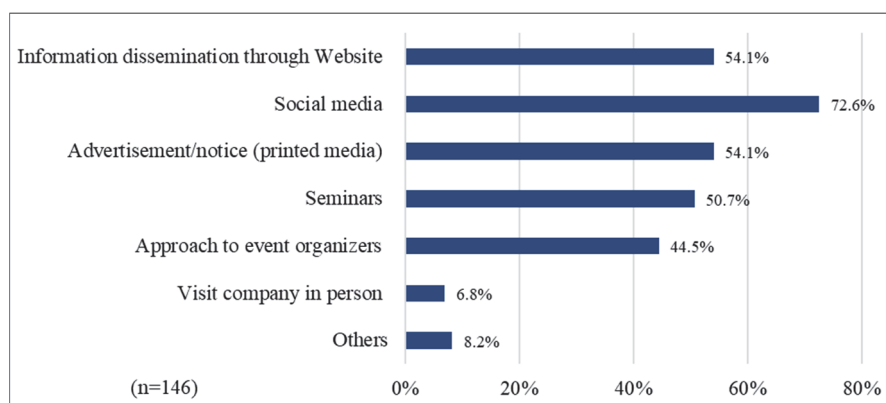
Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

Figure 2.3-7 Methodology to Acquire Clients Used by Surveyed BDSPs

The methodologies of self-search for their clients that are perceived to be effective by the surveyed BDSPs are indicated in Figure 2.3-8. More than 70% of the BDSPs consider the use of social media to be effective, which includes introducing their services through Facebook, Instagram, and others, and disseminating the information and updates to WhatsApp groups and acquaintances. Although only a few BDSPs feel that a personal visit to potential clients is effective, some BDSPs recognize that combining

<sup>33</sup> Public BDSPs are known by private BDSPs, and public BDSPs often engage private and individual BDSPs for service provision. However, private BDSPs, even if their competency seems high to the JICA Survey Team, are not necessarily known by public BDSPs in the same regions. It implies that BDSP networks are currently not beyond the scope of personal networks.

various methodologies is effectual. There are BDSPs among interviewees who identify and approach potential clients to explain their services by taking advantage of mass media (e.g., TV coverage) and events. Therefore, it seems that more BDSPs are actually visiting clients directly to obtain the assignments.



Note: The figures indicate the percentages of BDSPs out of valid responses (n) that consider the respective methodology to be effective.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

Figure 2.3-8 Effective Client Search Methodology (Self-search)

The problems that BDSPs face in acquiring clients include the following: a) clients do not recognize the need for and value of BDS; b) private and individual BDSPs in particular face the challenge of gaining trust from new clients; c) the budget for client search in locations far from their base is limited; and d) competition among BDSPs is high, especially when they apply for the opportunities funded by external sources. Additionally, the problems related to remuneration, such as clients' unwillingness to pay for the service and their low payment capacity, are perceived as factors that hinder the acquisition of clients.

The opportunities for interaction among BDSPs and companies, that is, potential clients, are limited to exhibitions and trade fairs. The JICA Survey Team also was not able to identify an organization to plan and coordinate such opportunities as one of its main tasks. Although associations such as chambers of commerce and industry sometimes engage BDSPs in seminars for their member companies, there seem to be no permanent or continuous activities to link companies with BDSPs. The relationship between the two is basically confined to individual ones.

#### 2.3.2.5 Payment for BDS and Service Quality

- (1) Payment for BDS
- 1) Charge for services and payers

Table 2.3-6 summarizes whether BDS provision is charged and who pays for the service.

Table 2.3-6 Payment for BDS

Type of BDSP	Payment for Service					Payers in Typical Case			
	Always Charged	Mostly Charged	Usually Free	Always Free	n	Client Company	Cost Share	Financier	n
Individual	50.0	40.6	6.3	3.1	32	72.4	13.8	13.8	29
NGO/NPO	15.6	34.4	34.4	15.6	32	27.3	45.5	27.3	33
Private	53.5	33.7	9.3	3.5	86	64.2	18.5	17.3	81
Public	31.8	45.5	18.2	4.5	22	52.4	47.6	0.0	21
<b>Total</b>	<b>43.0</b>	<b>36.6</b>	<b>14.5</b>	<b>5.8</b>	<b>172</b>	<b>56.7</b>	<b>26.8</b>	<b>16.5</b>	<b>164</b>

Note: The figures indicate the percentages of BDSPs out of valid responses (n) for the respective choices.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

Private and individual ones among the surveyed BDSPs are almost always paid for their services, which is vital, and they tend to be compensated solely by the clients without relying on assistance from external financiers. In other words, they mainly target clients that can pay for their services. This is also the case for the public BDSPs to some extent, but the proportion of free or low-price services such as cost sharing between client companies and donors is higher than that for the private and individual BDSPs. Cost sharing is typical for almost half of the public BDSPs and NGOs/NPOs, requiring clients to pay for the services but at a preferential rate. The NGOs/NPOs more significantly provide services for free of charge or at a low price, with 15% of them always charging for the services compared to 32% for the public BDSPs that show the lowest figure next to NGOs/NPOs. Their reliance on external financiers is also higher compared with the other three types of BDSPs.

Many BDSPs consider that donor support is necessary, and this is mainly due to the difficulty to collect sufficient compensation from clients, as mentioned above. Besides the perspective that inadequate government support must be filled by donor support, some BDSPs express the view that outreach to rural and remote areas cannot be expanded without external finance, due to higher costs required for traveling and beneficiaries' low capacity to pay for the services. This outreach issue is more prominent among BDSPs in the regions such as Arusha, Kilimanjaro, Morogoro, and Singida where agriculture is the main industry and urban areas are less, according to the findings from the subcontracted research and remote interviews.

There are also BDSPs in Mbeya, Morogoro, and Mwanza that consider donor support to be necessary for the purpose of gaining new knowledge. These are not only the target regions of the KAIZEN Project but also often targeted by other donor projects. It is inferred that the respondents to the BDSP Survey included relatively a large number of BDSPs that recognize the positive impacts of such projects on their capacity building.

The tendencies of payers for BDS according to the size and growth stage of the main beneficiaries are shown in Table 2.3-7. As the size of the main clients becomes smaller, BDSPs increasingly receive payment from external financiers. For instance, 15% of the BDSPs whose main clients are companies

with 20-49 employees typically receive their remuneration from external financiers, whereas the portion increases to 19% when the main clients are with 1-4 employees.

Table 2.3-7 Payers for BDS, by Client Size and Growth Stage

Typical Payer for BDS Provided	Size of Clients (Most Frequently Served)							Business Phases of Target Clients (Most Frequently Served)			
	Total	1-4	5-19	20-49	50-99	100-299	300 or above	L	E	M/G	D
Client Company	56.7	52.8	65.3	48.7	85.7	60.0	58.3	58.3	58.1	61.7	0.0
Cost Share	26.8	27.8	18.4	35.9	14.3	30.0	33.3	29.2	27.4	26.7	0.0
Financier	16.5	19.4	16.3	15.4	0.0	10.0	8.3	12.5	14.5	11.7	100.0
n	164	36	49	39	7	10	12	24	62	60	2

Note: The typical payers for service provision by BDSP are in the far left column, and classifications of main clients are in the top row.

The figures indicate the percentages of BDSPs out of valid responses (n) for the respective choices. Abbreviations are as follows: D, declining (decreasing sales/profit); E, early (sales made but at loss); L, launching (no sales); M/G, mature/growing (making operating profit).

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

When the main clients are micro and small companies with 49 employees or fewer, the proportion of cost share becomes higher for the BDSPs that are closer to the medium size. This is probably due to the higher costs associated with providing more sophisticated services<sup>34</sup> and the need to fill the payment gap between the cost and clients' capacity to pay through subsidized support.

As for the growth stage of main clients, there is no significant difference in typical payers. Nevertheless, the clients in the mature/growing (M/G) phase are slightly more likely to pay for the service by themselves. Another notable finding is that the clients in the launching (L) phase are also commonly required to bear BDS costs. It is understandable for BDSPs to request payment to measure their commitment and cover expenses, but it is a burden for startups. The startup ecosystem and support measures for entrepreneurs do not seem to be mature yet.

Table 2.3-8 indicates that the BDSPs that typically receive payment from clients have strength in consultation/advisory and contract work and provide these services more than the BDSPs that are paid in a cost share manner or by external financiers do. By contrast, consulting/guidance, which is usually more expensive, is made possible with support from external financiers. Training is also often funded by external sources, which most likely benefits a large number of companies with limited financial capacity by reducing the price even lower.

<sup>34</sup> It is often the case that more sophisticated needs cannot be fulfilled properly by general training and require tailor-made training, engagement of experts, and/or hands-on support such as consulting.

Table 2.3-8 Relationship between Payers and Types of Services

Typical Payer for BDS Provided	Total	Consultation/ Advisory	Training	Diagnosis	Consulting/ Guidance	Contract work/Outsourced	Others
Client Company	56.7	63.0	50.6	0.0	43.8	83.3	85.7
Cost Share	26.8	26.1	29.1	50.0	31.3	8.3	14.3
Financier	16.5	10.9	20.3	50.0	25.0	8.3	0.0
n	164	46	79	2	16	12	7

Note: The typical payers for service provision by BDSP are in the far left column, and the types of services with strength are in the top row. The figures indicate the percentages of BDSPs out of valid responses (n) for the respective choices.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

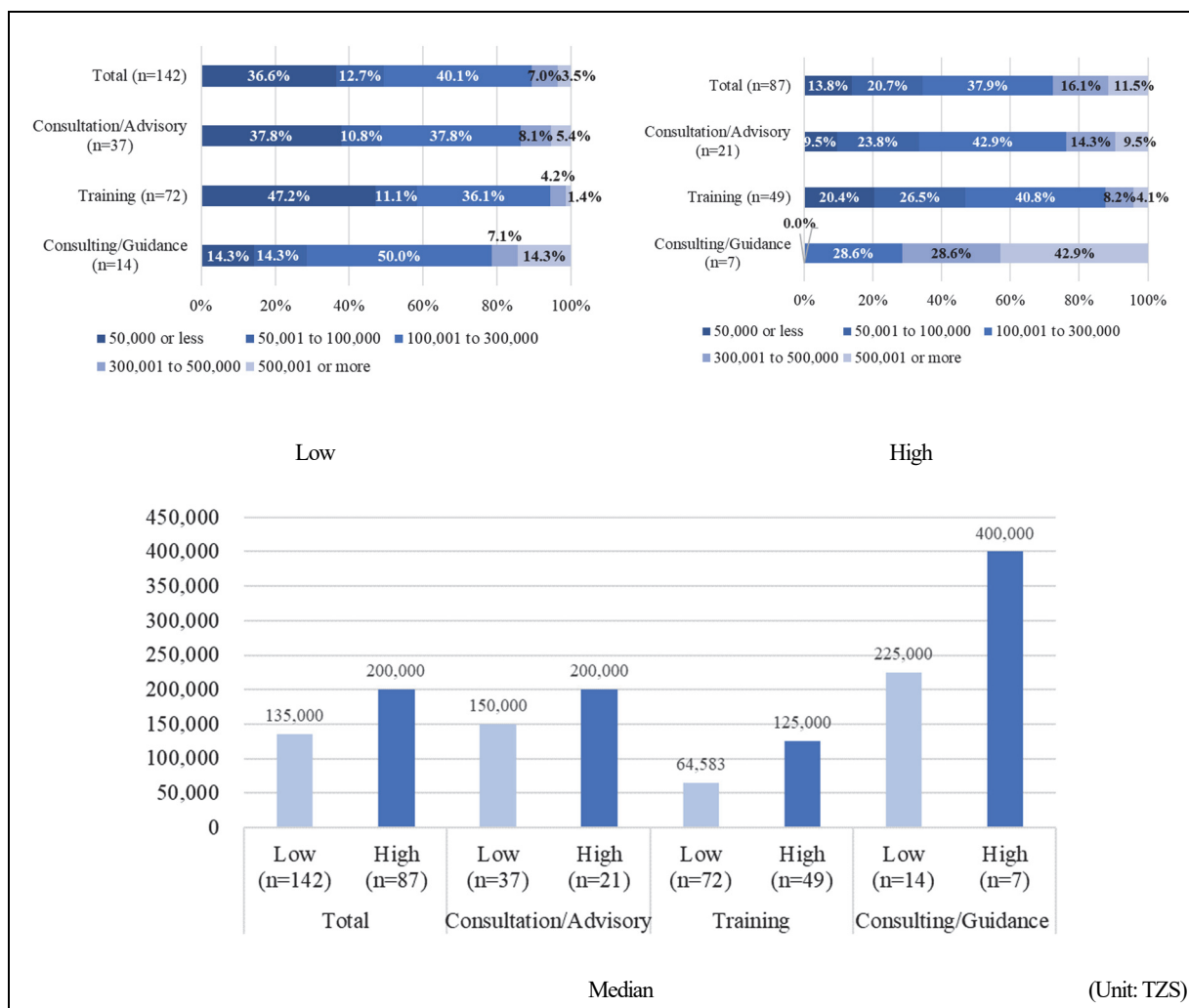
## 2) Appropriate remuneration

The level of remuneration for BDS deemed appropriate by BDSPs tends to be lower for training and higher for consulting. Figure 2.3-9 shows that a similar tendency is observed for both low and high ends; the median value for training is TZS 64,583/day for low end and TZS 125,000 for high end respectively, whereas that for consulting is TZS 225,000/day and TZS 400,000/day, respectively. The median for consultation/advisory is in between, ranging from TZS 150,000 to 200,000 /day.

Training should be highly efficient for BDSPs as it is usually provided to multiple beneficiaries at the same time, enabling them to set the unit price per training/beneficiary at a low level. At the same time, this seems to reflect the current situation where training has to be the main means of BDS provision due to beneficiaries' low willingness and ability to pay.

Regarding BDSPs' satisfaction with the amount of remuneration, almost half of the BDSPs surveyed consider the current level of remuneration for their services to be adequate. However, the rest half of the BDSPs are not necessarily satisfied. Although some interviewees commented that they would not take the assignment from donors and others if the remuneration was not adequate, there were comments from others that sustaining their business and living solely from providing BDS was difficult. Additionally, some BDSPs responded that they adjusted the fees flexibly according to the financial capacity and willingness to pay of individual clients.

This explains that BDSPs are making concessions from what they consider to be a reasonable price to secure clients or due to social motives. Although it is difficult to generalize, as BDSPs with additional sources of income may be satisfied even if the fees are relatively low, the prevailing prices of BDS are presumably not at a sufficient level to sustain their operation as a business. Moreover, considering the fact that many BDSPs do not provide services frequently, BDSPs are forced to take the assignments at lower prices to secure clients, but even so, the number of service cases does not increase accordingly. In other words, the price elasticity of BDS might be low. The BDS market in Tanzania does not appear to have fully developed.



Note: The figures in the upper graph indicate the percentages of BDSPs out of valid responses (n) that selected the respective price ranges. When only one price is given, the answer is reflected in the low amount. The price is adjusted to the daily amount when it is given for multiple days.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

Figure 2.3-9 Remuneration Levels for BDS Considered Appropriate by Surveyed BDSPs

(2) Quality of BDS

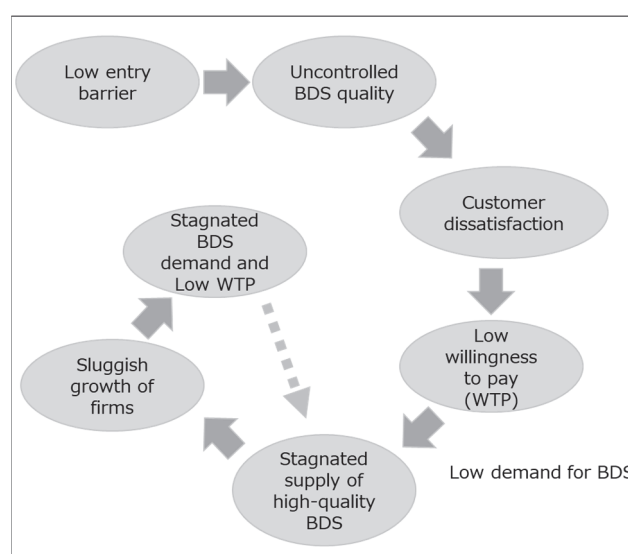
The surveyed BDSPs reported that clients did not understand the benefit of BDS, that they were hesitant to pay for the service as a result (or even if they did recognize the value), and that they had limited financial resources to pay for the service. According to many BDSPs surveyed, one of the significant causes of these problems is that BDSPs, with exception of a few such as certified public accountants, are not required to possess specific professional qualifications, which means that entry barriers are low and the quality of services provided is not necessarily adequate. In the first place, clients do not appreciate the utility and worth of a service if they have never experienced it.<sup>35</sup> However, even if they acknowledge the

<sup>35</sup> Because of that, there are BDSPs that provide the services at a low price or free of charge in the beginning.



importance of BDS, in case they believe the services have not brought in the promised results, they will be hesitant to utilize the services of other BDSPs.<sup>36</sup> In addition, other issues are raised, such as the fact that it is difficult to identify BDSPs that are competent and trustworthy and have good quality and behavior, and that even if such BDSPs are identified, the financial constraints of the clients force them to choose BDSPs that are inexpensive and of poor quality.<sup>37</sup>

These issues have eroded clients' confidence in BDSPs, resulting in poor readiness to pay for services and unwillingness to pay in advance.<sup>38</sup> When the demand for BDS is low, BDSPs are unable to maintain their operations without external assistance, resulting in a decrease in the availability of high-quality BDS. This circumstance stifles business growth and deepens the divide between those which can afford high-quality BDS and those which cannot. Unless companies expand, the demand for BDS and their willingness to pay will not increase, and this negative spiral would continue as indicated in Figure 2.3-10.



Source: Prepared by JICA Survey Team

Figure 2.3-10 Effects of BDS Quality on Supply and Demand for BDS

### 2.3.2.6 Expected Demand for BDS

The findings of the subcontracted research and remote interviews show that the demand for BDS from the agricultural sector is expected to grow in Mbeya and Morogoro and from food manufacturing in Dar es

<sup>36</sup> For example, according to the interviews, a startup requested a BDSP to facilitate company registration and was reported that it was completed, but it turned out to be a false report. Another example is that loan applications were assisted by BDSPs but not approved.

<sup>37</sup> One of the donors interviewed experienced a difficulty in finding a competent BDSP for their project in Tanzania, which caused delay in project implementation. Another donor, however, was in a view that competent BDSPs existed in Tanzania, and the problem was that most MSMEs could not afford high-quality services, usually being expensive, from such BDSPs.

<sup>38</sup> Several BDSPs reported the problems associated with post payment. There are clients that fail to honor the agreed payment schedule and giving reminders is socially not easy, which makes their cashflow tight.

Salaam. These results are likely to be based on location characteristics such as proximity to raw material producers and consumers. Additionally, in Dar es Salaam, BDS in financial management and that for the service sector are expected to grow, which apparently reflect the large number and diversity of companies in the commercial capital.

As shown in Table 2.3-9, about half of the surveyed BDSPs expect training to be demanded more in the future, accounting for 76% when combined with consultation/advisory.

Table 2.3-9 Types of BDS with More Demand Expected

Type of BDSP	Consultation/ Advisory	Training	Diagnosis	Consulting/ Guidance	Contract Work/Outsourced	Others	n
Individual	20.6	67.6	0.0	0.0	5.9	5.9	34
NGO/NPO	15.6	68.8	3.1	9.4	0.0	3.1	32
Private	40.7	31.4	1.2	10.5	10.5	5.8	86
Public	13.6	50.0	0.0	22.7	9.1	4.5	22
<b>Total</b>	<b>28.7</b>	<b>47.7</b>	<b>1.1</b>	<b>9.8</b>	<b>7.5</b>	<b>5.2</b>	<b>174</b>

Note: The figures indicate the percentages of BDSPs out of valid responses (n) for the respective types of BDS in the top row.

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

They seem to consider that training is the most efficient type of BDS as many people can benefit at once, in reference to Table 2.3-3 showing that a) many BDSPs target smaller clients and supply of BDS is insufficient against the “potential” demand for BDS and that b) the financial capacity of the clients to pay for the service is generally low.<sup>39</sup>

However, BDSPs may also subconsciously feel that the demand for training will grow since they are experienced to provide it and have less psychological and technical burden to continue doing the same. Training may still be the only type of BDS provision when BDSPs are not capable enough to address the more advanced service needs of clients, which often require more detailed responses.

Although more than half of the BDSPs, except private ones, expect that the demand for training will grow, approximately 30% of the private BDSPs expect the same, which is less than half of NGO/NPO and individual BDSPs. Moreover, 40% of the private BDSPs anticipate growth of demand for consultation/advisory, presumably because they feel the necessity to deal with diverse issues of the clients and their various financial capacity levels flexibly, as they must find and secure their clients at their own efforts to sustain their businesses as a BDSP.

The BDSPs that expect the growth of consulting are less than 10%, but relatively higher among the public BDSPs. The reasons for this may be as follows: a) the respondents include organizations such as SIDO that

<sup>39</sup> Additionally, it may be relatively easy to obtain financial support and/or budget from external sources for training, as performance in terms of the number of training and beneficiaries can be easily reported and many people can benefit at once. Training can be also feasible as the cost burden can be spread across the number of beneficiaries and the unit price can be set lower even if paid by the participants.

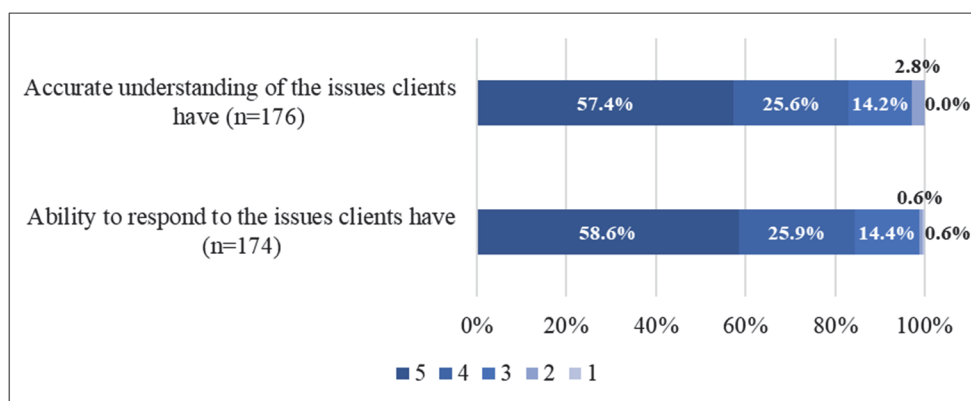
provide KAIZEN consulting; b) on the demand side, the respondents may have recognized the need for and effectiveness of consulting through experiences as part of project activities; and c) on the supply side, provision of consulting services is enabled financially by external support.

A small percentage of the BDSPs have named diagnosis. Diagnosis can be included in other forms of BDS such as consultation/advisory and consulting, but BDSPs in general may also not have a clear understanding of what diagnosis is and what its necessity and effectiveness are. Notwithstanding, the results of the interviews suggest that the level of understanding about diagnosis among KAIZEN trainers is relatively high<sup>40</sup> and that they have a certain level of problem finding and solving skills as well as logical thinking capability.

As for the duration of service provision typically demanded, a half or full day is reported by 51% of the BDSPs (out of 39 valid responses) for consultation/advisory and 46% (out of 77 valid responses) for training. Training within three days is considered to be typical by 59% of the respondents altogether. By contrast, consulting requires relatively the long duration, as 47% of the BDSPs (out of 15 valid responses) expect ten days or more, and 13% expect three months or more.

### 2.3.2.7 Deliberation on Ability of BDSPs

In Figure 2.3-11, the BDSPs evaluate themselves on a five-point scale on their ability to grasp and respond to the challenges faced by their clients.



Note: The figures indicate the percentages of BDSPs for the respective choices. A BDSP is more confident as the answer is closer to "5" (fully capable without any issue).

Source: Prepared by JICA Survey Team based on the findings from the subcontracted research and remote interviews

Figure 2.3-11 Self-evaluation of Ability as BDSP

Almost 60% of the BDSPs respond with a full score ("5"), exceeding 80% when combined with a score

<sup>40</sup> However, the interviews were conducted to relatively experienced KAIZEN trainers. Therefore, this analysis may not be applicable to less experienced BDSPs.

of “4.”<sup>41</sup> However, competency, as indicated by self-assessment, is not necessarily linked to the number of service cases provided by the BDSPs. The reasons for this can be hypothesized that a) performance (in terms of the number of service cases) does not increase due to factors other than grasping and responding to client issues, and/or b) there is an upward bias in self-assessment and actual competency is not as high as reported, resulting in limited performance.

In relation to understanding the challenges of the clients, many BDSPs with 49 employees or fewer point out a problem in the questionnaire survey that clients are not willing to disclose correct information, besides the necessity of skills development.<sup>42</sup> The follow-up interview results show tendencies that owners/top management are fearful of the government authority, middle managers are afraid of owners/top management, and workers are afraid of both and not necessarily knowledgeable about all matters as well. From the perspective of BDSPs, these hurdles to a proper comprehension of the challenges faced by clients may be regarded as external variables. Notwithstanding, it is uncertain whether BDSPs are maximizing their potential as BDSPs, and there is likely a need for them to improve their communication skills in order to appropriately elicit information from clients.<sup>43</sup>

According to the interviews with KAIZEN trainers, they are using various tools and methodologies such as a 5S check sheet, QC 7 tools including a cause-and-effect diagram (fishbone diagram), a Pareto chart and graphs in particular, and the why-why analysis. At the same time, they stress the importance of interviews to the owner/top management, middle managers, and workers as well as observation, to grasp the issues that their clients have and true causes of them. Many KAIZEN trainers emphasize that identifying the true causes is of the utmost importance. Additionally, as mentioned earlier, there were comments about the difficulty to understand the reality due to the hesitation of clients to disclose information.

As explained in Subsection 2.3.2.3, some BDSPs are not necessarily confident in corporate strategy/management as well as financial management. Some of the KAIZEN trainers interviewed also pointed out these BDS areas as the topics in which they lack knowledge and skills, which hinders them to conduct a comprehensive corporate diagnosis. Other than these, they also named the following topics from the perspectives of overcoming their weaknesses and/or polishing their strengths: statistical analysis and interpretation, marketing, digital technology and digital marketing, human resource management, and KAIZEN tools such as *Kanban*.

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<sup>41</sup> There were the BDSPs that gave “4” due to the reason that being perfect was not possible.

<sup>42</sup> The BDSPs with 50 persons and more did not mention the problem related to disclosure of information, although less sample count may be the reason for this. There is a possibility that smaller BDSPs are less capable to elicit information from clients and less insightful to make logical inference.

<sup>43</sup> There were BDSPs and KAIZEN trainers in the interview survey who explored the real issues and true causes of the clients by developing hypotheses based on past service delivery experiences; asking clients from various angles; interviewing owner/top management, middle managers, and workers; and observing the situation on the ground. These approaches are essential and require experiences to carry out effectively, but such abilities can be strengthened at least to a certain extent through training and other means.

Furthermore, many problems were raised in the interviews, such as clients not having sufficient funds to implement the business improvement measures proposed by BDSPs, and clients in the first place not being willing to listen to recommendations incurring the expenditure. Although it is not always easy to solve these problems, it is essential to make efforts and have the ability to contemplate and formulate viable proposals and recommendations as much as possible. Capacity building is important for accumulating knowledge and experience to be able to present effective solutions and to communicate thoroughly with clients to design feasible solutions.

From the analysis above, the two hypotheses are generally substantiated: a) performance (in terms of the number of service cases) does not increase due to factors other than grasping and responding to client issues, and b) there is an upward bias in self-assessment and actual competency is not as high as reported, resulting in limited performance. The factors discussed in the next subsection are also likely to be related to these.

### 2.3.2.8 Other Problems

According to the findings from the subcontracted research and remote interviews, the external problems that BDSPs perceive as significant include the following: unfavorable business environment, which affects BDSPs themselves and their clients; lack of government budget for promoting BDS;<sup>44</sup> clients' low levels of understanding about BDS and trust on BDSPs; and clients' low levels of financial capacity and willingness to pay for the services. The internal problems include the matters such as financial constraints, difficulty in finding/serving clients in rural and remote areas, and lack of opportunities for capacity building as a whole, including that related to technology advancement such as ICT.

Another notable opinion raised at the interview is that the BDS content indicated in the terms of reference, when the assignment is given by external financiers, is not necessarily effective to solve the issues of the beneficiaries. That is, the BDSP has to deliver the service as instructed, but it would not bring sufficient value to the beneficiaries nor generate an intended outcome. Also reported are some cases in which the duplicated support measures from different financiers are extended to the same beneficiaries and support in different approaches to address the same issue confuses the beneficiaries. The BDSPs also face a challenge that the clients accustomed to free services enabled by financiers are less interested in a BDS menu that requires cost-sharing. It is an example of market distortion.

### 2.3.2.9 Summary of Findings and Deliberation

The findings from the BDSP Survey and deliberation of the JICA Survey Team are summarized as follows.

- The majority, more than 80%, of the BDSPs surveyed are small and micro-scale with 19 or fewer employees, and 57% of them are staffed with four or fewer persons who can actually provide BDS.

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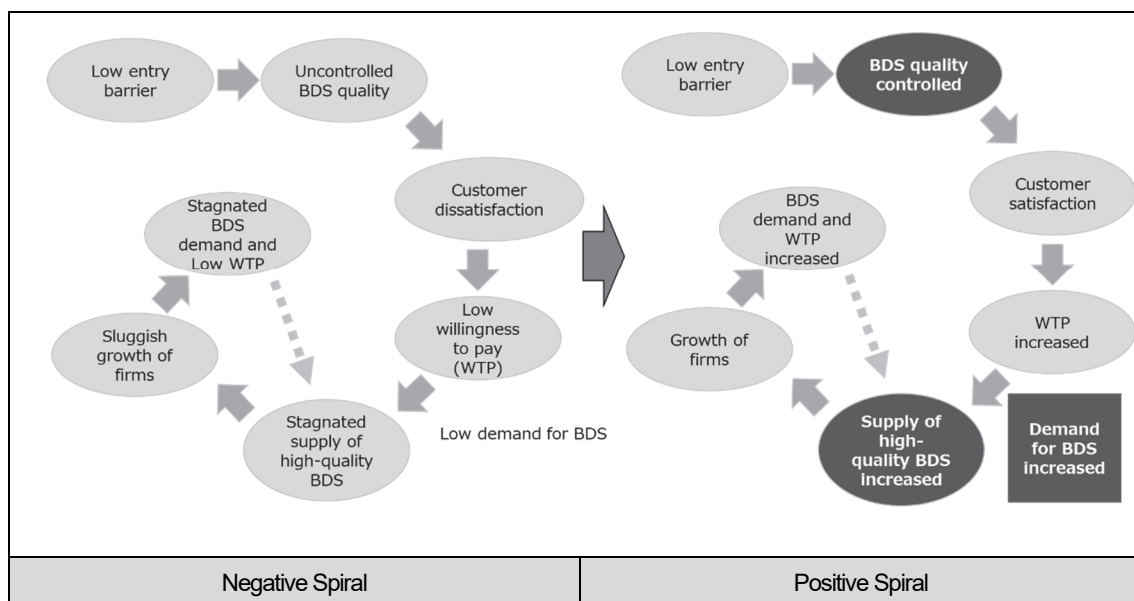
<sup>44</sup> There were comments that public money benefits public BDSPs but less so for private BDSPs.

The number of BDSPs that can provide comprehensive services to a large number of clients appears to be limited. There are relatively a large number of private BDSPs in Dar es Salaam, in proportion to the number of companies, that is, potential clients.

- The surveyed BDSPs mostly target micro and small companies with 49 or fewer employees (particularly small companies with 5-19 employees), many of which are engaged in manufacturing, service (business related), and agriculture, forestry and fishing. This is apparently in line with the sector composition of the client base. It is also common that the target clients are located in the same or surrounding regions. There are many BDSPs in Dar es Salaam covering the whole country, which may be influenced by a “perception” on the part of beneficiaries that BDSPs in larger cities are more capable to offer services of better quality.
- BDS in marketing is the most frequently provided service, with 73% of the surveyed BDSPs doing so. It is followed by financial management (64%), consultation/advisory (61%, mainly advisory services), and corporate strategy/management (60%). Although the demand for BDS in marketing, financial management, and corporate strategy/management is relatively high, that for organizational and human resource management is much less, as the number of the BDSPs providing the services in that area is far smaller. Moreover, the BDSPs providing ICT-related services are less than 30%.
- Training is the most common type of BDS provision, followed by consultation/advisory. By contrast, less than half of the BDSPs deliver consulting, and those which conduct diagnosis are less than 20% of them, fewer than those undertaking contract work.
- The majority of the BDSPs are relatively small in terms of business scale, as more than half of them have a history of less than ten service cases in the last three years in each of the four BDS areas. Nevertheless, the BDSPs delivering services in financial management are comparatively serving more clients, suggesting that relatively a limited number of BDSPs can provide the services requiring professional knowledge, skills, and qualifications.
- Networking among BDSPs has remained informal, and attempts at the formalization have met with minimal success. BDSPs typically conduct their own client searches and acknowledge social media as a valuable tool. The BDSPs with a solid reputation gain repeating clients and new ones through referrals, whereas those with personal networks with other BDSPs take advantage of them to obtain assignments in cooperation with one another. Lack of demand (i.e., clients do not recognize the necessity and value of BDS), lack of trust (i.e., clients do not trust private and individual BDSPs in particular), lack of finance (i.e., BDSPs do not have enough cash to search clients proactively), lack of competitiveness, and market distortion are the obstacles to locating and identifying clients.
- In terms of remuneration, the private and individual BDSPs are commonly paid by their clients without relying on subsidized schemes and have strengths in consultation/advisory and contract work. By contrast, the public BDSPs and NGOs/NPOs make use of external support to reduce the cost, including

cost sharing between clients and external financiers, and provide low-price services such as training particularly. Consulting services are relatively costly by nature in terms of more duration/time input and expertise required and enabled by external support. The median amount of remuneration considered to be appropriate by the BDSPs ranges between TZS 64,583 and 125,000/day for training and between TZS 225,000 and 400,000/day for consulting.

- High variance in the service quality by different BDSPs reduces client satisfaction, leading to a decrease in clients' willingness to pay for the services. Despite the high potential demand for BDS in proportion to the number of existing companies, it is likely that demand shortage for BDS and an excess supply of BDS (along with a shortage of BDSPs in good quality) occur at present. The shortage of good quality BDSPs constrains companies' growth and consequently reduces the demand for BDS at regular prices as well as the willingness to pay for it. It is considered to be possible to overcome the negative spiral by ensuring the quality of services and by stimulating the demand and increasing the supply of BDS in good quality.



Source: Prepared by JICA Survey Team

Figure 2.3-12 Effectiveness of BDS's Quality Control and Improvement in its Supply and Demand

- Training is expected to be demanded more by approximately half of the BDSPs, whereas a quarter of them expect a growth of demand for consultation/advisory. Increasing the number of beneficiaries through efficient service provision may be their center of attention. However, the private BDSPs recognize more opportunities with consultation/advisory, implying their awareness of the demand for services tailored to individual needs. In terms of diagnosis, BDSPs may not understand its content and significance adequately.

- Generally, the BDSPs consider that their ability is high, but the objectivity of this self-assessment is unlikely to be sufficient. Despite that, some BDSPs are considered to have a certain level of competency, with concrete means to understand clients' issues. Although communication skills to elicit correct information from clients must be strengthened, insufficient knowledge outside individual areas of expertise, such as corporate strategy/management and financial management, is a constraint for conducting comprehensive business diagnosis. Additionally, opportunities for continuous capacity building are sought after in line with technological innovations such as ICT.
- Along with clients, the BDSPs are also equally affected by the problems related to a business environment and access to finance directly. The policy measures and budget of the government to promote BDS provision are not sufficient. Moreover, lack of coordination on BDS provision among external supporters is one of the causes of confusion on the side of the beneficiaries through duplication in service provision and different approaches taken by different supporters.

### 2.3.2.10 Conclusion

Based on the analysis of the findings from the BDSP Survey, this subsection summarizes the recommendations to improve BDS provision in Tanzania.

#### (1) Controlling and Visualizing Quality of BDS (Certification System and Capacity Building)

To ensure that client companies can access BDS without concern, it is desirable to identify and publicly announce the BDSPs that fulfill a certain level of quality standards in each area of BDS. One of the suggested measures is to set the competency standards required in each area,<sup>45</sup> certify the BDSPs who satisfy them, and publicize the registry of those BDSPs.<sup>46</sup> Building a program or a system to nurture BDSPs to meet those standards is also important. Planning for such a program/system can be undertaken by referring to the registration system of certified public accountants and the process of nurturing and certifying KAIZEN trainers, whereas priority should be given to the areas with high demand for BDS, such as marketing, corporate strategy/management and financial management. With such a certification

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<sup>45</sup> The competency standards required in each area need to be developed with discussion and deliberation. For example, the standards should be set relatively higher if the main beneficiaries of the services are growth-oriented enterprises targeting export or import substitution, relatively large companies with complex or advanced operation systems, or those managed by highly educated persons. By contrast, the standards can be set at the basic levels if the main beneficiaries are micro and small businesses for income generation or those with low levels of education. The topics for the former, in financial management, for example, could be financial analysis (profitability, efficiency, and safety) and feasibility studies (F/S), and that for the latter would be bookkeeping, costing, and break-even point analysis. There are also cross-cutting aspects that should be covered, such as communication and logical thinking skills that are related to interaction with clients and understanding of their issues and causes of the issues.

<sup>46</sup> An alternative to setting the quality standards is a rating system by clients and publicizing the rates and feedback. Some concerns on this option may be that the legitimacy or relevance of rating is difficult to control, and that some BDSPs may not like the results to be made open due to fear of negative publicity.



system in place, clients would be able to know objectively which BDSPs can provide appropriate services. Furthermore, together with the subsidies described below, the demand for BDS can be improved.

(2) Stimulating Demand for BDS (Strengthening of Marketing)

Improvement of marketing skills including communication is indispensable, to raise awareness of the necessity and values of BDS among potential/existing clients. Capacity building for extracting and preparing good practices showing the effects and impact of the services and making proposals to clients by using them would be effective. BDSPs can collaborate with each other to document good practices, and each BDSP can prepare its own promotional materials and approach its clients. This would assist the potential/existing clients to visualize the output and outcome of the services.

(3) Stimulating Demand for BDS (Introduction of Subsidy Program)

A subsidy program should be established to enable companies with no or limited experience in accessing BDS to be familiar with BDS through a basic/introductory service provided for free or at a low price.<sup>47</sup> Providing the service targeting a topic of interest by the beneficiaries can be coupled with introducing additional/different service menus, possibly paving the way for the provision of properly priced services. As it may take some time for MSMEs to be able to pay the appropriate amount of fees, the subsidy should not be limited to first-time users, although some kinds of control measures would be necessary such as setting a cap on how many times or how much amount subsidy can be used or giving less priority to the repeating users.

(4) Creating Opportunities and Platform to Share Knowledge and Lessons among BDSPs

Opportunities and a platform to know each other and share knowledge and lessons would be effective for improving the quality of BDS through mutual learning and expanding cooperation among BDSPs. Compilation and sharing of good practices along with discussion would be conducive to deeper learning. How to sustain the operation institutionally and financially must be planned carefully and pragmatically. The most appropriate governance system is likely to be a joint management between public and private sectors under the jurisdiction and budgeting of MIIT. Given feasibility and sustainability, consensus building should be based on thorough discussion among the stakeholders from the public and private sectors, as well as the donor community.

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<sup>47</sup> As deliberated in Subsection 2.3.2.5, price elasticity of BDS may be low. However, subsidized service provision is necessary as a short-term measure to promote trial and stimulate demand for BDS. Subsidy programs are also common in Japan as short- and medium-term measures to promote enterprise growth. According to its Final Progress Report, ENGINE of USAID enabled cost sharing by 50% through the use of e-coupons, which resulted in 28 BDSPs providing BDS to 2,308 MSMEs in four target regions/areas, most of which accessed BDS for the first time, and the majority of the beneficiaries increased profit by 34% on average.

#### (5) Developing Guidelines for BDS Provision

Guidelines for BDS provision are beneficial for enhancing the efficiency and effectiveness of BDS provision and creating a mature BDS market. Market distortion due to the provision of duplicated, unwanted, or free services occurs when external support is given. Therefore, developing and disseminating the guidelines for external supporters and BDSPs to keep in mind would contribute to optimizing BDS provision and creating a mature BDS market in Tanzania. A simple, nonbinding one would be acceptable to many and be realistic.

### 2.4 Analysis of Gap Factors and Challenges in BDS Market in Tanzania

This section examines factors that cause gaps between BDS supply and its demand in Tanzania based upon the results from the “Company Survey” (on the demand side) and the “BDSP Survey” (on the supply side) reported in the previous sections of 2.2 and 2.3, respectively. Furthermore, the current section clarifies what factors should be eliminated; in other words, what challenges should be solved to develop the BDS market in the country.

#### 2.4.1 Analysis of Factors of Gaps between BDS Demand and Supply (Hypotheses)

The JICA Survey Team, at the outset of the Survey, formed hypotheses about the factors behind supply-demand gaps in the BDS market in Tanzania as shown in Table 2.4-1.

The subsequent subsection verifies the hypotheses classified by the factor group in the table, as well as analyzes the factors not hypothesized but deemed significant in resolving the obstacles of achieving market equilibrium for BDS in Tanzania.

Table 2.4-1 Hypotheses for Factors of Gaps between BDS Supply and Demand

Gap	Factor Group (Hypothesis)	Factor (Hypothesis)
D < S D ≠ S	1 Lack of BDS demand and coordination for BDS	<ul style="list-style-type: none"> <li>- Companies have little recognition of and interest in BDS.</li> <li>- Appropriate BDS cannot be introduced to companies because of limited ability of BDSPs to identify genuine challenges/needs of the companies.</li> <li>- Supply and demand of BDS cannot match due to lack of systematically organized information about BDSPs.</li> <li>- There is no function to bridge supply and demand of BDS.</li> <li>- There is lack or insufficiency of a framework/platform for BDSPs to collaborate and share information/knowledge/expertise with one another.</li> </ul>
	2 Inconsistency between needs of companies and conditions of BDS provision	<ul style="list-style-type: none"> <li>- Companies' capacity and willingness to pay for BDS are low.</li> <li>- BDS fees exceed the level of willingness to pay of companies.</li> <li>- Forms and methods of BDS provision do not match needs of companies.</li> <li>- There is lack or insufficiency of the opportunity where companies and BDSPs share their needs and constraints regarding use and provision of BDS with each other.</li> </ul>
D > S	3 Lack or uneven distribution of BDS provision in terms of service areas	<ul style="list-style-type: none"> <li>- There are few BDSPs that can provide specific areas of BDS attracting huge demand from companies or addressing serious challenges faced by them.</li> <li>- Even if such BDSPs exist, their service quantity and quality are inadequate.</li> </ul>
	4 Lack or uneven distribution of BDS provision in terms of regions	<ul style="list-style-type: none"> <li>- There are few BDSPs in a particular region that can provide specific areas of BDS attracting huge demand from companies or addressing serious challenges faced by them.</li> <li>- Even if such BDSPs exist, their service quantity and quality are inadequate.</li> </ul>
D > S D ≠ S	5 Lack or uneven distribution of BDS provision in terms of targets	<ul style="list-style-type: none"> <li>- Quantity and quality of BDS are not sufficient for particular industries.</li> <li>- There are many BDSPs able to support small companies, but insufficient BDSPs that can provide BDS for medium and large companies.</li> <li>- BDSPs are enough to support startup companies in the early stage but inadequate to render BDS for those in the later stage venturing into new businesses.</li> </ul>

Note: "D" and "S" denote demand and supply, respectively. A mark "≠" indicates the situation where the BDS supply and demand cannot match due to lack of coordination function, asymmetric information, etc.

Source: Prepared by JICA Survey Team

## 2.4.2 Analysis of Factors of Gaps between BDS Demand and Supply (Hypothesis Verification)

### (1) Hypothesis 1: Lack of BDS Demand and Coordination for BDS

The analysis below confirms Hypothesis 1. Additionally, the "variation in service quality among BDSPs," although not formulated as a hypothesis, constitutes a significant factor that undermines the function to coordinate the demand and supply of BDS in Tanzania.

#### 1) Companies' recognition of and interest in BDS

As discussed in Section 2.2, companies in Tanzania generally have low recognition of and interest in BDS. Nearly 70% of the respondents to the company questionnaire survey answered: "Do not know available BDS" or "Not interested in receiving BDS" to a question asking about reasons for not using BDS. Furthermore, in the BDSP Survey, most of the BDSPs ascertained low recognition of companies of

BDS and its benefit as a very serious challenge in their service provision. These are the fundamental factors that prevent companies from using BDS.

The main causes behind these factors are considered to be a) nonpenetration of the concept of BDS among companies; b) difficulty to image positive impact of BDS, c) inadequate activities and capability of BDSPs in marketing their services and their limited communication skills to convince customers of benefits of BDS; d) lack of opportunity for companies and BDSPs to interact; e) lack of continuous events to build awareness of companies for BDS utilization; and f) insufficiency of comprehensive BDS awareness-raising activities in collaboration with business associations.

## 2) Capacity of BDSPs to analyze challenges faced by companies

Section 2.3 pointed out that there was room for improvement in BDSPs' ability to identify genuine factors causing companies' business challenges. Less than 20% of the BDSPs conduct business diagnosis according to the results of the BDSP Survey. These BDSPs understand that there can exist true business challenges other than those raised by companies and there are various causes behind a challenge affecting each other in a complicated manner. They, at the same time, recognize the difficulty to identify root causes for such a challenge by systematically and logically examining diverse causes existing in the different layers. Moreover, a certain number of BDSPs regard a lack of comprehensive knowledge and experience in business management as a constraint in conducting the business diagnosis. BDSPs cannot propose, provide, or introduce appropriate BDS as a solution if they cannot identify customers' business challenges that should be addressed on a priority basis. This issue also leads partially to weak functionality of coordination for the supply and demand in the BDS market mentioned in 3) below.

## 3) Function to coordinate demand and supply of BDS

The important factors that cause supply-demand gaps in the BDS market of Tanzania are the lack of systematic information on BDSPs, the absence of a function to bridge the supply and demand of BDS, and the inadequacy of a framework or platform for BDSPs to collaborate and share information, knowledge and expertise with one another. As introduced in Section 2.3, NEEC, in response to the insufficiency of systematic information on qualified BDSPs, has been facilitating BDSPs to register with the official database. Furthermore, there is currently no function to mediate the supply and demand of BDS in Tanzania as long as the result of the BDSP Survey reveals.

On the other hand, some networks among BDSPs have been established through projects of other donor agencies. Many BDSPs targeted in the BDSP Survey attach a very high value to such the network not only as a platform to collaborate together and share information but also as a coordination function to avoid duplication in their service provision while promoting expertise-complementarity in it. Yet, as explained in Section 2.3, the networks face difficulty to continue due to variation in service quality and

differences in awareness and behavior regarding compliance among the network members. The variation in service quality among BDSPs in conjunction with asymmetric information between the supply and the demand may inflict a loss of companies from receipt of BDS or distrust for BDS, as well as generate mistrust among BDSPs with one another causing their collaborative action not to easily take place. Hence, the quality variation largely damages the function to coordinate the supply and demand in the BDS market.

(2) Hypothesis 2: Inconsistency between Needs of Companies and Conditions of BDS Provision

The analysis made below supports Hypothesis 2 in that the supply-demand gap of BDS caused by companies' capacity and willingness to pay for BDS is confirmed. Conversely, forms and methods of BDS provision are considered to accord with the needs of companies, or at least, the gap caused by them is negligible. Additionally, as in Hypothesis 1 above, the analysis results confirm the gap factor caused by variation in service quality among BDSPs.

1) Companies' capacity and willingness to pay for BDS

As discussed in Sections 2.2 and 2.3, the willingness to pay (hereinafter referred to as "WTP") of Tanzanian companies for BDS is generally low. Overall results from the Company Survey and the BDSP Survey suggest the reasons for this, which are, a) companies' recognition that services should be provided for free and b) their unwillingness to pay for the services that they have not used before or whose impact is not easily visible and imaginable. Furthermore, the background behind these is considered to be that i) public services and the services provided in projects of donor agencies are often free, and ii) companies cannot find any value to pay for the services that are not very certain to bring about direct and financial benefits such as sales increase, cost reduction, and access to finance.<sup>48</sup> The latter also incurs risk for companies that they may not be able to gain any benefit after the payment. Additionally, there is a case where some micro and small companies cannot simply afford to pay for BDS because of their weak financial capacity.

2) Discrepancy between supply and demand regarding BDS fees

There is a clear disparity between the BDS rates that the providers deem suitable and the companies' WTP for BDS. In the company questionnaire survey, approximately 90% of the respondents answered "80,000 TZS or Less" when asked about WTP for BDS per day for the four target business management

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<sup>48</sup> Results from the Company Survey and the BDSP Survey together indicate that companies' WTP is comparatively high for BDS, which support compliance with laws/regulations including that for business registration/license, safety management, financial statements for tax return, and tax payment. BDS with relatively high WTP also include those which assist creation of market linkage (direct matching with customers), offer training which enhances knowledge and skills to produce and sell a product (training on making visible products and how to sell them), and facilitate access to finance through business plan preparation and referral to financial and credit guarantee agencies.

areas on average; further, the answer “20,000 TZS or Less” comprised more than 60%.<sup>49</sup> In contrast, as stated in Section 2.2, the median BDS fees deemed reasonable by BDSPs range between 135,000 and 200,000 TZS per day.<sup>50</sup> The results obviously indicate presence of the supply-demand gap regarding BDS fees. This gap is unlikely to close soon due to the existing circumstances, in which BDSPs’ payment schedules are usually inflexible and there are insufficient government subsidies to support the adoption of BDS, among other factors.<sup>51</sup> The existence of the gap was also confirmed in the “awareness-raising seminars on BDS,” as reported in Section 2.7. Moreover, the JICA Survey Team was unable to identify any opportunity for companies and BDSPs to exchange their needs and constraints regarding BDS utilization and provision, making it difficult to eliminate asymmetric information between the supply and demand in the BDS market.<sup>52</sup>

### 3) Consistency between forms and methods of BDS provision and needs of companies

The current forms of BDS provision accord largely with the needs of companies. As mentioned in Section 2.2, the companies’ need on how to receive BDS is concentrated in the forms of training and advice. Section 2.3 indicated that BDSPs mostly provided their services in these forms; furthermore, they predicted that those forms of BDS provision would continue to attract demand from companies. Especially, training is a very efficient style of BDS provision, as it can collect fees from many participants at a time, and thus, the fees can be set relatively low. Under the circumstances in which there are demand-side constraints regarding capacity and willingness to pay for BDS, training can function as a need-matching mechanism for BDS provision.<sup>53</sup> Meanwhile, whereas the duration and frequency of BDS provision vary according to different forms of BDS provision, neither BDSPs nor companies tend to weigh such differences.

### 4) Variation in service quality among BDSPs (non-hypothesis)

As in Hypothesis 1, the variation in service quality among BDSPs largely causes the supply-demand

<sup>49</sup> Actual examples of BDS fees introduced in Section 2.2 far exceed these WTPs except training services.

<sup>50</sup> As discussed in Section 2.3, the fees are highest for consultation followed by advice and then training when measured based on the form of BDS provision. Of them, the minimum figure for training is about 65,000 TZS at the median.

<sup>51</sup> Yet, some BDSPs accept credit payment, contingency fees, payment in installments, etc. to adjust the payment schedule according to a cash position of their customers. Furthermore, regular services including preparation of financial statements are provided by a retainer fee in some cases. In the meantime, the JICA Survey Team, during face-to-face interviews with companies and BDSPs, introduced examples of the subsidies to promote BDS utilization such as “a scheme where fees for the first several times of BDS-use are subsidized for free after which a company decides whether to continue receiving BDS on a fee basis” and “distribution of coupons usable only for BDS payment.” They generally responded to these examples with keen interest.

<sup>52</sup> As reported in Section 2.7, the opportunities such as the “awareness-raising seminars on BDS” are proved to be effective, at least to a certain degree, to reduce the information asymmetry.

<sup>53</sup> Notwithstanding, this involves the opposite aspect that BDSPs cannot help but to focus on training due to companies’ low capacity and willingness to pay for BDS, as discussed in Section 2.3. This situation implies the possibility that BDSPs have not been able to accumulate experience in other forms of BDS provision than training.

gap concerning Hypothesis 2 as well. Section 2.3 pointed out that there was such variation in the BDS market mainly because of a lack of the standards and certification that BDSPs should meet and thus due to the easiness of the market entry. The experience of companies in using low-quality BDS at the dumping price may prevent them from using the services again and further bring about the distortion of the BDS market as a whole. It then causes companies not to enhance their WTP for BDS, eventually leading to the continuation of the negative spiral presented in Figure 2.3-10. The quality management of BDS and BDSPs is hence highly essential to pursue the equilibrium of the BDS market.

(3) Hypothesis 3: Lack or Uneven Distribution of BDS Provision in Terms of Service Areas

The analysis performed below verifies a certain degree of consistency between the supply and demand of BDS in terms of service areas. More precisely, the consistency exists when areas of BDS are broadly classified into the main four, namely, cooperate strategy/management, marketing, financial management, and organizational and human resource management. Conversely, the provision of BDS is not adequate to meet the needs of companies and solve their issues generating such needs when each BDS area is divided into more specific items.

1) Challenges/needs of companies

As presented in Section 2.2, companies prioritize their business challenges and needs in order of a) marketing, b) financial management, c) corporate strategy/management, and d) organizational and human resource management; particularly the needs for a) and b) are strong.<sup>54</sup> In terms of more specific areas, their challenges and needs are found in “improvement in access to finance,” “utilization of ICT in business management,” “financial analysis including break-even-point analysis,” “preparation of marketing strategy/sales plan,” “preparation of cooperate strategy/business plan,” and “introduction of digital marketing,” among others. Furthermore, although their needs for the BDS area of d) above is relatively weak, “formulation of employee training plan” attracts a huge demand.

In contrast, results of the problem analysis conducted by the JICA Survey Team concluded that the most significant business challenges for micro and small companies in Tanzania were “lack of corporate strategy,” “lack of marketing strategy,” “unclear and inappropriate break-even-point sales (inadequate understanding and analysis of cost),” and “inexistence of cashflow management.” These challenges are generally applied to micro and small companies in the country as a whole, irrespective of company locations, scales, and industries.

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<sup>54</sup> Difference between b) and c) is large while that between c) and d) is small.

## 2) Areas of BDS provided by BDSPs

The BDSP Survey saw the result that the BDSPs provided BDS for a) marketing most often, followed by b) financial management, c) corporate strategy/management, and d) organizational and human resource management in terms of the broad areas of BDS. Section 2.3 also indicates that BDS in the area of d) above are provided far less than in the other three areas. The result confirms consistency between the supply and demand in the provided areas of BDS.<sup>55</sup>

It also offered the result that more than half of the BDSPs rendered services in “preparation of corporate strategy,” “preparation of marketing strategy/plan,” and “support in bookkeeping and accounting,” when each of the broad BDS areas is classified into the more specific levels. Nevertheless, the interviews done with these BDSPs give a more accurate picture of the BDS actually provided. This is the situation where: a) support in access to finance primarily consists of preparing a business plan for loan application; b) preparation of a business plan for the same purpose is also the primary support in BDS in the area of corporate strategy/management, rather than the formulation of a corporate strategy; c) in the area of marketing, support in the formulation of a marketing strategy is less provided than that in the creation of direct market linkage and provision of market information is; and d) BDS in financial management is concentrated in supporting bookkeeping/accounting and tackling compliance issues including making of financial statements for the tax return, whereas BDS provision in the area of financial analysis is infrequent. Moreover, the survey results confirm that BDSPs offering services in “introduction of ICT in business management” and “formulation of employee training plan,” which poses significant challenges to companies and thus attract huge demand, are far less than those providing other areas of BDS. In other words, the BDS supply does not sufficiently meet the needs and address the serious challenges of companies when its areas come down to the specific levels. More concretely, the areas of BDS that should be provided more and better in terms of quantity and quality are as follows: i) formulation of a corporate strategy; ii) preparation of a marketing strategy; iii) financial analysis; iv) formulation of employee training plan; and v) introduction of ICT in business management.

## (4) Hypothesis 4: Lack or Uneven Distribution of BDS Provision in Terms of Regions

The analysis below rejects Hypothesis 4. Region-wise differences in companies’ needs for BDS and the areas of BDS provided in response are considered to arise according to the difference in the representative industries in each region. Nonetheless, such differences occur according to varieties of required production technologies and markets rather than the business management fields. In other words, regional characteristics of the BDS needs are insignificant from the perspective of “business management.”

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<sup>55</sup> Section 2.3 also pointed out that the BDSPs having confidence of their BDS in b) and c) were not many.



## 1) Regional characteristics of companies' needs and BDS

Results of the Company Survey concluded that region-wise difference in the BDS needs was not an important matter.

On the supply side, the number of BDSPs located in each region differs. Basically, more BDSPs are based in the city areas where the scale of the BDS market and diversity of its demand are larger or the areas in which the administrative function is more concentrated. For instance, a long list<sup>56</sup> of BDSPs prepared in the subcontracted BDSP research covers 45 BDSPs in Dar es Salaam, 32 in Dodoma, 29 in Mwanza, 27 in Arusha, 24 each in Mbeya and Morogoro, 17 in Kilimanjaro, and 16 in Singida. Considering the characteristics of each region, the distribution of the number of BDSPs in these regions is in line with the demand for BDS. Furthermore, as mentioned in Section 2.3, there are a certain number of the BDSPs offering services in two or more regions. Thus, factors of the supply-demand gap of BDS regarding the difference in the number of BDSPs in each region is considered to be unimportant.<sup>57</sup>

Meanwhile, the areas and the forms of BDS provided in each region carry a little regional difference, but they do not show a clear regional trend. In conclusion, factors of the supply-demand gap of BDS in relation to the lack or uneven distribution of BDS provision in terms of regions are insignificant.

## (5) Hypothesis 5: Lack or Uneven Distribution of BDS Provision in Terms of Targets

The analysis below cannot support evidence of a lack or uneven distribution of BDS provision related to the target industries. In terms of the target scales of companies, far more distribution of the service provision to micro and small companies than to medium and large companies can be confirmed. It is, however, considered to simply accord with the structure of the company sector in Tanzania. Alternatively, the analysis cannot correctly verify the hypothesis regarding the lack or uneven distribution of BDS provision according to the growth stage of startup companies because of the reason described in 3) below.

## 1) Target industries

As introduced in Section 2.3, the main target industries of BDSPs in Tanzania are the food and beverage processing industry, the agriculture, forestry and fishery industry, and the service industry. Additionally, textile, metalworking, leather, and chemical industries are receiving comparatively many BDS. This trend corresponds to the industrial structure of the country with its regional distribution reflecting the

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<sup>56</sup> A list prepared by the subcontractor by collecting comprehensive information about BDSPs before distributing the questionnaire. The list does not perfectly enumerate all the BDSPs in each region but shows the broadest trend of the BDSP location among those which the JICA Survey Team possesses.

<sup>57</sup> Use of a BDSP located in a far region incurs higher cost, whereas the cost can be lower if high-quality BDSPs are available nearby. Yet, this also involves Hypothesis 2 as it eventually depends on companies' WTP for BDS. Moreover, it is nearly impossible to objectively compare quality of the whole BDSPs among two regions and more, and therefore, factors of the supply-demand gap here are evaluated from the perspective of availability.

representative industries in each region. It implies the possibility that the companies out of the main industries in each region may have limitations in access to BDS; however, considering the necessity to meet the overall BDS demand in each region, a priority to eliminate such a gap is regarded as low.

In Section 2.2, it was stated that the degree of rivalry in a given industry would determine the disparities in the business difficulties and demands of different companies. For instance, the greater the level of competition in an industry, the greater the necessity for sales channel expansion arises. Similarly, the needs for working and investment capital from the companies that are losing the competition are naturally strong. Notwithstanding, these business challenges and needs are also those that are ordinarily raised by micro and small companies as a whole in the country. Therefore, it should be necessary to address, on a priority basis, the most significant challenges (causes creating such needs) for overall micro and small companies in Tanzania that the JICA Survey Team identified through its problem analysis presented in (3) above. To conclude, variation in BDS needs according to the difference in industries is not significant.

## 2) Target company scales

The difference in business challenges and needs by company scale exists. Section 2.2 reported that a certain degree of different trends from micro to large companies was confirmed, and there was also a small variation of the challenges and needs among small companies by employee scale. Yet, such challenges and needs are concentrated in those related to capital and sales whose causes are, after all, equivalent to the most significant challenges identified by the JICA Survey Team via its problem analysis. More specific differences may arise in the scale and level of response to these challenges, but the areas of BDS that should mainly be provided remain the same for micro and small companies in general. Conversely, the business management of medium and large companies is established in most cases whereby their challenges and needs tend to take more concrete forms. Additionally, almost all large companies with which the JICA Survey Team interviewed opined that they did not need any external support for their business management.

On the supply side, as mentioned in Section 2.3, the chief customers of BDSPs are micro and small companies, small companies with five to nineteen employees in particular. The ratio of their customers becomes lower for medium to large; the ratio for medium companies is approximately half and that for large companies is one-third of the ratio of micro and small companies. This trend corresponds to the distribution of the number of Tanzanian companies by employee scale. At the same time, however, it implies that there are only a limited number of BDSPs able to respond to the specific challenges and needs faced and possessed by medium and large companies. To meet the needs of medium and large companies, BDSPs must be able to provide services in the more sophisticated and specialized areas including, for instance: in-process quality management and statistical quality management to assure mass production quality; the organizational and human resources management which gets more complex as the company

scale becomes larger; the customer relationship management that requires multitier responses as the customer base enlarges; and upgradation of specific production technologies. It is clear that the supply-demand gap of BDS is large in terms of both quality and quantity concerning BDS provision to medium and large companies. In Tanzania, however, narrowing such a gap will not necessitate an urgent, top-priority reaction. This is due to the present trend of the provided areas of BDS, the limited capacity of BDSPs, their insufficient management resources,<sup>58</sup> inadequate collaborative mechanisms among BDSPs, and the low demand for BDS in the business management fields among medium and large businesses. From the perspective of company size, the current supply and demand for BDS in Tanzania maintain a degree of balance.<sup>59</sup>

### 3) Target growth stage of startup companies

In the company questionnaire survey, less than ten percent of the respondents answered “BDSPs in the region are not providing BDS adjusted to the growth stage of the company” to a question asking about reasons for not using BDS. This indicates that they may not put importance on BDS provided according to the different growth stages of startup companies.

The BDSP Survey saw the result that 40% of the respondents selected “Early (Record sales, operating deficit)” and “Matured/Growing (Record operating profit, venturing into a new business)” as a service most frequently provided, to a question asking about the frequency of their BDS provision according to the growth stage of startup companies. Conversely, the answer to “Launching (No sales)” consisted of some 17%. These present the opposite result to the hypothesis that BDSPs are enough to support startup companies in the early stage but inadequate to render BDS for those in the later stage venturing into new businesses. Nonetheless, from the interviews with BDSPs, the JICA Survey Team also found the trend where many BDS were actually provided to the startup stage of “Launching” or before “Launching” including business formulation for a farmers’ group, creation and diversification of income sources of farmers, and incubation services for the youth. The interview result conflicts with the questionnaire result, thereby making it impossible to perform evidence-based verification of the hypothesis.

In the meantime, Section 2.3 implicated that the system to support startup companies in Tanzania was still immature. As mentioned above, Tanzanian startup companies are not likely to value BDS provided according to the different growth stages. Although this is out of the scope of the Survey, a hypothesis could be set that a higher priority should be given to evaluating the relevance and necessity to establish the overall startup support, rather than to discussing the supply-demand gap of BDS for startup companies

<sup>58</sup> As discussed in Section 2.3, BDSPs able to provide services comprehensively are limited. In this situation, further segmentation of the BDS provision areas may cause their limited internal resources to disperse, thereby reducing the service quality.

<sup>59</sup> Although the Survey did not attempt to analyze this, as mentioned in Section 2.3, companies even on the same scale are likely to show the different BDS needs depending on the educational level, growth-oriented mindset, etc. of business owners.

according to their growth stage. As later mentioned in Section 2.5, it may be noted that support in the creation/diversification of income sources for farmers and business formation by farmers' groups consist of the major intervention areas in projects of other donor agencies as well as activities of international and local NGOs, suggesting that the needs for BDS in these areas are reasonably strong.

### 2.4.3 Challenges in Balancing Supply and Demand in BDS Market in Tanzania

Based on the results of the hypothesis verification reported above, this subsection clarifies the gap factors in the BDS market in Tanzania that should be eliminated. In other words, the current subsection presents and analyzes the bottleneck challenges in balancing the BDS supply and demand in the country.

#### (1) Summary of Hypothesis Verification

Table 2.4-2 summarizes the results of the hypothesis verification reported in Subsection 2.4.2.

Hypotheses 1 and 2 proved to be the very important factors generating gaps between the BDS supply and demand. Furthermore, the verification analysis concluded that the "variation in service quality among BDSs" was, although not initially hypothesized, also the significant gap-factor. These are the fundamental factors that inhibit consistency between the supply and demand in the BDS market and thus should be eliminated on a priority basis.

As for Hypothesis 3, the analysis confirmed the new factor as well, causing a discrepancy between the provided areas of the current BDS and the business challenges of companies. In light of the significance of addressing such bottleneck issues, the elimination of this factor should be the second priority following the factors in Hypotheses 1 and 2.

Conversely, the importance of Hypotheses 4 and 5 was not verified. The gap-factors concerning the characteristics of different regions and industries are negligible and hence the necessity to narrow down them should be low. Although a clear gap exists between the supply and demand in BDS to medium and large enterprises, the gap should not be a serious issue to be addressed, at least in the short term.

Therefore, the Survey considers the gap-factors concerning Hypotheses 1 to 3 to be the most significant challenges that should be solved to balance the BDS market in Tanzania. It should be noted that the factor regarding BDS for medium and large companies mentioned above is likely to become a serious challenge in the middle to long term, and hence, the Survey does not exclude it from coverage of the cooperation measures. It would still be possible to apply the analysis on the challenges below in that case too.

Table 2.4-2 Hypotheses for Factors of Gaps between BDS Supply and Demand (Verification Results)

Gap	Factor Group (Hypothesis)	Factor (Hypothesis)
D < S D ≠ S	1 Lack of BDS demand and coordination for BDS	<ul style="list-style-type: none"> <li>- Companies have little recognition of and interest in BDS.</li> <li>- Appropriate BDS cannot be introduced to companies because of the limited ability of BDSPs to identify genuine challenges/needs of the companies.</li> <li>- Supply and demand of BDS cannot match due to a lack of systematically organized information about BDSPs.</li> <li>- There is no function to bridge supply and demand of BDS.</li> <li>- There is a lack or insufficiency of a framework/platform for BDSPs to collaborate and share information/knowledge/expertise with one another.</li> <li>- <b><u>There is a variation in service quality among BDSPs.</u></b></li> </ul>
	2 Inconsistency between the needs of companies and conditions of BDS provision	<ul style="list-style-type: none"> <li>- Companies' capacity and willingness to pay for BDS are low.</li> <li>- BDS fees exceed the WTP level of companies.</li> <li>- Forms and methods of BDS provision do not match the needs of companies.</li> <li>- There is a lack or insufficiency of the opportunity where companies and BDSPs share their needs and constraints regarding the use and provision of BDS with each other.</li> <li>- <b><u>There is a variation in service quality among BDSPs.</u></b></li> </ul>
D > S	3 Lack or uneven distribution of BDS provision in terms of service areas	<ul style="list-style-type: none"> <li><del>There are few BDSPs that can provide specific areas of BDS attracting huge demand from companies or addressing serious challenges faced by them.</del></li> <li><del>Even if such BDSPs exist, their service quantity and quality are inadequate.</del></li> <li>- <b><u>BDS provision is inadequate to meet companies' needs and solve their bottleneck business challenges when BDS is classified into specific areas.</u></b></li> </ul>
	4 <del>Lack or uneven distribution of BDS provision in terms of regions</del>	<ul style="list-style-type: none"> <li><del>There are few BDSPs in a particular region that can provide specific areas of BDS attracting huge demand from companies or addressing serious challenges faced by them.</del></li> <li><del>Even if such BDSPs exist, their service quantity and quality are inadequate.</del></li> </ul>
D > S D ≠ S	5 Lack or uneven distribution of BDS provision in terms of targets	<ul style="list-style-type: none"> <li><del>Quantity and quality of BDS are not sufficient for particular industries.</del></li> <li>- There are many BDSPs able to support small companies, but insufficient BDSPs that can provide BDS for medium and large companies (<i>Yet, priority is low to respond to this factor in the short term; the mid- and long-term measures would be necessary</i>).</li> <li>- BDSPs are enough to support startup companies in the early stage but inadequate to render BDS for those in the later stage venturing into the new businesses (<i>The hypothesis was not able to be verified due to the contradictory evidence. Converseh, it can be hypothesized that Tanzania would need to consider analyzing gap factors of supply and demand in the overall startup support; rather than discussing the gaps in line with the growth stage of startup companies</i>).</li> </ul>

Note: Two lines crossing out the gap factors mean that they were not confirmed, whereas bold-cum-underlined sentences involve those which were not initially hypothesized but deemed important based on the analysis results. Sentences with italic and underlined fonts are remarks.

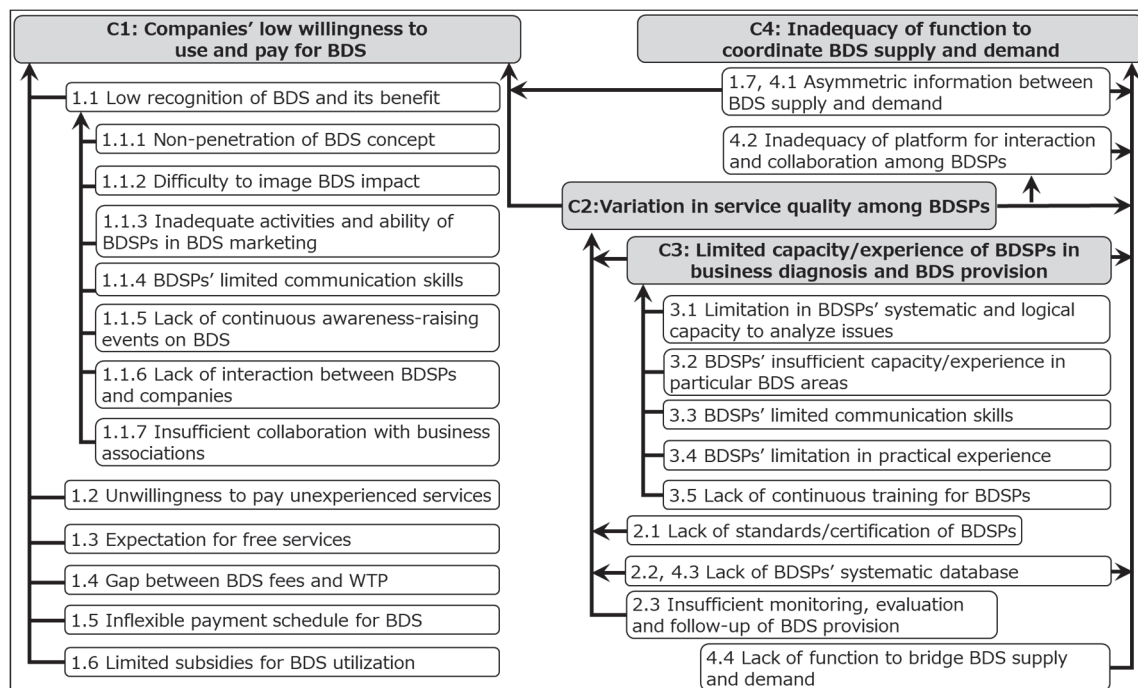
Source: Prepared by JICA Survey Team

## (2) Summary of Challenges

The gap-factors concerning Hypotheses 1 to 3, or the bottleneck challenges in the BDS market in Tanzania, are reorganized as follows. Additionally, Figure 2.4-1 presents the systematic relations among the factors causing these challenges.

- Challenge 1: Companies' low willingness to use and pay for BDS
- Challenge 2: Variation in service quality among BDSPs

- Challenge 3: Limited capacity/experience of BDSPs in business diagnosis and BDS provision
- Challenge 4: Inadequacy of function to coordinate BDS supply and demand



Note: A factor/challenge from which an arrow starts causes the factor/challenge at which the arrow arrives. "C" denotes challenge.  
Source: Prepared by JICA Survey Team

Figure 2.4-1 Systematic Relations among Challenges in BDS Market

Challenge 1 is a demand-side issue, whereas Challenges 2 and 3 concern a supply-side problem in the BDS market. Challenge 4 exists in between the supply and demand of the market.

Challenges 1 and 4 are fundamental issues in the BDS market, and hence, they should be situated at the higher tier among the four. In other words, Challenges 2 and 3 are also the factors behind the other two challenges; especially, Challenge 2 is an important and direct factor of Challenges 1 and 4. Challenge 3, which is located lowest among the four challenges in the systematic relations, is a part of the factors causing Challenge 3, and it should be addressed to promote the capacity development of BDSPs.

#### 1) Challenge 1: Companies' low willingness to use and pay for BDS

As mentioned earlier, Challenge 1 is an issue on the demand side of the BDS market in Tanzania. The challenge consists of the gap-factors in Hypothesis 2 combined with those which involve the BDS demand in Hypothesis 1. The fundamental factor preventing the creation and expansion of the BDS demand is the low willingness of companies to utilize and pay BDS. Furthermore, variation in service quality among BDSPs (Challenge 2) and asymmetric information in the BDS market (Factors 1.7 and 4.1) directly cause

### Challenge 1.

A particularly important factor of Challenge 1 is companies' low recognition of BDS and its benefit (Factor 1.1). It is hence indispensable to comprehensively tackle the causes (Factors 1.1.1 to 1.1.7) of Factor 1.1. Although Factors 1.2 to 1.4 could be addressed by eliminating Factors 1.1.1-1.1.7, Factors 1.1 to 1.4 are positioned at the same level in the systematic relations by dividing them into "willingness to use (Factor 1.1)" and "WTP (Factors 1.2 to 1.4)." Likewise, provision of subsidies for BDS utilization (Factor 1.6) could contribute partially to eliminating Factors 1.2 to 1.4; however, the former also stands at the two-digit level as it could offer solutions both for "willingness to use" and "WTP" of BDS.

Dealing with Factor 1.5 carries weight in addressing Challenge 1 in that the factor concerns cashflow issues including cash shortages of companies, one of their bottleneck business challenges identified in Section 2.2. An issue that "*there is the case where some micro and small companies cannot simply afford to pay for BDS because of their weak financial capacity*" raised in Subsection 2.4.1 is considered to exist behind Challenge 1 as well. Notwithstanding, the issue is not shown in this systematic relations of the challenges/factors, due to the difficulty to control the companies' capital and to the fact that BDS development would become one of the solutions for this issue, involving a sort of dependent variables.

### 2) Challenge 2: Variation in service quality among BDSPs

Due to the variation in service quality among BDSPs, a business would employ low-quality or repugnant BDSPs. If such BDSPs offer the services at a significantly lower rate than the standard, market distortion may occur. Resolving Challenge 2 would have a significant effect because it is a crucial component of Challenges 1 and 4, which are basic issues in the BDS market. The challenge also causes a negative spiral concerning the BDS demand and companies' growth depicted in Figure 2.3-10.

Limitation in capacity and experience of BDSPs in Challenge 3 is the primary factor of the quality variation of BDSPs. As discussed in Subsection 2.4.1, it is easy for anyone to enter the market of BDS whose standards and certification criteria/system are inexistent, thereby leading to the variation in service quality among BDSPs. Furthermore, even if such a certification system or certified BDSPs do not exist, the development of a database of BDSPs (Factors 2.2 and 4.3) that have met the certain standards would make it easier both for the government to select and refer to appropriate BDSPs, and for companies, if granted access, to reduce the information-search cost and risk of using low-quality and disreputable BDSPs. In combination with the above, improving and extending the systematic monitoring and evaluation system for BDS provision and post-provision follow-up (Factor 2.3) would largely be able to narrow down the quality variance among BDSPs.

### 3) Challenge 3: Limited capacity/experience of BDSPs in business diagnosis and BDS provision

Challenge 3 involves the quality<sup>60</sup> of the BDS supply. As mentioned earlier, the challenge is positioned at the lowest tier among the four challenges in the systematic relations, and thus, solving Challenge 3 would exert a large impact on addressing the other three challenges.

Limitation in BDSPs' systematic and logical capacity to analyze issues (Factor 3.1) is a direct cause of their insufficient capability for business diagnosis. This capacity is to identify root causes of a challenge by analyzing it from comprehensive viewpoints and systematically organizing various factors existing behind the challenge. Such comprehensive viewpoints may include the aspects of a corporate strategy, other strategies in each business management element under the corporate strategy, knowledge and experience about specialized fields other than the own expertise, market needs, a business flow/supply chain of a company, and financial statements. Moreover, the capacity to systematically analyze a challenge entails abilities in logical-thinking, which should be enhanced as a basic capability of BDSPs.

BDSPs' insufficient capacity/experience in the particular BDS areas (Factor 3.2) mainly involves a limitation in it in the areas of a) formulation of a corporate strategy, b) preparation of a marketing strategy, c) financial analysis, d) formulation of an employee training plan, and e) introduction of ICT in business management that are pointed out in Subsection 2.4.1. As indicated in Section 2.3, many BDSPs are not confident in providing their services in a) and c) above. Furthermore, competent BDSPs able to provide services in b) and c) are limited. Especially, in the area of c), BDSPs must enhance capacity and experience addressing the "unclear and inappropriate break-even-point sales (inadequate understanding and analysis of costs)" and "lack of cashflow management" of a company, which are concluded in Section 2.2 as one of the bottleneck business challenges of Tanzanian micro and small companies.

The factors above in conjunction with those causing insufficiencies of the BDS demand of Challenge 1 suggest that it would be effective to expand the overall BDS market in Tanzania if BDS in the areas above were provided while enhancing WTP of companies at the same time. More precisely, the design and provision of BDS in the areas of a) to c) above should cover elements for which companies' WTP is relatively high, including facilitation in access to finance, creation of direct market linkage, cost reduction, preparation of financial statements, etc. It should be noted that ability regarding a) to c) above in addition to monitoring and evaluation is indispensable to formulate a business plan, one of the main support components for the facilitation of access to finance. Areas d) and e) are also significant in realizing long-term and continuous growth of both the BDS supply and demand, as these are considered to be new and potential markets for many BDSPs.

Communication skills of BDSPs in Factor 3.3 include capabilities to clearly and logically explain in an easily understandable way, listen attentively to people, delve into their true opinions, maintain professional

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<sup>60</sup> It may involve the number or the "quantity" of high-quality BDSPs: however, the challenge here also regards it as the "quality."



attitude and behavior, etc. Additionally, BDSPs should enhance their abilities to “reconcile different opinions with a customer,” “communicate benefits of implementing the solution while clarifying possible loss by opting for status-quo,” and “present themselves not only as an actor to identify the challenges, but also as a contributor who can solve these challenges” in the process of analyzing the challenges and proposing the solutions (BDS). These also help resolve Challenge 1, although partially (Factor 1.1.4).

The limitation on BDSPs’ practical experience (Factor 3.4) mostly applies to university teachers and government employees. On the other hand, the absence of continual training for BDSPs (Factor 3.5) refers to a lack of opportunity for BDSPs to maintain/update their expertise and be continuously reeducated. This opportunity is vital for BDSPs to aim for capacity enhancement; in the BDSP Survey, many of them cited a lack of this opportunity as a significant barrier to their service delivery.

#### 4) Challenge 4: Inadequacy of function to coordinate BDS supply and demand

As stated previously, Challenge 4 exists between the BDS market’s supply and demand. Even if the demand for BDS is high and there are BDSPs able to provide high-quality services at a reasonable rate in response to such demand, the absence or deficiency of a coordination function between the BDS supply and demand in the presence of asymmetric information renders the BDS market imperfect (Factors 1.7 and 4.1). This issue must be addressed in order for the BDS market to grow sustainably.

As discussed in Subsection 2.4.1, the variation in service quality among BDSPs together with asymmetric information between the supply and the demand may inflict a loss of companies from receipt of BDS or distrust for BDS, as well as generate mistrust among BDSPs with one another causing their collaborative action not to easily take place. Thus, they largely damage the function to coordinate the supply and demand in the BDS market. The same is also applied to the insufficient capacity and experience of BDSPs in Challenge 3.

Other significant factors of Challenge 4 include the inadequacy of a platform for interaction and collaboration among BDSPs (Factor 4.2), the lack of BDSPs’ systematic database (Factors 2.2 and 4.3), and the absence of a function to bridge the BDS supply and demand (Factor 4.4). Among them, Factor 4.2 is partially caused by the quality variation of BDSPs in Challenge 2.

## 2.5 Collection and Analysis of Information on BDS Support of Other Donor Agencies in Tanzania

This section describes the activities and results of collecting and analyzing data on other donor agencies’ support to the BDS sector in Tanzania.

### 2.5.1 Activities

Table 2.5-1 shows the list of the donor agencies and implementing organizations interviewed in this survey

activity.

Table 2.5-1 List of Interviewed Agencies and Organizations

	Agency/Organization	Project	Project Period
1	Global Affairs Canada	Tanzania Local Enterprise Development (T-LED)	Phase 1: 2016-2020 Phase 2: 2021-2025
		Strengthening Small Business Value Chains (SSBVC) Project	2015-2021
		Feminist Entrepreneurs Growing Green Economy Project	2021-2027
2	Cuso International	T-LED	Phase 1: 2016-2020 Phase 2: 2021-2025
3	Mennonite Economic Development Associates (MEDA)*	SSBVC Project	2015-2021
4	Foreign, Commonwealth and Development Office (FCDO)	Africa Enterprise Challenge Fund (AECF)	2008-2022
5	USAID	ENGINE	2016-2020
		Private Sector Strengthening Activity (PSSA) Program	2022-2025
6	World Bank (WB)	Private Sector Competitiveness Project	2005-2018
		Agribusiness Entrepreneurship Program	2014-2022
7	European Union, European External Action Service (EU-EEAS)	Funguo Innovation Program	2022-2024
8	International Trade Centre (ITC)	EU-East African Community (EAC) Market Access Upgrade Programme (MARKUP)	2018-2022
9	United Nations Industrial Development Organization (UNIDO)	Industrial Upgrading and Modernisation Project (IUMP)	2012-2015
		Programme for Inclusive and Sustainable Industrial Development (PISID)	2018-2022
		Programme for Country Partnership (PCP)	2020- (planning in the process)
10	United Nations Development Programme (UNDP)	Strengthen MSME Capacity to Improve Competitiveness in Domestic, Regional, and International Markets for Selected Value Chains	2010-2022

Note: \*Interview was conducted with former staff.

Source: Prepared by JICA Survey Team

Conducting a desktop survey in the home country, and in-person or online interviews in Tanzania, the JICA Survey Team gathered information on the projects of other donor agencies that have supported or have been supporting the BDS sector of the country in recent years. First, a desktop survey was conducted on 23 projects to comprehend the outlines, target regions, target industries, and target areas of BDS. Based on the findings of the desktop survey, the team performed interviews with the ten donor agencies and implementing organizations specified in Table 2.5-1 for the projects deemed highly relevant to the cooperation measures to be proposed in the Survey.

## 2.5.2 Results

### 2.5.2.1 Results of Analysis

This subsection presents the results of the analysis of 23 projects by 16 donor agencies<sup>61</sup> for which information was collected through the desktop survey and the interviews, including the (1) target regions, (2) target industries and beneficiary companies, (3) target areas of BDS, and (4) issues recognized by donor agencies.<sup>62</sup>

#### (1) Target Regions

Table 2.5-2 shows the status of other donor projects by region. Although the number of implemented projects vary slightly by region, all the eight regions are found to have a certain number of the projects implemented by other donor agencies. The region with the highest number of the projects is Arusha where 16 projects have been implemented. Mbeya and Morogoro follow it with 14 projects each.

Kilimanjaro and Singida are the regions with a relatively small number of the projects, with nine projects each.

#### (2) Target Industries and Beneficiary Companies

Table 2.5-3 presents the status of other donor projects by target industry. Of the 23 surveyed projects, 19 target beverage and food processing and 17 cover agriculture, forestry and fisheries. Most of these projects rather aim for agribusiness or agricultural value chains, including services and leather products industries as a part of them.

Meanwhile, the Korea International Cooperation Agency (KOICA)'s Project for "Empowering Adolescent Girls and Young Women through Education in Tanzania" and the EU-EEAS's "Funguo Innovation Program" (hereinafter referred to as "Funguo") do not limit the target by industry but focus on women and startups, respectively. Several projects launched after 2021, such as T-LED by the Global Affairs Canada and the PSSA Program (hereinafter referred to as "PSSA") by USAID, also target startups and innovative companies.<sup>63</sup> The number of projects targeting such companies seems to be increasing in recent years.

In terms of the size of companies, the majority of the projects target startups, micro or small companies, whereas the SSBVC Project of the Global Affairs Canada (hereinafter referred to as "SSBVC") takes a

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<sup>61</sup> They include the implementing organizations. The results of the interviews with the implementing organizations are included in the result of the corresponding donor projects.

<sup>62</sup> The Tanzanian Innovation System (TANZIS) by the Finnish International Development Agency and PCP by UNIDO are still under planning. The target industries and areas of BDS are yet to be determined. The EU-EEAS's Funguo Innovation Program is also in the early stage of implementation, and the details of support, particularly in the area of BDS, have not yet been finalized.

<sup>63</sup> Companies that work to create new value and social impact through innovation (creation of new products, introduction of new production methods, development of new sellers and consumers, acquisition of new sources of supply, and realization of new organizations).

unique approach to target Lead Firms<sup>64</sup> and suppliers to the Lead Firms.

(3) Target Areas of BDS

Table 2.5-4 illustrates the status of other donor projects by target area of BDS. The most major area is access to finance, in which 13 projects provide support. It is then followed by marketing and financial management, which are covered for support in nine projects each. Alternatively, organizational and human resource management, ICT, and corporate strategy/management remain at three, four, and five projects, respectively.

In terms of the forms of BDS provision, coaching and mentoring are often offered in addition to training and guidance. Regarding marketing, the donors render strategy development and advice, and implementation support. Moreover, T-LED and the UNDP's "Strengthen MSME Capacity to Improve Competitiveness in Domestic, Regional, and International Markets for Selected Value Chains (hereinafter referred to as "UNDP project")" address the improvement in market access by providing opportunities for companies to exhibit at trade fairs.

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<sup>64</sup> Companies that are at the core of the value chain, with many upstream and downstream transactions in the chain.

Table 2.5-2 Status of Other Donors' Projects by Region

	Donor Agency	Project	Implementing Region							Number of Projects		
			DSM**	Arusha	Kilimanjaro	Singida	Dodoma	Mbeya	Mwanza		Morogoro	Other
1	Danish International Development Assistance (DANIDA)	Agricultural Markets Development Trust		● (SF)**		● (SF)	● (SF)		● (Maize)			SF: Iringa, Kagera, Katawi, Kigoma, Lindi, Manyara, Mtwara, Njombe, Rukwa, Shinyanga, Simiyu, Songwe, Maize: Iringa, Ruvuma.
2	Finnish International Development Agency (FINNIDA)	TANZIS										(Planning in the process)
3	FCDO	AECF	●	●					●			Iringa, Shinyanga, Tanga, Zanzibar, etc.
4	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	Incubator for Integration and Development in East Africa	●	●					●			Kigoma, Manyara
5	Global Affairs Canada	T-LED							●			Iringa, Lindi, Mtwara, Njombe, Shinyanga
6		SSBVC	●	●	●	●	●	●	●			Iringa, Lindi, Mtwara, Pwani, Njombe, Songwe, Manyara, Tanga
7	KOICA	Feminist Entrepreneurs Growing Green Economy Project		●	●	●	●	●				Iringa, Manyara, Njombe, Simiyu, Shinyanga, Tabora
8		Project for Empowering Adolescent Girls and Young Women through Education in Tanzania		●						●		Kasulu (Kigoma); Mkoani (Pemba), Ngorongoro (Arusha), Sengerema (Mwanza)
9	Swedish International Development Cooperation Agency (SIDA)	Private Agricultural Sector Support	●***	●***					●***	●***	●***	Kigoma, Mtwara***
10	Swiss Agency for Development and Cooperation (SDC)	Rural Inclusive Sustainable Enterprises Project										
11	USAID	ENGINE							●			Iringa, Zanzibar
12		PSSA							●			Iringa, Zanzibar
13	WB	Private Sector Competitiveness Project	●***	●***					●***	●***	●***	Kigoma, Mtwara***
14		Agribusiness Entrepreneurship Program	●	●	●	●	●	●	●	●	●	Whole country
15	EU-EEAS	Funguo	●	●	●	●	●	●	●	●	●	Whole country
16	ILO	SKILL-UP Tanzania	●	●								Zanzibar
17	ITC	MARKUP	●	●	●	●	●	●	●	●	●	Whole country (particularly, Arusha, Mbeya, Njombe)
18		Supporting Indian Trade and Investment for Africa	●	●			●					Arusha, Kagera, Iringa
19	United Nations Capital Development Fund (UNCDF)	Inclusive Digital Economies	●	●	●	●	●	●	●	●	●	Whole country
20	UNDP	UNDP project	●	●	●	●	●	●	●	●	●	Whole country
21		IUMP	●	●	●	●	●	●	●	●	●	Whole country
22	UNIDO	PISID	●	●	●	●	●	●	●	●	●	Whole country
23		PCP					●					Zanzibar (Planning in the process)
<b>Number of Projects</b>			<b>13</b>	<b>16</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>14</b>	<b>11</b>	<b>14</b>	<b>14</b>	<b>-</b>

Note: \*DSM: Dar es Salaam \*\*SF: Sunflower oil \*\*\*Regions where they are based. The target is the whole country.

Source: Prepared by JICA Survey Team based on the website of each agency and the interview results

Table 2.5-3 Status of Other Donors' Projects by Industry

Donor Agency	Project	A. Manufacturing												B Industry (except agriculture, forestry and fishing)	C Agriculture, Forestry and Fishing	D Service (business oriented)	E Service (non- business oriented)	Remarks					
		1 Beverages and food products	2 Wearing apparel/ Textiles	3 Furniture/ Wood and wood products and cork	4 Metal and non- metal/ Fabrication	5 Electric equipment/ Computer, electronic and optical metal	6 Leather and related products	7 Repair and installation of machinery and equipment	8 Machinery and equipment n.e.c.	9 Chemical and chemical products	10 Rubber and plastic products	11 Motor vehicles, trailers and semi- trailers/ Other transport equipment	12 Pharmaceutical and chemical products						13 Other manufacturing				
DANIDA	Agricultural Markets Development Trust	●													●			Sunflower oil, Maize, Pulse VC*					
FINNIDA	TANZIS																	(Planning in the process)					
FCDO	AECF	●										●						Service: Logistics, Lease					
GIZ	Incubator for Integration and Development in East Africa	●													●								
	T-LED	●	●												●			Startups					
Global Affairs Canada	SSBVC	●													●			Crops, Sunflower oil, Dairy products, Briquet, Horticulture, Construction, Mining**					
	Feminist Entrepreneurs Growing Green Economy Project	●													●								
KOICA	Project for Empowering Adolescent Girls and Young Women through Education in Tanzania	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	Utilization of local resources (no restrictions by industry)					
SIDA	Private Agricultural Sector Support	●													●			Agribusiness					
SDC	Rural Inclusive Sustainable Enterprises Project	●													●			Agribusiness					
USAID	ENGINE	●													●			Agribusiness, Startups					
PSSA	Private Sector Competitiveness Project	●													●			Agribusiness					
WB	Agribusiness Entrepreneurship Program	●													●			Agribusiness, Startups					
EU-BEAS	Funguo	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	Agribusiness					
ILO	SKILL-UP Tanzania	●													●			Startups					
ITC	MARKUP	●													●			Tourism					
	Supporting Indian Trade and Investment for Africa														●			Coffee, Tea, Spices, Horticulture VC					
UNCDF	Inclusive Digital Economies	●													●			Agriculture input, Garment, Leather					
UNDP	UNDP project	●													●			Agribusiness					
	IUMP	●													●			Mainland: Horticulture Zanzibar: Seaweed					
UNIDO	PCP	●													●			Dairy Products, Cooking oil refinery, Fruits and vegetable processing, Flower petal processing					
	PCP	●																(Planning in the process)					
	PCP	●																Sunflower oil, Seaweed VC					
		<b>Number of Projects</b>		19	3	2	2	2	2	2	2	3	2	2	2	2	2	3	4	17	8	3	-

Note: \*VC: Value Chain \*\*Mining was excluded from the target industries due to changes in the government policy.

Source: Prepared by JICA Survey Team based on the website of each agency and the interview results

Table 2.5-4 Status of Other Donors' Projects by Area of BDS

Donor Agency	Project	1 Diagnosis/ Consultation	2 Corporate Strategy/ Management	3 Marketing	4 Financial Management	5 Organizational and Human Resource Management	6 Production Technique	7 Production Management	8 ICT	9 Access to Finance	Details of Support, Remarks
DANIDA	Agricultural Markets Development Trust			●			● (Agriculture)	● (Agriculture)			Advocacy, Seeds production, etc.
FINNIDA	TANZIS										(Planning in the process)
FCDO	AECF	●	●	●						●	Financial support, Coaching, Seminars, Networking, and Management support through online learning
GIZ	Incubator for Integration and Development in East Africa									●	Financial support
	T-LED	●		●	●		●	●		●	Exhibition support
Global Affairs Canada	SBVC	●	●	●	●		●	●		●	Financial support for capital investment, Business matching
	Feminist Entrepreneurs Growing Green Economy Project										
KOICA	Project for Empowering Adolescent Girls and Young Women through Education in Tanzania			●	●		●	●		●	Life skills
SIDA	Private Agricultural Sector Support				●		●			●	Agriculture-related knowledge, Business matching
SDC	Rural Inclusive Sustainable Enterprises Project									●	Business competition
USAID	ENGINE		●	●	●					●	Service design, International food standards, Global GAP, Training, Facilitation skills, Networking
	PSSA							●		●	Support of private organizations
WB	Private Sector Competitiveness Project										Business registration and licensing
	Agribusiness Entrepreneurship Program			●	●		●	●		●	Mentoring, Coaching, Networking, Provision of market information
EU-EEAS	Funguo										Innovation support, Incubation and acceleration, Creation of linkages with investors, BDS provision through incubation programs (under planning)
ILO	SKILL-UP Tanzania										Training on trade requirements and procedures, Provision of information on the EU markets, Development of export strategies, Exhibition participation
ITC	MARKUP	●	●	●	●	●	●	●		●	Innovation support
	Supporting Indian Trade and Investment for Africa										Hands-on support and advice, Training and support on international standards
UNCDF	Inclusive Digital Economics				●					●	
UNDP	UNDP project		●	●	●		●			●	
	IUMP	●	●								
	PISID										
UNIDO	PCP	●	●								(Planning in the process)
	PCP	●	●								
<b>Number of Projects</b>		<b>6</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>3</b>	<b>8</b>	<b>7</b>	<b>5</b>	<b>13</b>	<b>-</b>

Source: Prepared by JICA Survey Team based on the website of each agency and the interview results

## (4) Issues Recognized by Donor Agencies

Table 2.5-5 summarizes issues raised by the donor agencies and their initiatives to address the issues in terms of the 1) issues on the BDS supply side, 2) issues on the BDS demand side, and 3) others.

Table 2.5-5 Issues Recognized by Donor Agencies and Example Initiatives to Address them

Issues		Example Initiatives
1) Issues on the BDS supply side		
a.	BDSPs are undersupplied in terms of both quantity and quality. Furthermore, there is a need to balance two types of BDS: general BDS and BDS for the specific needs. Technical capacity building of BDSPs, a training curriculum and system, and service delivery guidelines and price standards for BDSPs are also in demand. Moreover, a certification system or an evaluation system by users is desired to ensure the quality of BDSPs.	<ul style="list-style-type: none"> <li>• 375 BDSPs were trained through various means in ENGINE.</li> <li>• In the UNDP project, 35 financial experts were trained in cooperation with the Institute of Rural Development Planning (IRDP). An international incubator provided hands-on training at IRDP.</li> <li>• MARKUP trained more than 100 BDSPs for such specific areas as packaging, productivity/quality management, and environment.</li> <li>• T-LED Incubation Hubs use the ILO's "Start and Improve Your Business" as a textbook when guiding entrepreneurs and companies. Incubators also use its teaching guide.</li> </ul>
b.	Many BDSPs are temporary. In particular, BDS provision through donor projects often ends with the termination of the projects. Therefore, a transition to a fee-based BDS system is required for sustainability.	<ul style="list-style-type: none"> <li>• ENGINE attempted to foster ownership on the local side by enhancing the capacity of local government authorities (LGAs) and transferring the management of "BizFundi," a matching application between companies and BDSPs developed by the project, to a local company.</li> <li>• Although T-LED used volunteers dispatched by the Voluntary Service Overseas (VSO), it now utilizes local resources, especially national volunteers, in collaboration with SIDO considering sustainability.</li> </ul>
2) Issues on the BDS demand side		
c.	Since many companies are unaware of BDS, awareness-raising activities are needed. In addition, companies themselves have an insufficient understanding of what kind of support is necessary and what support is available.	<ul style="list-style-type: none"> <li>• T-LED implemented outreach programs and conducted seminars in various places to raise awareness of BDS. T-LED Incubation Hub in Mwanza has conducted seminars for more than 500 people since 2021.</li> <li>• SSBVC took an approach that after MEDA diagnosed a company's problems, the company submitted a proposal for support based on the diagnosis results. This approach aimed at improving the company's ability to understand its own problems and promote ownership.</li> </ul>
d.	Companies do not value BDS properly. There is a lack of understanding of BDS's actual price and value, especially when provided by donor projects, NGOs, and universities, as they are often free of charge or only charge actual costs.	<ul style="list-style-type: none"> <li>• SSBVC and AECF* introduced the cost-sharing method. For instance, the firm paid a portion of the BDS fee, and SSBVC ensured that the firm paid the full amount for BDS, including the subsidized amount.</li> <li>• ENGINE implemented a matching grant through an e-coupon. It aimed at companies experiencing BDS and understanding the value of BDS.</li> </ul>
3) Others		
e.	Coordination and collaboration among donors need to be improved. Avoidance of duplication, and promotion of coordination and resource sharing are required.	<ul style="list-style-type: none"> <li>• Currently, information is only shared through donor meetings.</li> </ul>
f.	The duration of the projects is short. It takes time to achieve the expected impact. A minimum implementation period of five years is required.	<ul style="list-style-type: none"> <li>• SSBVC's long-term commitment to improving access to finance led to an accelerated increase in the number of loans each year: four in the first year, seven in the second year, and 19 in the third year.</li> </ul>
g.	Due to information asymmetry, companies and BDSPs need more information on each other.	<ul style="list-style-type: none"> <li>• ENGINE developed "BizFundi" to match companies and BDSPs.</li> </ul>

Note: \* Implemented through the Tanzania Agribusiness Window (TZAW), a program of AECF.

Source: Prepared by JICA Survey Team based on the interview results



### 2.5.2.2 Conclusion

Although there are differences in the number of the projects implemented in the regions, target industries, and target areas of BDS, there are no significant omissions. As for the regions, a reasonable number of the projects have been implemented in all the target regions, indicating that a fair amount of demand for support exists in any region. Regarding the target industries, support is concentrated in the agricultural value chains and agribusiness. Focusing on the support for the manufacturing and/or service sectors would differentiate it from other donors' projects.

In terms of the areas of BDS, many projects of other donors address marketing, financial management, and access to finance, seemingly reflecting their high demand. It may also be related to the fact that these areas of BDS are likely to create direct, short-term, and visible results. Conversely, less than half of the donor agencies support consultation/diagnosis, corporate strategy/management, and organizational and human resource management, which indicates that support in these areas is inadequate.

The issues commonly raised by the donor agencies are inadequate BDS sustainability and coordination among the donor agencies. In terms of ensuring the sustainability, initiatives such as the fee-based BDS, SSBVC's cost-sharing, and ENGINE's e-coupon, as well as ENGINE's involvement on the local side, can be good examples to follow. Moreover, creating a solid BDS market by stimulating the demand for BDS and enhancing the BDS provision is important.

Regarding the coordination, the donors expect JICA to set an opportunity to explain and exchange opinions on their project in the future. The donor agencies are positive about the cooperation and coordination. For example, there is a high potential for sharing resources with ENGINE, MARKUP, and/or the UNDP project by utilizing the human resources and their network trained and developed in those projects. Furthermore, events or outreach programs can be co-organized with T-LED and other organizations that maintain the wide local networks. Finally, Funguo has its own funding for startups and networks with investors. Therefore, JICA may be able to collaborate in the area of funding support for startups, if they are targeted in the cooperation measures.

## 2.6 Collection and Analysis of Information on Preceding Supports of JICA in Other Countries

This section reviews JICA's preceding supports in other countries specialized in BDS by classifying them into 18 perspectives. The classified information together with lessons learnt from each support serve as references for the cooperation measures in the area of BDS in Tanzania as proposed in Chapter 3.

### 2.6.1 Summary of Target Preceding Supports

The JICA Survey Team undertook an analysis of the JICA's preceding supports for BDS via a desk survey and partially an online interview in Japan. Table 2.6-1 shows the overview of the target JICA supports.

Table 2.6-1 Summary of Target JICA's Preceding Supports

Title	Implementation Period	Purposes
Project on Small and Medium Industry Development Based on Improved Service Delivery in Indonesia	March 2013-April 2016	- Preparation for expansion of the model for the small and medium industry development based on the efficient service delivery platform is arranged in the Ministry of Industry.
Project on Establishment and Promotion of Mentoring Service for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	Phase 1: April 2013-March 2016 Phase 2: September 2017-August 2020	- With the establishment of the mentoring system and its implementation, target SME support organizations improve their SME support capacities. - Mentoring service for SMEs is improved in terms of service contents and implementation structure, and inter-regional mentoring system is established.
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	Phase 1: April 2013-December 2016 Phase 2: July 2017-March 2022	- Framework and methodology for implementing KAIZEN for manufacturing enterprises are established and applied in project sites. - Capacity of MIIT/Tanzanian Kaizen Unit (TKU) and KAIZEN service providers (SIDO, College of Business Education (CBE) and private consultants) to promote KAIZEN to private enterprises in a sustainable manner is strengthened.
a) Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand b) Regional Integrated SME Promotion in Thailand	a) May 2013-May 2016 b) August 2016-December 2018	- The RISMEP mechanism is established by the Industrial Promotion Centers (IPCs) in the target provinces and functions effectively. - The RISMEP mechanism is established and functions effectively in all the 11 provinces where the IPCs are located and the methodology for disseminating the mechanism to surrounding provinces is established, so that the system to deliver locally available SME support services can be integrated to improve user convenience and service efficiency.
Project for Business Development Service (BDS) Enhancement for MSMEs in Palestine	October 2013-March 2017	- The framework that the National Experts deliver the BDS for MSMEs is established
Project on Quality and Productivity Improvement (KAIZEN) for SMEs in Cameroon	October 2015-July 2017	- BDS consultants in SME Promotion Agency are trained through a consultant training program. - SMEs in Cameroon are instructed by trained consultants and KAIZEN activities are introduced.
a) Project on Business Development Services (BDS) Enhancement for Enterprises Growth in Ethiopia b) Project for Establishing a Comprehensive Support System for Enhancing Firm Competitiveness in Ethiopia (First Period)	a) 2018-2021 b) 2021-2023 (Planned)	- Ethiopian MSMEs receive high quality BDS through BDSPs network in target areas. - Delivery mechanism of comprehensive consulting services for enterprises including KAIZEN provided by the Ethiopian KAIZEN Institute (EKI) as the Center of Excellence is established while utilizing BDSPs network with other public and private institutions, and the number of enterprises utilizing consulting service including KAIZEN increases.
Enterprise Development Project with Kaizen (First Period) in Ghana	February 2020-August 2022	- NBSSI,* referred to as Ghana Enterprises Agency (GEA) at present, and its support services for enterprise development are enhanced in the target areas.
Project for Enhancing Enterprise Competitiveness in Kenya (First and Second Periods)	First Period: June 2020-January 2022 Second Period: February 2022-January 2025 (Planned)	- An eco-system which enables growth of SMEs and start-ups is promoted within the targeted areas (and sectors).

Note: \*NBSSI denotes the National Board for Small Scale Industries.

Source: Prepared by JICA Survey Team based on Project Completion Reports and other reports of target supports

## 2.6.2 Results

The JICA Survey Team extracted BDS approaches from the nine<sup>65</sup> supports listed in Table 2.6-1 and classified the approaches into 18 perspectives. Additionally, the team summarized lessons learnt from the supports on BDS development. Analysis results of the classification and the lessons are illustrated as follows.

### 2.6.2.1 Classification of BDS Approaches

Table 2.6-2<sup>66</sup> presents the classification basis and its relevance with the target supports. The supports corresponding to the basis 1 to 18 are translated into the case of BDS approaches and analyzed in this subsection.

Table 2.6-2 Classification of BDS Approaches and Relevance with Target Supports

Classification Basis									
1	Cooperation with Private Companies and Other Actors	10	Evaluation/Certification System for BDSPs						
2	Characteristics of Beneficiaries	11	Standardization on BDS						
3	Use of Training Modules and KAIZEN	12	Public Relations on BDS						
4	Strategic/Planning Papers on BDS Provision/Use	13	Approaches on Charging/Cost-sharing for BDS						
5	Unique Approaches to BDS Provision	14	Developed/Used Tools/Guidelines						
6	Collection and Sharing of BDSP Information	15	Use of Digital Technology						
7	Division of Roles among BDSPs	16	Financial Cooperation/Access to Finance						
8	Networking of BDSPs	17	Support for Start-ups						
9	Function to Link BDS with Companies	18	Sustainability Assurance						
Classification of BDS Approaches and Relevance with Target Supports									
Classification Basis	Indonesia	Western Balkans	Tanzania	Thailand	Palestine	Cameroon	Ethiopia	Ghana	Kenya
1	●		●	●	●				
2		●	●	●	●	●		●	
3		●	●		●	●		●	
4		●		●	●	●			
5	●	●		●		●	●		
6	●			●	●				
7		●	●				●	●	
8				●					●
9	●			●				●	
10		●	●					●	●
11		●	●			●		●	
12		●	●	●	●	●		●	
13		●	●					●	
14	●	●	●	●					
15							●	●	
16						●	●	●	●
17								●	
18	●	●		●	●		●		

Source: Prepared by JICA Survey Team based on Project Completion Reports and other reports of target supports.

<sup>65</sup> The target supports are 11 in total, but these are calculated into nine by integrating the ones implemented as the succeeding supports in the same countries/regions.

<sup>66</sup> The titles of the supports are represented with the country/region name in Table 2.6-2 and in the main text below in this section.

The BDS approaches, which are useful for designing the cooperation measures, are summarized and reviewed per classification basis as follows.

(1) Cooperation with Private Companies and Other Actors

Basically, BDS is a private business based on market principles, where governments are required to play only a role in environmental arrangements for its development. Therefore, what matters in designing the cooperation measures in the area of BDS is whether cooperation with the private sector can be ensured with all kinds of efforts. As a reference, the following four supports have enabled an abundance of such partnerships.

Relevant Support	BDS Approach
Project on Small and Medium Industry Development Based on Improved Service Delivery in Indonesia	Project established and structured a mechanism to promote PPP in relation to the development of target industries.
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	Project tied up with Confederation of Tanzania Industries, Tanzania Private Sector Foundation, Tanzania Chamber of Commerce, Industry and Agriculture, and Export Processing Zone Authority.
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	Project collaborated with industry organizations such as the Association for the Promotion of Thai Small and Medium Entrepreneurs, Federation of Thai Industries and Thai Chamber of Commerce, and financial institutions such as Small and Medium Enterprise Development Bank of Thailand and Thai Credit Guarantee Corporation.
Project for Business Development Service (BDS) Enhancement for MSMEs in Palestine	Project included the Federation of Palestinian Chambers of Commerce, Industry & Agriculture and other business associations as the C/P organizations.

All the supports tied up with organizations such as the chambers of commerce, industry organizations, and financial institutions that affiliate plenty of private companies under their umbrella. The support in Palestine, in particular, included private organizations as the C/P organizations, and this approach is likely to be effective in terms of securing an active commitment from private organizations to the support.

(2) Characteristics of Beneficiaries

JICA regards human resource development as an important component of its support, and therefore, it is essential to carefully examine who were targeted and what functions they were expected to play in the preceding supports. The cooperation measures in Tanzania are likely to develop MSME consultants, business management instructors, consultants specialized in the four main areas of BDS, KAIZEN consultants, and window counselors. The following six supports provide reference information in this regard.

Relevant Support	BDS Approach
Project on Establishment and Promotion of Mentoring Service for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	<ul style="list-style-type: none"> <li>- Project fostered “mentors” who was supposed to guide MSMEs in the direction of further growth as a general home doctor while mediating private consultants with them to solve technical issues.</li> <li>- Project developed mentor trainers to train the mentors.</li> <li>- Project targeted staff of public organizations, partially including those of private companies.</li> </ul>
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	The majority of the target was the staff of public organizations, partially including those from private companies. Project developed three kinds of trainers: KAIZEN trainers, advanced KAIZEN trainers, and TOT KAIZEN trainers.
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	Project nurtured local government officers into facilitators who strengthened the function and sustainability of the BDSP network as well as coordinators who mediated between companies and network members. Project also developed central government officers into advisors who accommodated the introduction of the RISMEP mechanism.
Project for Business Development Service (BDS) Enhancement for MSMEs in Palestine	Project mainly developed the staff of private organizations and their member companies into 1) “NE*-General” who were equipped with knowledge and skills of more than average level in all training modules, and 2) “NE-Specialist” who had the specialty of advanced level in a single module. Project also targeted central/local government officers in the later phase.
Project on Quality and Productivity Improvement (KAIZEN) for SMEs in Cameroon	Mainly private consultants took part in Project, while a smaller number of the government staff were trained.
Enterprise Development Project with Kaizen (First Period) in Ghana	Project targeted Business Advisor (BA), a government officer whom GEA assigned by region.

Note \*NE demotes National Expert. NE was developed as a consultant who provided BDS to MSMEs.

All the six supports developed mainly government officers into trainers who supported MSMEs and BDS consultants. In this regard, the supports in Tanzania, Palestine, and Cameroon also promoted the development of private consultants and this is considered to be an effective approach to disseminate BDS as a private business. Some supports created networks of BDSPs and promote their use; however, no cases that facilitated strengthening of the organizational capacity of BDSPs were reported.

### (3) Use of Training Modules and KAIZEN

It is useful to refer to information on concrete training contents regarding BDS from the preceding supports when designing the cooperation measures in the area of BDS in Tanzania. The following five supports that conducted training on the four main areas of BDS and KAIZEN are particularly informative, as they fit into the area of interest of the Survey.

Relevant Support	BDS Approach
Project on Establishment and Promotion of Mentoring Service for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	<ul style="list-style-type: none"> <li>- Training consisted of classroom training, OJT, training for classroom training instructors, and training for OJT instructors.</li> <li>- Modules for the classroom training included 1) general theory of mentoring/mentoring for mature companies, 2) mentoring for start-ups, 3) marketing, 4) financial management/business plan, 5) production management, 6) human resource management, 7) communication skills, and 8) KAIZEN. 6) to 8) were added as newly identified issues.</li> </ul>
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	Project used the staff in charge of BDS in the SIDO regional offices who provided KAIZEN together with business guidance such as marketing, business management, and financial management.
Project for business development service (BDS) Enhancement for MSMEs in Palestine	<ul style="list-style-type: none"> <li>- Modules included 1) business/financial management, 2) marketing, 3) company diagnosis with production/sales management, and 4) company diagnosis with strategic management. 1), 2), and 4) were used for business courses, whereas 3) was taught in technical courses.</li> <li>- Each module consisted of seven-day lectures and company diagnosis/OJT guidance with special TOT for NEs who well performed.</li> </ul>
Project on Quality and Productivity Improvement (KAIZEN) for SMEs in Cameroon	Training included 5S, KAIZEN, company diagnosis, business plan preparation for access to finance, financial statement preparation, and gender issues.
Enterprise Development Project with Kaizen (First Period) in Ghana	Training included business strategy/management, marketing, financial management, business plan, KAIZEN, and financial cooperation.

Modules on the four main areas of BDS except organizational and human resource management were widely introduced. The module on financial management with focus on cooperation with financial institutions is of particular demand. It is also found that KAIZEN is highly demanded because four out of the five supports included it in their training content. This indicates that the approaches to strengthen the competitiveness of MSMEs by strategically pairing KAIZEN and cooperation with financial institutions are worth considering for the cooperation measures in the area of BDS.

#### (4) Strategic/Planning Papers on BDS Provision/Use

It is helpful to prepare basic policy papers such as strategic plans for BDS implementation to promote BDS provision and its use. For this, the following four supports that successfully stipulated the importance of BDS and its provision process in official government policies and measures are of good reference.

Relevant Support	BDS Approach
Project on Establishment and Promotion of Mentoring Services for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	Project first investigated MSME development strategies and measures of each target country and then determined approaches in exact accord with them. With this approach, Project successfully reflected the mentoring mechanism into government policies and measures with the aim to secure the budget.
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	Project prepared a guideline that included the RISMEP network creation process with six steps, the development process of integrated support services, and the process to create good practices.
Project for Business Development Service (BDS) Enhancement for MSMEs in Palestine	Project formulated "BDS Vision" and "BDS Action Plan" meant for further BDSP development with a focus to continue after the project termination.
Project on Quality and Productivity Improvement (KAIZEN) for SMEs in Cameroon	Project prepared a guideline including matching methods between consultants and companies and the way consultants, whether public or private, work effectively. Establishment of the matching methods started by consolidating a database.

All the supports introduced above attempted to put their developed strategies and plans in writing to secure the sustainability of their outcome even after the supports ended. It is notable that the support in the Western Balkans, which first investigated government strategies and then designed its approaches in exact accord with them, is considered to be very effective in enabling the institutionalization of project outcomes and budget securement to take place smoothly.

#### (5) Unique Approaches to BDS Provision

Naturally, approaches to BDS provision show wide varieties. Hence, external supports must employ the approaches that maximize the existing resources with profound account of the socio-cultural context. The following five supports have a combination of their own uniqueness in terms of the approach to BDS provision and general versatility, offering the high value in examining the cooperation measures.

Relevant Support	BDS Approach
Project on Small and Medium Industry Development Based on Improved Service Delivery in Indonesia	<ul style="list-style-type: none"> <li>- Project formulated a local working group consisting of the local government, BDSPs, companies, industry associations, and facilitators related to the promotion of target industries. The Ministry of Industry supervised and provided advice to the group.</li> <li>- The group prepared an action plan for target industry promotion, which not only included a plan on BDS provision but also covered active involvement from companies. In addition, it set objectives easily understandable for all concerned parties.</li> <li>- The group prioritized accumulating small, good practices and lessons learnt while implementing the action plan.</li> </ul>
Project on Establishment and Promotion of Mentoring Services for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	<ul style="list-style-type: none"> <li>- Serbia, a leading country, conducted a technical transfer to other target countries.</li> <li>- Project organized all mentor meetings and mentor awards co-hosted by three target countries as a platform to share good practices.</li> <li>- Project recruited and selected target companies for support through public offerings.</li> </ul>
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	<ul style="list-style-type: none"> <li>- Project installed a one-stop counseling service to find appropriate BDS.</li> <li>- BDSPs formed a team to complement the areas of support that a single BDSP cannot cover and brought good outcomes.</li> </ul>
Project on Business Development Services (BDS) Enhancement for Enterprises Growth in Ethiopia, Project for Establishing a Comprehensive Support System for Enhancing Firm Competitiveness in Ethiopia (First Period)	Project installed a one-stop window for the first screening where hundreds of MSMEs were to be sorted into manageable numbers so that counselors could mediate the selected MSMEs with consultants specialized in a certain field efficiently.
Project on Quality and Productivity Improvement (KAIZEN) for SMEs in Cameroon	<ul style="list-style-type: none"> <li>- Project put importance on BDS provision and BDS development, which required providing solutions through co-working with business owners and employees.</li> <li>- Project reduced costs by combining training for consultants with training provided by other development partners.</li> <li>- Project introduced three kinds of the monitoring system, namely, information-sharing-based monitoring via emails, gathering-based monitoring, and visit-based monitoring.</li> </ul>

What is common among all the supports is that they all involved the support provided not by a single BDSP but by a team that consisted of several concerned parties. Regarding the five supports above, it is worth examining the following attempts as a realistic approach: the introduction of BDS provision based on PPP, the development of a platform where several countries can integrate with each other, the establishment of team-based support using a BDSP network, and the cost sharing in collaboration with other development partners. The support in Indonesia, on the other hand, employed the approach to determine the target industries and accumulate small, good practices and lessons learnt while implementing the action plan for the target industries. This was a practical attempt where several BDSPs shared a certain action plan with assigned roles to achieve the common goals. This approach could be of great help in proceeding with the practical use of BDS in industry promotion and the visualization of outcomes in BDS supports, which are in general hard to see.

#### (6) Collection and Sharing of BDSP Information

The use of BDSPs should be promoted, whereby the market for BDS could be activated and business environment could be arranged for plenty of companies to enjoy the benefits of BDS. In proceeding with this, however, information on BDSPs must be prepared and disclosed, so that companies can efficiently access them. The following three supports that implemented the activities for collecting, consolidating, and sharing information on BDS provide valuable information in this regard.

Relevant Support	BDS Approach
Project on Small and Medium Industry Development Based on Improved Service Delivery in Indonesia	Project prepared a directory of BDSPs operating in the capital city and target regions, which was disclosed through the website of the Ministry of Industry.
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	Project prepared a database for both support policies/measures and experts in the forms such as website and printed materials in a bookbinder.
Project for Business Development Service (BDS) Enhancement for MSMEs in Palestine	Project prepared a booklet in which the profile and areas of specialty of NEs were illustrated and disclosed this information through the portal site for BDS provision.

The three supports introduced above have a commonality in terms of consolidating data of BDSPs for disclosure on the website. In Tanzania, this type of the common approach could be further developed in the form of more active attempts such as the introduction of online matching services, where BDSPs and companies could efficiently integrate with each other.

#### (7) Division of Roles among BDSPs

Division of roles among BDSPs could assume various forms. One such form installs a business



counselor who makes a diagnosis and determines a general direction for business improvement while having technical consultants solve concrete issues on site. The following four supports clearly divided the roles of BDSPs.

Relevant Support	BDS Approach
Project on Establishment and Promotion of Mentoring Services for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	JICA experts demonstrated consulting in the area that companies asked for as an activity to mediate technical consulting after mentoring.
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	SIDO was in charge of commercializing and providing KAIZEN consulting services while CBE managed to prepare eligibility requirements for trainers and design training methods.
Project on Business Development Services (BDS) Enhancement for Enterprises Growth in Ethiopia, Project for Establishing a Comprehensive Support System for Enhancing Firm Competitiveness in Ethiopia (First Period)	Project assigned each BDSP the specific roles. EKI, for instance, was in charge of BDS tailored to medium companies while TVET institutions provided BDS for targeted MSMEs.
Enterprise Development Project with Kaizen (First Period) in Ghana	Project clarified roles of BAC and BDSPs based on the level of BDS. Basically, BAC was in charge of providing BDS of basic level in the area of business management while BDSPs handled advanced BDS.

The support in the Western Balkans literally tested out BDS provision with a combination of a counselor for diagnosis and a technical consultant. The support in Tanzania set the structure for KAIZEN promotion where SIDO acted as KAIZEN consultants on site while CBE provided back-office support. The support in Ethiopia divided the roles of BDSPs according to the scale of the targeted company, whereas that in Ghana employed an approach to divide BDSPs into two kinds based on the levels of services consisting of the basic and advanced. It is key to employ an effective cooperation approach through careful considerations of capacity and constraints of the concerned parties and organizations to realize effective division of the roles among BDSPs.

#### (8) Networking of BDSPs

Creating a BDSP network is one of the agendas to be examined in designing BDS support. There is a formal style where BDSPs conclude a Memorandum of Understanding (MOU) for official networks while one window counselor mediates BDSPs to create loose concessions among them. The following two supports are of good reference in this regard.

Relevant Support	BDS Approach
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	<ul style="list-style-type: none"> <li>- Project introduced informal activities to provide administrative staff with opportunities for continuous daily communications.</li> <li>- Project established a service provision structure to enable several Industrial Partners (“iPs”) to operate services under the same name so that customers could enjoy the same services.</li> </ul>
Project for Enhancing Enterprise Competitiveness in Kenya (First and Second Periods)	<ul style="list-style-type: none"> <li>- There were many private BDSPs to support MSMEs and entrepreneurs such as the Chamber of Commerce and Association of Manufacturing Industry.</li> <li>- Project supported many MSMEs and entrepreneurs to grow their businesses by effectively promoting collaborations with the concerned organizations and strengthening the capacity of BDSPs, whether public or private.</li> </ul>

The support in Thailand strengthened the BDSP’s networking and branding strategy in line with the service provision structure so that several Industrial Partners (“iPs”) could operate under the same name and provide the same services to clients. In Kenya, commercial groups, such as the chambers of commerce and industrial associations, which represented a large number of enterprises under a single umbrella, took the initiative to promote BDSP collaborations effectively. Both supports deployed smart and effective network-building methods, and it is worthwhile to examine them for the cooperation measures in Tanzania.

#### (9) Function to Link BDS with Companies

Functions to bridge BDS and companies include counseling services, events for matching, online agent services, and facilitator services. The following three supports are considered to be good practices to use these bridging functions.

Relevant Support	BDS Approach
Project on Small and Medium Industry Development Based on Improved Service Delivery in Indonesia	Project not only functioned as a bridge linking target industries with the local working groups but also installed “facilitators” to coordinate and promote discussion, implementation, monitoring, and evaluation of the action plans.
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	Project installed a one-stop window for counseling and introduced appropriate BDS to companies.
Enterprise Development Project with Kaizen (First Period) in Ghana	Project is planning to develop an online platform with the capability of a BDSP database and communication promotion between BDSPs and MSMEs. Project is also considering introducing a system where the C/P organization dispatches BDSPs that meet the request of companies.

The support in Indonesia assigned a facilitator, while that in Thailand introduced a counseling window, both in an effort to increase coordination among companies that utilize BDS. In contrast, the support in Ghana is attempting to utilize an online platform to facilitate communication between companies and

BDSPs. Following this model, the cooperation measures in Tanzania might also encourage companies to use the system online, offline, or via a combination of the two to explore the appropriate BDS.

#### (10) Evaluation/Certification System for BDSPs

To develop the market for BDS, it is essential to create a business environment where the services to be provided ensure quality at a certain level. For this to be realized, however, an evaluation standard must be explicitly established so that BDSPs could get certified as an authentic service provider. The standard determines who certifies, when the certification expires, and what kind of conditions must be met for renewing the certification, all of which are to be integrated into a certification system. Furthermore, the impact on provided BDS and the client satisfaction level must be assessed to develop a healthy market for BDS. The following four supports are featured as examples that actually set a certification standard for BDSPs and conducted evaluations after BDS provision.

Relevant Support	BDS Approach
Project on Establishment and Promotion of Mentoring Services for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	<ul style="list-style-type: none"> <li>- Project designed and introduced a certification system for mentors, classroom trainers, and OJT trainers.</li> <li>- Certifications for a mentor, classroom trainer, and OJT trainer needed to be renewed in five years. Moreover, conditions for the renewal included participation in all mentor meetings, lectures as a classroom instructor, and OJT provision more than designated times in the past five years.</li> <li>- Project employed both self-evaluation and client satisfaction surveys to assess the impact generated after the BDS provision. JICA experts conducted surveys to beneficiary companies with the list of questions for interviews while mentors conducted self-evaluations with the same list.</li> </ul>
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	<ul style="list-style-type: none"> <li>- KAIZEN trainers got officially certified when MIIT registered them within three years after the training was completed. With this certification, they could enjoy privileges such as getting job offers for KAIZEN services and participation in knowledge-upgrading seminars. CBE was in charge of trainer development and certificate issuance while TKU supervised their registrations.</li> <li>- Trainers were required to renew their registrations every three years. For this renewal, consulting more than five times was required. Advanced trainers were required to conduct advanced-level consulting more than two times while trainers for TOT must organize training more than once.</li> </ul>
Enterprise Development Project with Kaizen (First Period) in Ghana	BDSPs pay fees for annual registration/renewal to GEA. GEA is considering systems for certification, registration, and evaluation of BDSPs at present.
Project for Enhancing Enterprise Competitiveness in Kenya (First and Second Periods)	<ul style="list-style-type: none"> <li>- Both master trainer candidates and trainer candidates were assessed from four perspectives: knowledge, skills, personality, and consultation achievements and got certified if they met the specified standard.</li> <li>- The impact evaluation calculated the extent of improvement by measuring changes between before and after the OJT per activities against fixed indicators.</li> </ul>

Regarding the certification process, it is common for applicants to be certified if they pass exams and meet acceptability criteria after acquiring BDS knowledge and skills through classroom lectures and OJT. It is considered to be proof that such an approach is effective to assess the ability of BDSPs with various backgrounds in an equitable manner. As an evaluation of BDS performance, the impact evaluation and the client satisfaction survey were widely implemented after the BDS provision. Additionally, the support in Western Balkans conducted a self-evaluation whereby BDSPs could objectively analyze their own service by comparing with the results of the client satisfaction survey. This method could particularly contribute to promoting quality improvements among BDSPs. Thus, the assessment from the multiple perspectives is likely to be effectual in terms of the capacity development of BDSPs.

#### (11) Standardization on BDS

It is important to standardize the flow and contents of BDS in its provision as well as its training. In this regard, the following four supports serve as useful references.

Relevant Support	BDS Approach
Project on Establishment and Promotion of Mentoring Services for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	<ul style="list-style-type: none"> <li>- Project emphasized adherence and sharing of a standard mentoring process.</li> <li>- Project introduced institutions, curricula, and training materials in common among four target countries and promoted the integrated brand throughout the countries.</li> </ul>
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	<ul style="list-style-type: none"> <li>- Project prepared three guidelines on KAIZEN dissemination and promotion, KAIZEN consulting service, and KAIZEN human resource development, which were periodically updated.</li> <li>- Project visualized what had been already practiced on site and standardized them with some necessary arrangements in updating the guidelines.</li> </ul>
Project on Quality and Productivity Improvement (KAIZEN) for SMEs in Cameroon	Project improved the sustainability and repeatability of training by providing packaged training on BDS that was to be standardized on a weekly basis to MSMEs.
Enterprise Development Project with Kaizen (First Period) in Ghana	Project prepared manuals and templates on BDS to resolve variabilities in ability and experience among BDSPs. With similar manuals and templates, Project promoted the standardization of support on access to finance as well.

Regarding the standardization of BDS provision, it is common practice to proceed with the preparation and amelioration of institutions, curriculum, training materials, training contents, manuals, and templates. The support in Tanzania, in particular, advanced with necessary arrangements on visualized practices on site for standardization. The flow of BDS provision could obtain feasibility with this type of approach that develops a manual through on-site practices.

## (12) Public Relations on BDS

Boosting the demand for BDS is essential in providing support in the area of BDS. In this regard, implementing activities on public relations (PR) is important. The following six supports can be regarded as good practices for the PR activities.

Relevant Support	BDS Approach
Project on Establishment and Promotion of Mentoring Services for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	<ul style="list-style-type: none"> <li>- Project implemented PR activities including distribution of brochures, advertisement through TV, newspapers, magazines, website and SNS, and sending of direct mails to companies that could not access advertisements on the internet.</li> <li>- Project promoted a branding strategy on mentoring in each targeted county and throughout the target countries.</li> </ul>
Project for Business Development Service (BDS) Enhancement for MSMEs in Palestine	Project organized an open seminar to disseminate training outcomes on BDS.
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	Project prepared and shared tools to promote understanding of the services such as leaflets, videos, newsletters, and booklets of good practices.
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	Project organized an awareness-raising seminar and KAIZEN award and ran a booth at exhibitions.
Project on Quality and Productivity Improvement (KAIZEN) for SMEs in Cameroon	Project actively used conventional media such as TV and newspaper as well as social media such as Facebook and YouTube. Additionally, a music video for KAIZEN PR was compiled.
Enterprise Development Project with Kaizen (First Period) in Ghana	Project organized webinars that targeted female entrepreneurs with guest speakers from companies that had improved business performance through KAIZEN practices by reducing damages to business due to the coronavirus disease 2019 (COVID-19).

No supports above analyzed the approaches, impact, and cost of PR activities, despite the fact that all types of the PR activities, including print advertisements, media, SNS, and seminars, were conducted. Perspectives on how to measure the impact of PR operations and how to enhance them based on the measured outcomes must be taken into account when establishing the cooperation measures in Tanzania.

## (13) Approaches on Charging/Cost-sharing for BDS

Providing BDS as a fee-based service is a difficulty that must be resolved in the future development of the BDS business. However, the majority of MSMEs in Tanzania do not recognize BDS and are hesitant to pay for services due to their intangible worth. In this regard, reference to the following three resources is recommended, as they sought to promote BDS as a paid service.

Relevant Support	BDS Approach
Project on Establishment and Promotion of Mentoring Services for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	The government burdened the cost of service. However, considering providing it on a fee basis in the future, Project attempted to improve companies' WTP by setting a practical goal to increase sales during a certain period of time of OJT.

Relevant Support	BDS Approach
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	SIDO systematized the fees for KAIZEN services and actively explored the way in which the services were packaged and sold under the uniform fee structure.
Enterprise Development Project with Kaizen (First Period) in Ghana	<ul style="list-style-type: none"> <li>- Project is considering promoting BDS as a fee-based service in reference to the budget for KAIZEN promotion. Providing it on a fee-basis intends to compensate necessary expenses associated with the service provision rather than profit generation.</li> <li>- Project established a committee in the C/P organization with the mission of KAIZEN promotion through trials to provide it as a fee-based service. The committee is examining requirements and roles for trainers, and contents and period for fee-based KAIZEN services.</li> </ul>

The provision of BDS for a fee did not result in any improvement in any of the introduced supports. In Tanzania, for example, SIDO standardized the fees for the KAIZEN services and worked to expand their reach. However, it was considered to be reference data because it was not derived from actual market transactions. Given that MSMEs in Tanzania have the propensity to pay for visible values, the Survey identified BDS whose outcome were clearly viewed and assure quick effectiveness. Focusing on the approach designed for the identified BDS could be one possibility to constitute a part of the cooperation measures in Tanzania.

#### (14) Developed/Used Tools/Guidelines

Tools that were developed and used in BDS provision are introduced by the following four preceding supports.

Relevant Support	BDS Approach
Project on Small and Medium Industry Development Based on Improved Service Delivery in Indonesia	Project assessed the issues and needs of target industries with industrial diagnosis, value-chain analysis, and stakeholder analysis.
Project on Establishment and Promotion of Mentoring Services for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	<ul style="list-style-type: none"> <li>- Project prepared two manuals on system design and system operation after defining important concepts that consistently shaped the entire mentoring system.</li> <li>- Project prepared two guidelines corresponding to development stages, and another guideline that could be used in a versatile manner after explicitly defining a standard mentoring process.</li> <li>- Project developed a database to collect and share good practices on diagnosis results, action plans, tools, and materials.</li> </ul>
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	Project prepared training materials on KAIZEN master trainer development and guidelines/manuals/tools for company guidance. The guidelines were remade into technical guidelines and/or operating guidelines for KAIZEN consulting.
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	<ul style="list-style-type: none"> <li>- Project prepared a holistic plan for RISMEP implementation, which included action plans on BDSP's networking activities, consultants' networking activities, and C/P organizations' RISMEP promotion activities.</li> <li>- Project prepared a manual for comprehensive window services (basic and advanced).</li> </ul>

The supports introduced above produced the tools for diagnostic or simple KAIZEN and utilized them in on-site training and consulting services. In addition, it was found that all the supports attempted to standardize BDS provision by generating service manuals that included how developed tools were employed according to subjects and turned them into the operating guidelines.

#### (15) Use of Digital Technology

Examining the possibility of utilizing digital technology, such as applications for business diagnosis, websites for business matching between companies and BDSPs, ICT to capture timely information on production sites, and IT systems for business management, is advantageous. In this regard, attempts in the following two supports are provided as references.

Relevant Support	BDS Approach
Project on business development services (BDS) Enhancement for Enterprises Growth in Ethiopia, Project for Establishing a Comprehensive Support System for Enhancing Firm Competitiveness in Ethiopia (First Period)	Project developed an application for the first business diagnosis as a part of company counseling. Client MSMEs accessed a set of questions for diagnosis via their smartphones.
Enterprise Development Project with Kaizen (First Period) in Ghana	Project is planning to introduce an online platform to introduce BDSPs to client companies. The platform would enable BDSP registration, certification, and evaluation and even provide matching services between BDSPs and companies, thereby streamlining its BDS provision.

The support in Ethiopia literally developed an application for the first business diagnosis as a part of counseling for client MSMEs. The support in Ghana is planning to streamline registration, certification, and evaluation of BDSPs and newly introduce a matching service between companies and BDSPs on an online platform. Yet, to design this sort of platform, C/P organizations need to visualize every kind of operation on BDS provision and clarify which parts of them should be streamlined under the supervision of the experts. Furthermore, they need to examine the newly introduced functions at the same time while considering the budget ceiling, resulting in a considerable amount of work in the design phase. It is recommended to run a simulation on every concerned work if a similar type of platform is to be developed in Tanzania.

#### (16) Financial Cooperation/Access to Finance

For MSMEs to increase their competitiveness, it is essential to procure financing for business continuity and expansion while improving business management with BDS. It is therefore vital to assess how cooperation with financial institutions could be addressed. The following four supports included financial cooperation and support on access to finance within the scope of their activities.

Relevant Support	BDS Approach
Project on business Development Services (BDS) Enhancement for Enterprises Growth in Ethiopia, Project for Establishing a Comprehensive Support System for Enhancing Firm Competitiveness in Ethiopia (First period)	Project collaborated with WB to promote MSMEs' loan access. The former provided MSMEs with technical inputs such as skill training in business management while the latter facilitated communications between MSMEs and financial institutions.
Project on Quality and Productivity Improvement (KAIZEN) for SMEs in Cameroon	Project supported preparation of the business plan to promote financing from financial institutions.
Enterprise Development Project with Kaizen (First Period) in Ghana	<ul style="list-style-type: none"> <li>- Project supported the C/P organizations to conclude MOUs with commercial banks by selecting the ones that actively provided loan services to MSMEs.</li> <li>- Project set a model for cooperation with financial institutions with two different flows: 1) BAC recommends to banks the MSMEs that they supported, and 2) banks introduce their clients to BAC and BAC provides them with technical support in collaboration with the banks.</li> <li>- Support from BAC included a) the preparation of necessary documents such as company/products profile, business models, SWOT analysis, financial statements, and business plans and, b) consultations on a loan that collaborates with banks through classroom trainings and OJT.</li> </ul>
Project for Enhancing Enterprise Competitiveness in Kenya (First and Second Periods)	Financial institutions introduced four candidate companies to Project for OJT and Project selected a pilot company for the first support cycle among them. Project was supposed to introduce banks to the pilot company if it requests further loan support.

All the supports facilitated access to finance through a partnership with financial institutions. BDS in very high demand of MSMEs is financial management that encompasses assistance with access to financing in general. One of the reasons is that MSMEs need to generate documents such as financial statements and business plans, which are required to be submitted to financial institutions when applying for loan programs. Following these examples, the fee-based approach of adding value in light of “BDS to enable access to finance” would be useful in Tanzania, where BDS is not widely recognized.

#### (17) Support for Start-ups

Start-ups, generally, face many challenges in all business aspects such as business strategy, funds, and human resources, and therefore, they are expected to have a high demand for BDS. The support in Ghana actually went into the support for start-ups.

Relevant Support	BDS Approach
Enterprise Development Project with Kaizen (First Period) in Ghana	Long-term Japanese expert has been implementing the “NINJA Lean Program,” facilitating the collaboration between the C/P organizations and the relevant parties. Project is trying to contribute to the development of products and services through the process of making their prototypes with minimum specifications in a short period, reflecting feedback from clients.

The support in Ghana organized business model competitions for start-ups and provided them with



services such as business matching with Japanese companies and the facilitation of investment promotion. Nevertheless, it is quite usual that start-ups go bankrupt within three years of their foundation even if they successfully raised funds. Consequently, it is advantageous to examine the cooperation measures from the perspective specific to start-ups, such as “BDS to improve the chances of 3-year survival,” while understanding the business constraints of individual start-ups.

#### (18) Sustainability Assurance

To make project outcomes sustainable, support for preparing guidelines/models for the dissemination of project deliverables and self-reliant development as well as for drawing a roadmap should be provided to ensure the budget after the project. The following five preceding supports are reference cases that ensured sustainability.

Relevant Support	BDS Approach
Project on Small and Medium Industry Development Based on Improved Service Delivery in Indonesia	Project prepared a model for MSME development and a guideline to disseminate it to other regions.
Project on the Establishment and Promotion of Mentoring Services for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	<ul style="list-style-type: none"> <li>- Project first investigated policies and strategies for MSME support of each targeted county and then employed the approach of Project in accordance with them.</li> <li>- Project intended to ensure the budget by building a mentoring model into government policies and measures.</li> </ul>
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	Project prepared a guideline that included the RISMEP network creation process with six steps, the development process of integrated support services, and the process to create good practices.
Project for business development service (BDS) Enhancement for MSMEs in Palestine	<ul style="list-style-type: none"> <li>- Project prepared “BDS Vision” and “BDS Action Plan,” which included a plan for further BDSP development, and got official approvals with a focus to continue after the project termination.</li> <li>- Project submitted a BDS Unit guideline after deploying coordination staff in the BDS Unit of the C/P organization.</li> </ul>
Project on business development services (BDS) Enhancement for Enterprises Growth in Ethiopia, Project for Establishing a Comprehensive Support System for Enhancing Firm Competitiveness in Ethiopia (First Period)	Project developed a model which requires only a minimal cost to the government so that the necessary budget could be ensured sustainably.

It is customary to promote institutionalization and develop a guideline as a strategy for ensuring the sustainability. The assistance in the Western Balkans deserves special emphasis in this regard, since it raised the likelihood of the institutionalization following the conclusion of the project. In actuality, it adopted the strategy of designing the support components in tandem with government policies after careful investigations prior to project intervention so that the institutionalization could proceed easily.

### 2.6.2.2 Lessons Learnt

Key lessons learnt from the nine target supports on BDS featured above are provided in Table 2.6-3.

Table 2.6-3 Key Lesson Learnt from Nine Target Supports

Target Supports	Key Lessons
Project on Establishment and Promotion of Mentoring Service for Small and Medium Enterprises in the Western Balkans (Phases 1 and 2)	It is vital to standardize the mentoring service, which can be the basis of solicitation for budget provision to politicians, promotion to targeted potential customers, setting of certification/evaluation standards, branding promotion, coordination with KAIZEN, and division of roles with consultants specialized in a certain field.
Project on Small and Medium Industry Development Based on Improved Service Delivery in Indonesia	It is important to identify several companies with a sufficient level of motivation and commitment among target industries to promote the growth of such companies in implementing action plans. To generate a ripple effect, it is also important to let such companies produce a visible outcome.
Project for Business Development Service (BDS) Enhancement for MSMEs in Palestine	Some companies could be willing to participate in training to obtain knowledge on a fee basis. Thus, it is significant to regard the training as a marketing activity that could bring in fee-based services.
Project for Enhancing Regional Integrated SME Promotion (RISMEP) Mechanism in Thailand, Regional Integrated SME Promotion in Thailand	Creating informal networking among administration staff resulted in the promotion of cooperation in a formal business setting. In this context, the introduction of a revolving presidency for regular meetings among BDSPs proved effective.
Project on Strengthening Manufacturing Enterprises through Quality and Productivity Improvement (KAIZEN) in Tanzania (Phases 1 and 2)	A fee scale for BDS supports prepared by SIDO did not closely match the standard of private companies, nor accommodate the perspective of service cost. Thus, it remained the reference information.
Project on Quality and Productivity Improvement (KAIZEN) for SMEs in Cameroon	Cooperation with other development partners could be one possible way to complement the budget to dispatch consultants who commit to activities on the ground.
Project on Business Development Services (BDS) Enhancement for Enterprises Growth in Ethiopia, Project for Establishing Comprehensive Support System for Enhancing Firm Competitiveness in Ethiopia (First Period)	It is effective to show the project impact visibly so that all concerned project parties could improve their motivation and commitment to the project. In this sense, a short movie can be one strong tool that could largely affect the mindset of those who are illiterate.
Project for Enhancing Enterprise Competitiveness in Kenya (First and Second Periods)	In the beginning, Project recruited and trained the master trainer candidate (MTC) and trainer candidate separately. Later, it changed this approach, so that the trainers were able to work as MTC. This approach-change brought many candidates with sufficient motivation into the master trainer training programs.
Enterprise Development Project with Kaizen (First Period) in Ghana	It was found that the capacity and experience of BDSPs varied when providing OJT in marketing and financial management. To address this issue, Project prepared manuals and templates on BDS (marketing, financial management, and business plan) for reference. It also promoted support for access to finance with similar manuals and templates.

Source: Prepared by JICA Survey Team based on Project Completion Reports, other reports, and information collected from the project teams of target supports

## 2.7 Organization of Awareness-raising Seminars on BDS

This section reports activities conducted through awareness-raising seminars on BDS (hereinafter referred

to as the “BDS seminars”). It also provides the insights gained from the analysis of the activity results in conclusion.

### 2.7.1 Activities

The JICA Survey Team organized the BDS seminars in the eight target regions in the second field survey. The seminar program included sharing the survey results as well as cases for BDS implementation in Tanzania. The team also assessed highly demanded BDS of the participants and their willingness to pay (hereinafter referred to as “WTP”) for it through a questionnaire survey and the discussion where the participants shared the reasons and/or background information about their questionnaire answers. Outlines of the seminars are explained as follows.

#### (1) Purposes

The seminar’s purpose was to improve knowledge of BDS and attract attention to the service among companies in the target regions by sharing the survey results and cases for BDS implementation. In addition, the BDS seminars aimed to identify the highly demanded BDS of the participants and their WTP level for it, considering the future promotion of the fee-based service provision.

#### (2) Participants

The BDS seminars expected 20 to 25 participants in each target region, including BDSPs, whether private or public, and MSMEs in the region, as well as those concerned with JICA. The JICA Survey Team mainly selected BDSPs and companies that cooperated with the Survey in the forms of questionnaires, and online and face-to-face interviews. The team attempted to increase the number of candidate participants with support from SIDO in the regions where it took more work to reach the expected number of participants only with the existing list of target companies.<sup>67</sup> The JICA Survey Team sent off the invitation letter to these candidate companies. Then either SIDO or the team confirmed their participation by phone calls.

#### (3) Program

Table 2.7-1 shows a program for the BDS seminars. The JICA Survey Team used this program as a basic model but arranged the schedules depending on the situation of each target region. The team assessed the demand and WTP levels for a) the four main areas of BDS in the Survey, namely, corporate

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<sup>67</sup> The Survey prepared a list of the companies targeted in the Company Survey consisting of the KAIZEN-implemented manufacturing companies, KAIZEN-implemented cluster companies, and the start-up companies. It also compiled a list of BDSPs for the subcontracted research with support from the assigned consultant introduced in Section 2.3.

strategy/management, marketing, financial management, and organizational and human resource management, and b) the cases for BDS implementation in each region.

Table 2.7-1 Program for BDS Seminars

<b>Day 1</b>		
9:30-9:40	Opening Remarks	JICA Survey Team
9:40-10:10	Explanation of Survey and its Results	
10:10-10:35	Questionnaire on Demand and WTP Levels (Four Main Areas)	
10:55-12:15	(After Tea Break) Lecture on Necessity of BDS	JICA Survey Team
12:15-12:25	Q & A	BDSP 1
12:25-12:55	Presentation on Case for BDS Implementation in Tanzania (Case 1)	
12:55-13:05	Q & A (Case 1)	
13:05-13:20	Questionnaire on Demand and WTP Levels (Case 1)	JICA Survey Team
<b>Day 2</b>		
9:30-10:00	Presentation on Case for BDS Implementation in Tanzania (Case 2)	BDSP 2
10:00-10:10	Q & A (Case 2)	BDSP 3
10:10-10:40	Presentation on Case for BDS Implementation in Tanzania (Case 3)	
10:40-10:50	Q & A (Case 3)	
11:10-11:30	(After Tea Break) Questionnaire on Demand and WTP Levels (Four Main Areas, Cases 2, and Case 3)	JICA Survey Team
11:30-12:30	Group Discussion	JICA Survey Team, BDSPs 1-3

Source: Prepared by JICA Survey Team

## 2.7.2 Results

This subsection reports the results of the BDS seminars with the following four components: 1) schedule and participants, 2) questionnaire results and analysis of four main areas of BDS, 3) questionnaire results and analysis of cases for BDS implementation, and 4) summary of discussion with participants.

### 2.7.2.1 Schedule and Participants

The BDS seminars were organized in the eight target regions from late October to mid-November 2022, as shown in Table 2.7-2. A total of 139 persons, consisting of 109 representatives from companies and 30 representatives from BDSPs, participated in the seminars.

The number of companies that participated in the seminars in each region ranged from eight to sixteen. Some companies participated in all two days while others were present for only one day.

Table 2.7-2 Schedule and Participants of BDS Seminars

Dates	Region	Number of Participants	
		Company	BDSP
27, 28 October 2022	Dar es Salaam	11	3
1, 2 November 2022	Arusha	17	6
3, 4 November 2022	Mbeya	18	3
4, 7 November 2022	Kilimanjaro	15	3
8, 9 November 2022	Morogoro	16	3
10, 11 November 2022	Mwanza	11	5
14, 15 November 2022	Dodoma	9	3
17, 18 November 2022	Singida	12	4
Total		109	30

Source: Prepared by JICA Survey Team

Table 2.7-3 shows the number of companies that attended the seminars according to the scale. The majority were micro companies with one to four employees and small companies with five to forty-nine employees. On the other hand, the participation of medium companies with fifty to ninety-nine employees and large companies with more than one hundred employees was limited.

Table 2.7-3 Number of Participant Companies in BDS Seminars by Company Scale

Scale of Companies	Micro	Small		Medium	Large		Total	
		1 - 4	5 -19		20 - 49	50 - 99		100 - 99
Dar es Salaam	Day 1	2	4	0	1	0	2	9
	Day 2	1	4	1	0	0	2	8
Arusha	Day 1	8	5	1	0	0	2	16
	Day 2	5	5	1	0	0	2	13
Kilimanjaro	Day 1	6	4	4	0	1	0	15
	Day 2	4	2	5	0	1	0	12
Singida	Day 1	2	5	0	0	0	1	8
	Day 2	5	5	0	0	0	1	11
Dodoma	Day 1	2	4	1	1	0	0	8
	Day 2	2	4	1	2	1	0	10
Mbeya	Day 1	3	7	1	0	0	0	11
	Day 2	5	4	0	1	0	0	10
Mwanza	Day 1	0	8	3	0	0	0	11
	Day 2	0	6	4	0	0	0	10
Morogoro	Day 1	4	6	1	0	0	3	14
	Day 2	6	2	1	0	1	2	12

Source: Prepared by JICA Survey Team

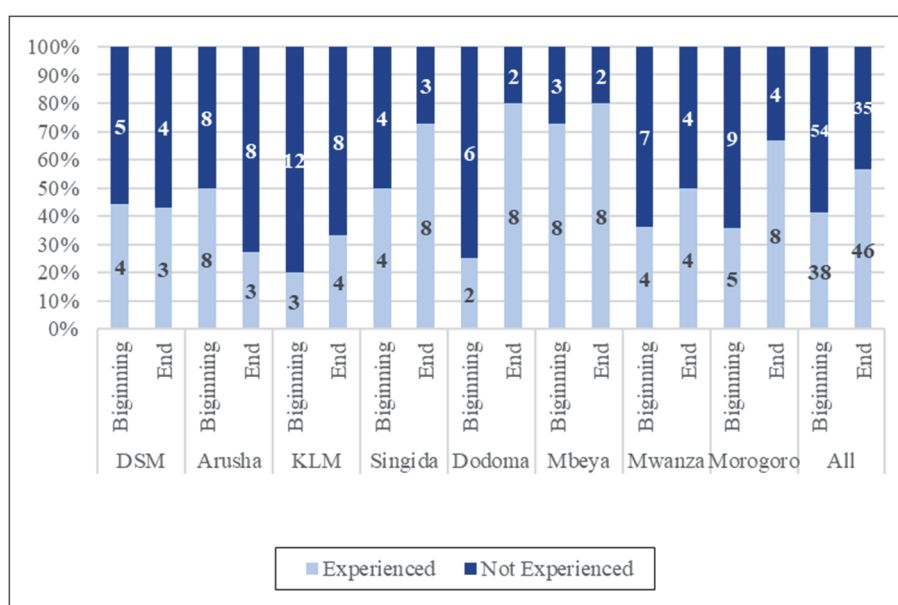
### 2.7.2.2 Questionnaire Results and Analysis of Four Main Areas of BDS

The JICA Survey Team conducted questionnaires on the four main areas of BDS and examined the

interest<sup>68</sup> and WTP levels of the participant companies. The team conducted questionnaires twice in total: at the beginning and the end of the seminars, and attempted to grasp how the extent of the participants' awareness was changed through the seminars. This subsection summarizes the analysis of the questionnaire results as follows.

### (1) Utilization of BDS

The JICA Survey Team investigated whether the participant companies have ever used BDS. Figure 2.7-1 summarizes the questionnaire results. The number of companies in the figure is not exactly the same as the one described in Table 2.7-2 due to presence of the companies that did not provide answers to the questionnaire.



Note: DSM stands for Dar es Salaam and KLM for Kilimanjaro.

Source: Prepared by JICA Survey Team based on questionnaire results

Figure 2.7-1 Utilization of BDS

Less than half of the companies responded that they had ever used BDS according to the results of the questionnaire survey conducted at the beginning of the seminars in the eight target regions. This suggests that BDS has not yet been widely recognized and therefore its market has not yet been sufficiently developed in Tanzania. Looking at the results by region, the percentage of BDS utilization is relatively high in agricultural regions such as Singida and Mbeya. This is likely to have close ties to NGOs actively providing BDS with training on agricultural technologies as a packaged service in these regions. In all

<sup>68</sup> The demand level for BDS was measured as the level of the "interests" in it.

regions, the number of BDS utilization was changed between the beginning and the end of the seminars. Although it cannot clearly conclude due to the inconsistency of the respondent companies at the beginning and the end of the seminars, this finding indicates that the participant companies could have newly noticed BDS that they had not recognized as such and/or could have declined the service that they had believed BDS but is not actually true, as they appreciated BDS in an appropriate manner through the seminars.

## (2) Interest Level for Four Main Areas of BDS

Table 2.7-4 shows the interest level of the four main areas of BDS. The seminars conducted questionnaires twice in total at the beginning and the end of them and attempted to grasp how the participant companies' interest in each area of BDS was changed with a four-point scale: "Very interested," "Interested," "Not very interested," and "Not interested at all."

Table 2.7-4 Interest Level for Four Main Areas of BDS (%\*1)

Area of BDS		Corporate Strategy/ Management				Marketing				Financial Management				Organizational and Human Resource Management			
		4	3	2	1	4	3	2	1	4	3	2	1	4	3	2	1
Dar es Salaam (n*3=9)	B*4	11	78	0	11	56	44	0	0	13	75	0	13	11	67	11	11
	E*5	50	38	13	0	88	13	0	0	75	25	0	0	75	13	13	0
Arusha (n=16)	B	60	40	0	0	81	19	0	0	56	38	6	0	50	44	6	0
	E	46	54	0	0	62	38	0	0	45	55	0	0	31	69	0	0
Kilimanjaro (n=15)	B	60	40	0	0	73	27	0	0	73	20	7	0	27	67	0	7
	E	50	33	17	0	58	25	17	0	58	33	0	8	33	58	8	0
Singida (n=10)	B	63	38	0	0	88	13	0	0	88	13	0	0	63	38	0	0
	E	70	30	0	0	64	27	9	0	57	43	0	0	57	29	14	0
Dodoma (n=10)	B	38	50	0	13	43	43	14	0	13	75	0	13	38	50	13	0
	E	30	60	10	0	70	30	0	0	70	30	0	0	20	80	0	0
Mbeya (n=11)	B	18	64	0	18	60	20	0	20	64	37	0	0	36	45	18	0
	E	40	50	0	10	60	40	0	0	80	20	0	0	10	90	0	0
Mwanza (n=11)	B	64	27	0	9	64	37	0	0	60	40	0	0	45	36	18	0
	E	80	10	0	10	70	30	0	0	63	38	0	0	50	40	10	0
Morogoro (n=11)	B	67	33	0	0	56	44	0	0	83	17	0	0	50	50	0	0
	E	18	55	9	18	46	46	9	0	18	55	18	9	10	50	40	0
All Regions (n=93)	B	47	47	0	6	65	30	2	3	55	32	2	3	36	46	8	2
	E	48	41	6	5	65	31	4	0	58	36	2	2	35	51	8	0

Note: \*1: The percentage (%) of the participant companies' interest rounds decimals to the nearest whole number.

\*2: Very interested = 4, Interested = 3, Not very interested = 2, Not interested at all = 1.

\*3: "n" denotes the number of the valid responses. This abbreviation is applied in all tables of this subsection.

\*4: "B" denotes Beginning. This abbreviation is applied in all tables of this subsection.

\*5: "E" denotes End. This abbreviation is applied in all tables of this subsection.

Source: Prepared by JICA Survey Team based on Questionnaire Results.

Many respondents showed a strong interest in corporate strategy/management. This trend did not drastically change between the beginning and the end of the seminars; however, not a few cases reported that the percentage of “Not interested at all” decreased and that of “Very interested” increased. Some participants regarded BDS concerning a corporate strategy as a packaged service including all four areas of BDS. Therefore, they most probably recognized it as a good deal for micro and small companies that were required to address plenty of issues. On the contrary, medium and large companies tend to have demands for BDS in more specific areas and interpret it as an excessive service, resulting in low interest in some cases.

Regarding marketing, the percentage of interest did not greatly change from the beginning to the end of the seminar, although the participant companies showed a strong interest in it, similar to the case of corporate strategy/management. In Mbeya, there were some respondents who answered “Not interested at all” at the beginning of the seminar; however, all participants came to show interest in BDS at the end of the seminar. On the other hand, in Morogoro, some participant companies changed “Interested” into “Not very interested” at the end of the seminar. This can be understood as an effect of the seminar that newly created interest in BDS and counteracted the overvaluation of BDS in some participant companies.

As for financial management, the participant companies showed strong interest all in all and it is notable that many changed their perception from “Interested” to “Very interested” through the seminars in Dar es Salaam and Dodoma. Most Tanzanian companies think of BDS for financial management as the support to access to loan programs provided by financial institutions; however, the seminars introduced a cashflow management that could expect a high demand in the future based on the survey results. Introducing new BDS menus in seminars could create extensive interest and boost the demand for BDS among the participants.

Organizational and human resource management, on the other hand, gained relatively low interest compared to other areas of BDS; however, it still attracted a high level of interest from the participant companies. The seminars introduced the support to prepare a training plan for existing employees as an example of BDS in this area. Yet, some participants shared their view that they had more interest in the way to proceed with the employment of more qualified staff in an efficient manner than the training of the existing employees. This indicates that BDS in the area of organizational and human resource management needs to be designed in accordance with Tanzanian context where the issues of employment and those of training of the existing employees are equally important.

### (3) WTP Level for Four Main Areas of BDS

The JICA Survey Team conducted a questionnaire on the WTP level of the four main areas of BDS at the beginning and the end of the seminars. Table 2.7-5 summarizes the results on the WTP level by region.



Table 2.7-5 WTP Level for Four Main Areas of BDS by Region (%\*1)

Area of BDS		Corporate Strategy/ Management					Marketing					Financial Management					Organizational and Human Resource Management				
		1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Dar es Salaam (n=9)	B	56	22	22	0	0	44	22	11	11	11	38	38	13	13	0	71	0	14	14	0
	E	0	29	0	57	14	0	29	14	29	29	0	29	0	43	29	0	29	0	43	29
Arusha (n=15)	B	71	21	7	0	0	60	27	0	7	7	64	7	21	0	7	57	21	7	0	14
	E	55	27	9	9	0	46	31	8	8	8	46	31	8	8	8	54	31	8	0	8
Kilimanjaro (n=15)	B	67	20	7	0	7	71	7	14	0	7	60	20	13	0	7	77	15	8	0	0
	E	67	8	17	8	0	33	33	17	8	8	45	18	9	9	18	54	9	36	0	0
Singida (n=11)	B	50	25	13	0	13	43	57	0	0	0	50	50	0	0	0	71	29	0	0	0
	E	45	27	9	9	9	45	27	18	0	9	36	36	9	18	0	45	27	18	9	0
Dodoma (n=9)	B	25	38	25	13	0	0	75	13	0	13	25	50	0	25	0	38	38	13	0	13
	E	0	44	56	0	0	0	22	33	33	11	0	44	22	22	11	11	56	33	0	0
Mbeya (n=11)	B	55	27	18	0	0	55	27	18	0	0	60	0	30	10	0	55	18	18	9	0
	E	44	33	0	22	0	20	50	10	20	0	20	60	0	20	0	30	50	0	20	0
Mwanza (n=11)	B	45	18	0	18	18	27	27	18	9	18	36	36	0	0	27	55	18	9	18	0
	E	63	0	13	13	13	30	30	20	10	10	40	40	0	10	10	60	10	0	20	10
Morogoro (n=12)	B	50	0	50	0	0	38	13	13	38	0	100	0	0	0	0	60	10	0	20	10
	E	70	30	0	0	0	67	33	0	0	0	64	27	9	0	0	100	0	0	0	0
All Regions (n=93)	B	52	21	17	4	5	42	32	11	8	7	54	25	10	6	5	61	19	9	8	5
	E	43	25	13	15	5	36	32	15	14	9	31	36	7	16	10	44	27	12	12	6

Note: \*1: The percentage (%) of the WTP level rounds decimals to the nearest whole number.

\*2: 20,000 TZS or less = 1, 40,000 TZS or less = 2, 80,000 TZS or less = 3, 160,000 TZS or less = 4, More than 160,000 TZS = 5.

Source: Prepared by JICA Survey Team based on questionnaire results.

Many participant companies responded that 20,000 TZS or less was the appropriate WTP level at the beginning of the seminars in each target region; however, the percentage of the companies that responded so decreased at the end. This trend was noticeable in Dar es Salaam and Dodoma, where the companies that answered 20,000 TZS or less disappeared,<sup>69</sup> and thus, the value of BDS was improved at the end of the seminars. Basically, the WTP level of BDS was improved through the seminars in each target region; however, there still remained many companies answering that 20,000 TZS or less was appropriate. This could explain that Tanzanians have not yet been accustomed to paying for what is invisible such as “service.” To address this issue, Tanzanian companies need to be provided with opportunities to

<sup>69</sup> Organizational and human resource development in Dodoma is an exception.

experience the visible effects of BDS in a short time after fully understanding it through the events as organized by this seminar. In this manner, the compensation for BDS should be properly recognized.

Table 2.7-6 shows the questionnaire results on the WTP level of the four main areas of BDS according to company scale.

Table 2.7-6 WTP Level for Four Main Areas of BDS by Company Scale (%\*1)

Area of BDS	WTP Level*2	Corporate Strategy/ Management					Marketing					Financial Management					Organizational and Human Resource Management				
		1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Micro (n=28)	B	71	29	0	0	0	60	32	4	0	4	56	21	17	0	5	65	22	9	0	4
	E	70	11	15	4	0	57	19	7	11	7	56	26	4	11	4	56	28	16	4	0
Small (n=54)	B	55	16	18	6	4	44	25	17	6	8	53	22	9	9	7	64	16	7	9	5
	E	35	30	16	12	7	26	37	19	12	7	24	43	10	14	10	38	29	12	10	12
Medium (n=3)	B	50	50	0	0	0	0	100	0	0	0	0	100	0	0	0	50	50	0	0	0
	E	0	100	0	0	0	0	67	33	0	0	0	67	33	0	0	33	67	0	0	0
Large (n=9)	B	17	33	17	0	33	25	25	0	38	13	40	20	20	0	20	50	17	33	0	0
	E	33	22	0	44	0	11	44	11	22	11	33	22	0	33	11	44	11	11	33	0

Note: \*1: The percentage (%) of the WTP level rounds decimals to the nearest whole number.

\*2: 20,000 TZS or less = 1, 40,000 TZS or less = 2, 80,000 TZS or less = 3, 160,000 TZS or less = 4, More than 160,000 TZS = 5.

Source: Prepared by JICA Survey Team based on questionnaire results.

All types of the companies produced the results similar to those by region as shown in Table 2.7-5, although the number of the samples varies depending on scales of the companies. Likewise, micro and small companies, the main target of the Survey as they occupy the largest portion in both the company questionnaire and interview surveys, improved the WTP level after the seminars. Micro companies presented the relatively modest improvement in the WTP level with the majority still answering that 20,000 TZS or less was appropriate. Small companies, on the other hand, demonstrated the improvement to a greater extent.

### 2.7.2.3 Questionnaire Results and Analysis of Each Case for BDS Implementation

After each BDSP presented an overview of their services and featured a specific case for BDS implementation, the JICA Survey Team conducted a questionnaire survey to measure the participant companies' interest and WTP levels in each presented case. The result and analysis of the questionnaire survey are presented below.

## (1) Analysis of Results by Case

Table 2.7-7 summarizes the area of BDS, the number of valid questionnaire responses, and the scored interest and WTP levels for each presented case.

The case that the participant companies showed the most robust interest was Singida's Case 1 presented by SIDO Singida. The responses that indicated "Very interested" gave the reasons such as "I could understand SIDO's services well" and "I have benefited a lot with SIDO's BDS," suggesting that their trust in SIDO led to intense interest. On the other hand, Morogoro's Case 2 received the lowest score for the interest level. The reason that the participant company answered so was attributed to a mismatch with company's needs, stating "we have an in-house department."

Case 2 in Dar es Salaam attracted the highest score for the WTP level. The respondents commented about the BDSP that presented Case 2 mentioning "Although my big concern is price, I would love to work with him. I feel like he has more of my business solution." It was reported that some companies actually started business discussions with this BDSP individually after the seminar.

Table 2.7-7 BDS Areas, Valid Responses, and Scored Interest and WTP Levels for Each Case

Region	Case	Area of BDS	n	Interest* <sup>1</sup>	WTP* <sup>2</sup>
Dar es Salaam	1	Corporate Strategy/Management	8	3.38	2.13
	2	Financial Management	7	3.78	3.25
	3	Mixed Package* <sup>3</sup>	9	3.22	2.56
Arusha	1	Financial Management	14	3.29	1.57
	2	Mixed Package	13	3.54	1.62
	3	Diagnosis/Consultation	13	3.46	1.69
Kilimanjaro	1	Access to Finance	15	3.20	1.33
	2	Marketing	12	3.58	1.58
Singida	1	Financial Management	10	3.90	2.50
	2	Mixed Package	12	3.58	2.00
	3	Financial Management	12	3.58	2.09
Dodoma	1	Mixed Package	8	3.50	2.75
	2	Financial Management	7	3.57	2.86
	3	Financial Management	9	3.67	2.89
Mbeya	1	Financial Management	10	3.40	1.82
	2	Corporate strategy/Management	11	3.64	1.82
	3	Marketing	11	3.27	1.64
Mwanza	1	Access to Finance	9	3.67	1.89
	2	Corporate Strategy/Management	10	3.80	2.20
	3	ICT	10	3.80	1.90
Morogoro	1	Mixed Package	14	3.29	1.54
	2	Organizational and HR Management	13	3.08	1.42
	3	Corporate Strategy/Management	12	3.17	1.36
Total			249	3.47	1.93

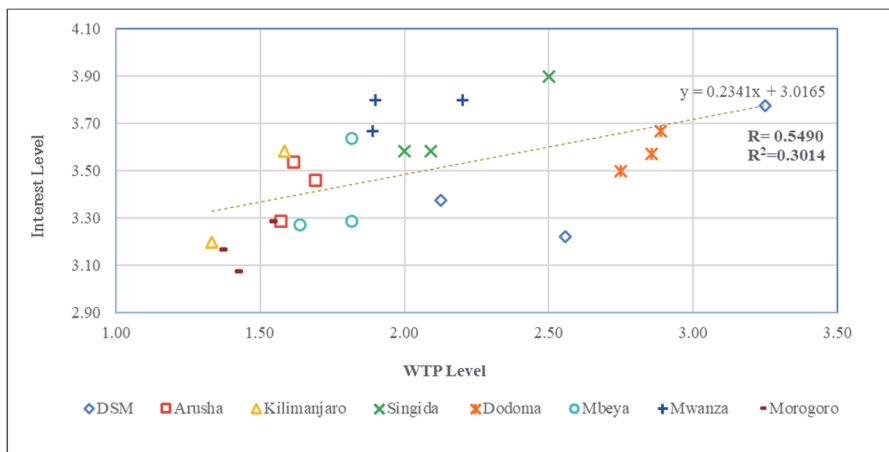
Note: \*1: The average scores were calculated by: Very interested = 4, Interested = 3, Not very interested = 2, Not interested at all = 1.

\*2: The average scores were calculated by: 20,000 TZS or less = 1, 40,000 TZS or less = 2, 80,000 TZS or less = 3, 160,000 TZS or less = 4, More than 160,000 TZS = 5.

\*3: "Mixed package" is a service in which multiple areas of BDS are provided in a package.

Source: Prepared by JICA Survey Team based on questionnaire result

Figure 2.7-2 is a scatterplot showing each case’s relationship between the interest and the WTP levels.



Note: The correlation coefficient (R) indicates the correlation between two elements, and the coefficient of determination (R<sup>2</sup>) indicates the accuracy of the correlation.

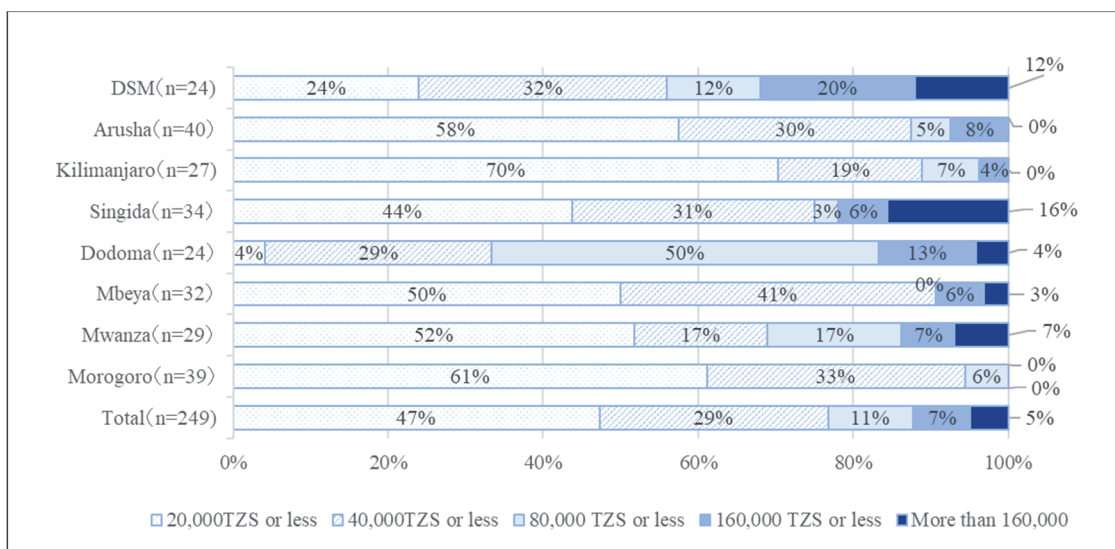
Source: Prepared by JICA Survey Team based on questionnaire results

Figure 2.7-2 Relationship between Interest and WTP Levels for Each Case

The correlation coefficient between them is 0.55, indicating a modestly positive correlation between the two factors. In other words, if the interest level in BDS increases, the WTP level may also increase.

(2) WTP Level for Cases by Region

Figure 2.7-3 shows the WTP level for the cases aggregated by region.



Source: Prepared by JICA Survey Team based on questionnaire results

Figure 2.7-3 WTP Level for Cases by Region

In total, about half of the respondents selected the lowest WTP level of 20,000 TZS or less. Yet, it is not the case with Dodoma and Dar es Salaam where 4% (Dodoma) and 24% (Dar es Salaam) selected the same price range. This stands contrast to the results of Kilimanjaro and Morogoro where 70% (Kilimanjaro) and 61% (Morogoro) chose this lowest range. The highest price range of 160,000 TZS or more was selected by 16% of the respondents in Singida, followed by 12% in Dar es Salaam and 7% in Mwanza. Apart from Singida, the WTP level tends to be lower as the size of the city becomes smaller. In addition, the WTP level could have been influenced by differences in the presented BDS cases and the availability of prior knowledge about BDS prices among the regions. For example, in Dodoma and Singida, two of the three presented cases for BDS implementation were on financial management in which the respondents showed the highest interest level. In Dar es Salaam, since the BDSPs had shared their service fee structure with the companies prior to the questionnaire survey, the companies knew the actual prices, which may have led to the relatively high WTP.

However, it should be noted that each case's interest and the WTP levels most probably rely on the presenter's presentation skills and trust relationship. For instance, including quantitative data and very specific details about the service, or being interactive with participants can increase the persuasiveness of the presentation. As a result, such a presentation brings the higher levels of interest and WTP. In terms of trust relationship, reputation and work history are also important. As mentioned in (1) above, in the Singida's Case 1, several participants had experience using SIDO's services and found them useful. This kind of experience led to the higher levels of interest and WTP because they developed trust in SIDO after knowing effectiveness of the services and reliability of the organization itself. In the discussion described later in this section, the participants actually requested the government to build such a certification system as allowing companies to choose trustworthy BDSPs.

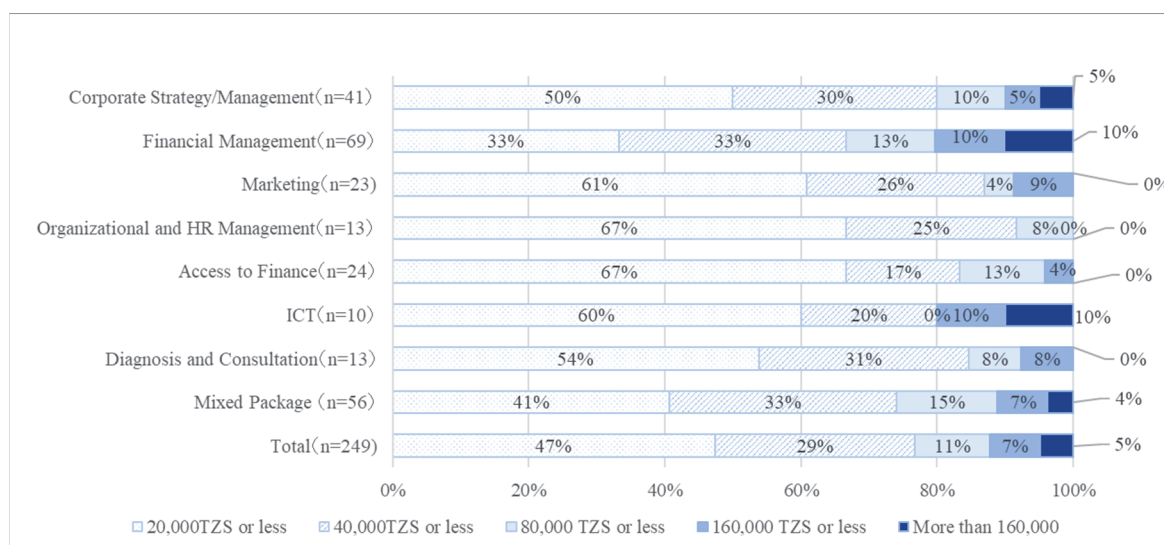
### (3) WTP Level for Cases by BDS Area

Figure 2.7-4 illustrates the WTP level for the cases aggregated by BDS area. The WTP level was relatively high in financial management, mixed package, and corporate strategy/management.

The highest WTP level was seen in financial management where 33% of the respondents selected the lowest price range of 20,000 TZS or less, and 10% chose more than 160,000 TZS. The WTP level for the mixed package was also relatively high to follow financial management. For ICT, 60% of the respondents selected 20,000 TZS or less, while still 10% opted for more than 160,000 TZS. This suggests that the need for ICT remains either very high or very low.

However, both the number of cases per area and that of survey responses varied from case to case. In particular, there was only one case each for organizational and human resource management, ICT, and diagnosis and consultation, which is not a sufficient sample. Additionally, as the analysis by region explained above, it should be noted that the WTP relies on the presenter's presentation skills and trust

relationship.



Note: HR denotes Human Resource.

Source: Prepared by JICA Survey Team

Figure 2.7-4 WTP Level for Cases by BDS Area

#### 2.7.2.4 Summary of Discussion with Participants

The seminars provided a discussion session where all participants exchanged opinions on the demand and WTP levels for BDS. Table 2.7-8 summarizes the essence of the discussion conducted in each target region.

Table 2.7-8 Summary of Discussion in Each Target Region

Themes	Main Opinions
Insufficient Information about BDS	Companies are often forced to choose less professional BDSPs. This is caused by a lack of information about which BDSPs provide what kind of services and how to access quality BDS. More examples of BDS should become widely available. It is also important to build a trust-based relationship between companies and BDSPs (DSM, Arusha, Mwanza).
	Information on BDS utilization is recommended to be provided to the clusters. SIDO is requested to organize awareness-raising seminars of the same kind on a continuous basis (Kilimanjaro).
	BDSPs should make more efforts to market their services. They should expand their client base by avoiding being passive and taking more proactive actions in marketing (Singida).
Utility of BDS	Many companies recognized the importance of BDS and developed strong interest in it though the seminar. Some of them started to consider securing the budget for its use (DSM).
	Most of the companies' issues to be addressed fall into either one of the four main areas of BDS. Therefore, using BDS in these areas should significantly contribute to companies' growth (Arusha).
	BDS can increase its value if it reduces the cost of companies caused by knowledge shortage and improves the business performance (Arusha).
	Companies came to regard BDS as useful in operating their business in an organizational manner, and therefore they are now very positive about using it (Mwanza).
Highly Demanded BDS	Most MSMEs lack knowledge and information about tax of every kind and cannot reach right

Themes	Main Opinions
	<p>information by themselves. In this situation, levies are often imposed on them by TRA. They can solve these tax-related problems to a great extent if BDSPs with specialty in this area provide free counseling and a membership-based consulting service in an inexpensive line (Singida, Dodoma, Morogoro).</p> <p>Companies spend too many costs on staff recruitment. They assign personnel managers who are required to proceed with staff recruitment in an arbitrary manner; however, this approach does not always lead to securing quality human resources. The use of BDSPs that provide a quality staff agency service is worth considering (Dodoma).</p> <p>BDS for marketing needs to include not only idea provision but also its implementation and follow-ups. For example, one company succeeded in sales expansion as a result of practicing a media-based marketing, after they were provided with attentive coaching services in its implementation phase by a BDSP specialized in this area. The case of this kind is considered to be most desirable (Mbeya).</p> <p>Many companies have trouble getting along with the purchase of the necessary amount of raw materials and the delay in salary provision to their employees. These problems are most probably caused by the delay in collection of accounts receivable and the inaccuracy of cost calculation. It is very practical if BDSPs provide training on cashflow management using a mobile application (Mbeya).</p>
Quality Assurance of BDS	<p>Most companies are reluctant to use BDS due to a lack of information about its effects, which should be shared along with evidence and examples (DSM).</p> <p>BDSPs should be managed by public institutions. SIDO, for example, should certify BDSPs and promote access to creditable BDSPs (Kilimanjaro).</p>
WTP and Payment Schedule/Method	<p>BDS should be provided according to the company scales and business lineups. Therefore, it is natural that BDS fees differ among companies and they increase in proportion to company size (DSM).</p> <p>It is deemed appropriate that WTP is ranged from 20,000 to 80,000 TZS per day if companies use BDS for the first time. WTP is to be increased if BDS is more utilized and its effects become more widely known (Kilimanjaro, Mwanza).</p> <p>40,000 to 50,000 TZS is acceptable as a fee for BDS and even higher fees could be accepted depending on the service contents. Payment by instalment and a contingency fee system should be considered (Singida, Dodoma, Morogoro).</p> <p>More than 160,000 TZS could be accepted as a fee for BDS, but the commitment to results should be guaranteed (Dodoma).</p> <p>The following payment model needs to be considered when BDSPs assist in preparing a corporate strategy: a) fees are paid in two different phases: the preparation and the implementation, b) a fixed fee is paid in the preparation phase of, for example, one month, c) a monthly fee is paid in the implementation phase of, for example, six months with two to three days in service per week. The fee could be increased depending on actual outputs per month (Mbeya).</p>

Note: DSM denotes Dar es Salaam.

Source: Prepared by JICA Survey Team

### 2.7.3 Conclusion

The JICA Survey Team draws the following insights, as a conclusion, by comprehensively reviewing the analysis results and the discussion summary stated above.

- Companies can sufficiently understand the utility of BDS by being provided with opportunities such

as seminars to raise their awareness. As a result, the demands for BDS could be boosted.

- However, they have not been able to actively use BDS due to inadequate information about BDSPs including their capability, performance, service lineups with the fees, and mode of service delivery. To address this issue, BDSPs are required to engage in more proactive marketing activities.
- A small-scale event with about 20 participants as organized in this seminar could be an effective marketing tool, because such an event is likely to promote close and active communication between BDSPs and companies. Therefore, the event could enable the participants to fully obtain and absorb knowledge about BDS and its value. It also provides opportunities for companies to understand the characteristics and reliability of BDSPs as an individual. It is worth considering adding personal booths for counseling where business deals could be negotiated in the future.
- The impact of sharing the cases for BDS implementation largely depends on the presenters' communication skills to convince the audience of effectiveness and quality of BDS. In this regard, BDSPs should improve their communication skills and capability.
- Most micro and small companies in Tanzania find it difficult to collect and understand the information necessary to operate their business including the payment of corporate income tax and the method of loan application to financial institutions. This is largely because they are, due to their limitation in various resources, forced to concentrate on the production without having adequate function to conduct other business activities, thereby making their opportunity cost incurred by information collection activities high. Furthermore, they sometimes have the limited access to online information due to the communication infrastructure issues, and some of them face a problem with insufficient reading ability of textual information. These issues are representing a potential business opportunity that BDSPs could intervene in. BDSPs need to be equipped with marketing capabilities to create a new business by, for example, using a free consultation as an entry point of sales activities and suggesting the customized BDS in response to the specific needs of client companies. In this regard, they are required to possess and improve the ability to accurately grasp clients' intentions with attentive listening and translate them into a business proposal.
- When considering the WTP level for BDS, it is important to examine the payment schedule and methods as well. Companies have a high demand for payment by installments and a contingency fee, and monetization of BDS provision would smoothly move forward if BDSPs accepted them.



### 3. Formulation of Cooperation Measures and Implementation Scenarios

This chapter makes recommendations for the JICA's future "cooperation measures" in the field of BDS in Tanzania and a hypothesis for their implementation scenarios. The current chapter puts forward the multiple cooperation measures whose implementation priority and timelines are proposed in the hypothesis.

#### 3.1 Cooperation Measures

This section recommends the details of the cooperation measures after setting forth their goals, objective, strategies, formulation approach, and targets.

##### 3.1.1 Goals, Objective, and Strategies of Cooperation Measures

Section 2.4 analyzed the bottleneck challenges that should be addressed to balance the BDS market in Tanzania. The cooperation measures consist of solutions for these challenges.

As the challenges were identified by deliberating the gap-factors of the demand and supply in the BDS market, an objective of the cooperation measures, or the solutions for the challenges, should be set to balance them. Challenges 1 to 4 described in Section 2.4 suggest that the direction of their solutions should entail a) stimulation of BDS demand, b) enhancement and standardization of quality in BDS supply, and c) improvement of function to coordinate BDS supply and demand.<sup>70</sup> Thus, it should be relevant to establish these three directions as the strategies of the cooperation measures. They are indispensable orientations to aim for market-balancing.

Yet, the equilibrium of the BDS market should not be pursued in such a way that the level of demand are low and thus the level of the supply are low. In other words, balancing the BDS market should proceed with the way in which the demand increases from a certain point of time while the quality of the supply improves at the same time.

Balancing the BDS market at the high level as mentioned above is a means of achieving a more critical goal to promote the growth of individual MSMEs or the beneficiaries of BDS. Then, accomplishing such a goal should result in the achievement of the overall goal for the cooperation measures, which can be defined as the strengthening of the entire MSME sector, the totality of all individual MSMEs in Tanzania.

The following summarizes goals, an objective, and strategies for the cooperation measures recommended

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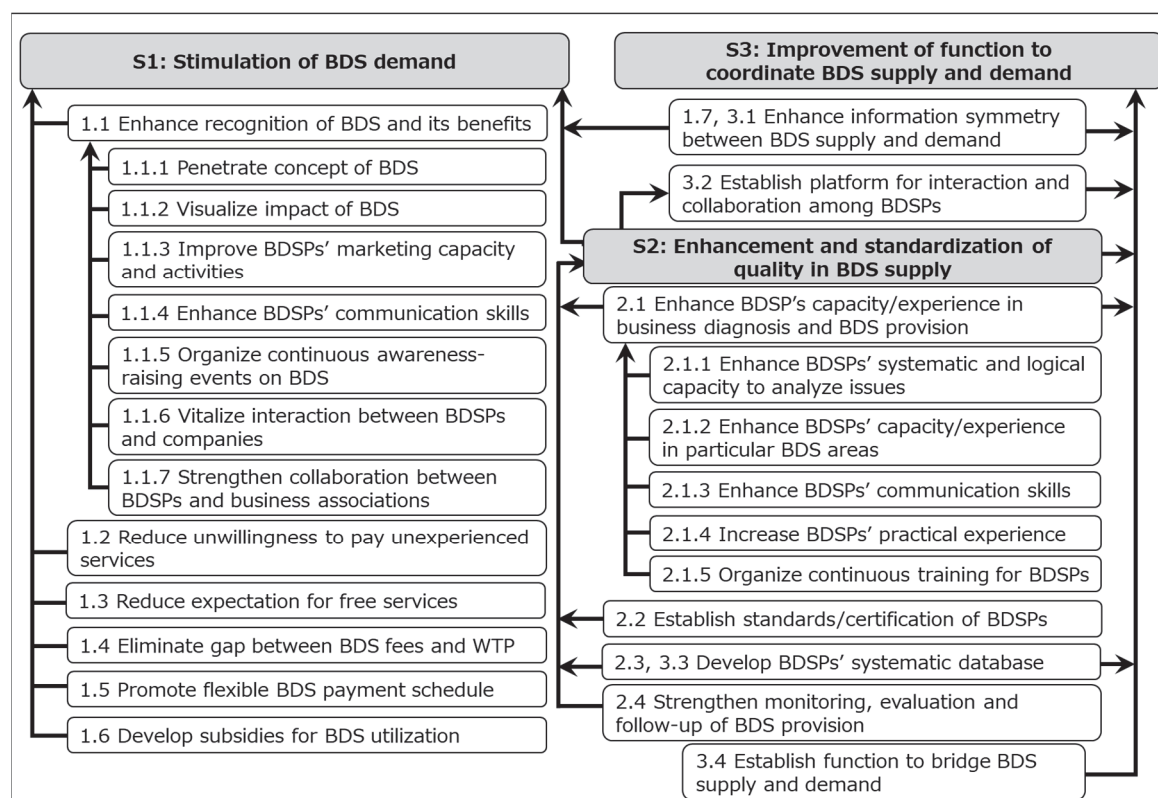
<sup>70</sup> Challenge 1: "Companies' low willingness to use and pay for BDS," Challenge 2: "Variation in service quality among BDSPs," Challenge 3: "Limited capacity/experience of BDSPs in business diagnosis and BDS provision," and Challenge 4: "Inadequacy of function to coordinate BDS supply and demand." Factors regarding the balance of a BDS market are perceived here as composed of three elements, namely, the demand, the supply, and both, and thus, Challenges 2 and 3 are combined to reach the three directions of the solutions for the challenges or the strategies of the cooperation measures.

above:

- Overall Goal: “Contribution of the MSME sector to GDP in Tanzania will be increased.”
- Goal: “Business status of MSMEs that have received BDS will be improved.”
- Objective: “Supply and demand in the BDS market will be balanced at a high level.”
  - Strategy 1: “Stimulation of BDS demand”
  - Strategy 2: “Enhancement and standardization of quality in BDS supply”
  - Strategy 3: “Improvement of function to coordinate BDS supply and demand”

### 3.1.2 Approach for Formulation of Cooperation Measures

Figure 3.1-1 shows the systematic relations among solutions for the challenges that are reorganized from those among the challenges and their factors illustrated in Figure 2.4-1.



Note: An arrow starting from one solution or strategy to the other indicates that the former contributes to the latter. “S” denotes strategy.

Source: Prepared by JICA Survey Team

Figure 3.1-1 Systematic Relations among Solutions for Challenges

The very basis of the cooperation measures is the one to tackle every strategy to address the overall challenges. In a technical cooperation project of JICA, the three strategies are equivalent to the “outputs”

under which all the controllable solutions are implemented as the “activities” in the Project Design Matrix (PDM). Based on this overall measure, each cooperation measure is formulated by dividing and reorganizing the solutions in consideration of the relationship between strategies, between a strategy and individual solutions, and among individual solutions. Additionally, the details of the cooperation measures accommodate the lessons learnt from the projects of other donor agencies in Tanzania as well as the JICA’s preceding supports in the BDS field in other countries which are analyzed in Sections 2.5 and 2.6, respectively. Furthermore, the measures also reflect on the results of the BDS seminars regarding the levels of the demand and WTP of Tanzanian companies for BDS reported in Section 2.7.

### 3.1.3 Targets of Cooperation Measures

#### (1) Beneficiaries

The primary beneficiaries of the cooperation measures should be micro and small companies on the demand side, and private and public BDSPs on the supply side. As discussed in Section 2.4, the priority to eliminate the supply-demand gap in BDS for medium and large companies is low. Notwithstanding, as mentioned earlier, it would be desirable to cover these companies in the middle to long term for the development of the more mature BDS market in Tanzania. Furthermore, even in the short term, a measure to promote fee-based BDS provision would be more effectively, efficiently and smoothly proceed if covering medium companies as one of the beneficiaries, as their WTP for BDS is comparatively high. The same applies to a measure involving, in addition to BDS, KAIZEN that is likely to exert a more visible and noticeable impact when implemented at the relatively large mass-production site.

As indicated in Section 2.5, target industries in the projects of other donor agencies are concentrated in the agriculture, forestry and fishery industry as well as the food and beverage processing industry. To differentiate the cooperation measures from those projects, seek synergic effects with the outcome of the KAIZEN Project, and improve not the production site, but the business management, target industries of the cooperation measures can start with the manufacturing industry and then gradually expand the scope into the service industry. Yet, the specific subsectors within these two industries do not necessarily have to be selected, because the gap-factors of the BDS supply and demand in terms of the difference in industries are negligible as pointed out in Section 2.4. Rather, the cooperation measures should target the industries that the Tanzanian government designates as important or according to the industrial structure of the country within the scope of the manufacturing and service industries.

As for the supply side, it should be efficient and effectual to first target KAIZEN trainers who have been already nurtured in the KAIZEN Project or will be produced in the next phase of the project. At the same time, it is highly recommended that the private BDSPs currently delivering services in the areas of business management actively participate in the cooperation measures as one of the main beneficiaries. Moreover,

the measures should also target BDSPs and their network that have been developed in the projects of other donor agencies, especially, ENGINE, the UNDP project, and MARKUP introduced in Section 2.5 in order to take advantage of the assets generated by them.

With regard to the regions where the beneficiaries are located, the factors generating the gap between the supply and demand of BDS are insignificant as indicated in Section 2.4, whereas Section 2.5 clarified that the projects of other development partners have been implemented throughout the eight target regions. Therefore, the Survey does not specify the regions on which the cooperation measures should focus, but proposes them according to contents of each cooperation measure.<sup>71</sup>

## (2) Target Areas of BDS

It is recommended that the cooperation measures target the four main areas of BDS in the Survey, namely, cooperate strategy/management, marketing, financial management, and organizational and human resource management, with particular emphasis on the specific areas identified in Section 2.4, which are, a) formulation of a corporate strategy, b) preparation of a marketing strategy, c) financial analysis, d) formulation of an employee training plan, and e) introduction of ICT in business management. Furthermore, the business diagnosis is also commended to be targeted. This is mainly because i) improving capabilities of BDSPs in problem analysis and logical thinking carries significant importance, ii) BDSPs need to be able to identify the business challenges faced by companies that should be addressed on a priority basis, iii) provision of the business diagnostics services are currently infrequent, and iv) the projects of other donor agencies have not been supporting the business diagnosis sufficiently. Moreover, the cooperation measures would be able to ensure differentiation from other donors' projects by covering corporate strategy/management and organizational and human resource management in the four main BDS areas, c) to e) above in the specific BDS areas, as well as the business diagnosis.

### 3.1.4 Details of Cooperation Measures

Table 3.1-1 summarizes the eight cooperation measures that the JICA Survey Team recommends for implementation.

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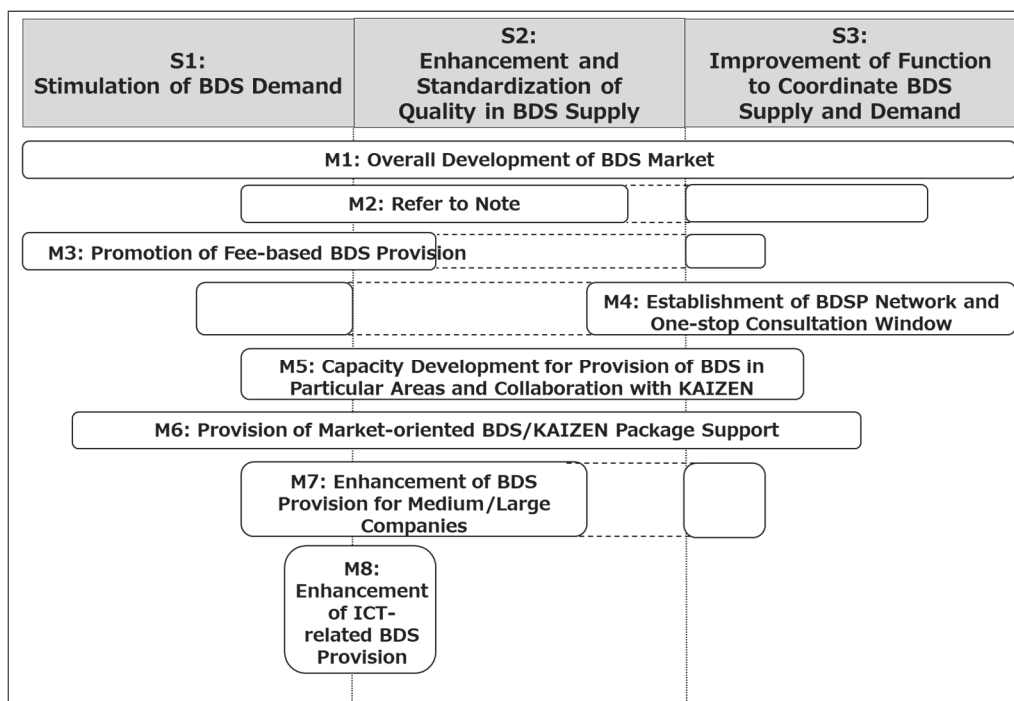
<sup>71</sup> For example, the entire target regions for a measure to promote human resource development, the regions with high WTP and low WTP for the one to advance monetization of BDS provision, and the regions where BDSPs are more concentrated or the networking of BDSPs have been pursued in the projects of other donor agencies for the one to establish the network. The details are provided later in this section.

Table 3.1-1 Summary of Recommended Cooperation Measures

1. Overall Development of BDS Market	2. Capacity Development in Business Diagnosis and Collaboration with Specialized Consultants and Financial Institutions
Period: Phase 1 (4 years), Phase 2 (3 years) Regions: 8 target regions in the Survey Purpose: A supply-demand gap in BDS market is closed. Output 1: The demand for BDS is expanded. Output 2: BDSPs' capacity of business diagnosis and BDS provision is enhanced and standardized. Output 3: A coordination function between the BDS demand and supply is improved.	Period: 3 years Regions: 8 target regions in the Survey Purpose: BDSPs' capacity of business diagnosis is enhanced and standardized, and collaboration with specialized consultants and financial institutions is promoted. Output 1: BDSPs' capacity of business diagnosis is enhanced. Output 2: BDS in collaboration with specialized consultants is provided. Output 3: BDS in collaboration with financial institutions is delivered.
3. Promotion of Fee-based BDS Provision	4. Establishment of BDSP Network and One-stop Consultation Window
Period: 2 years Regions: Dar es Salaam, Arusha, Dodoma, Singida, Morogoro Purpose: Companies' WTP for BDS is heightened. Output 1: Areas of BDS for monetization with priority is identified. Output 2: Companies' willingness to use and pay the identified BDS is strengthened. Output 3: BDS in the identified areas is provided on a fee basis.	Period: Phase 1 (2 years), Phase 2 (2 years) Regions: Phase 1 (Dar es Salaam, Dodoma, Morogoro, Mbeya), Phase 2 (Other 4 target regions in the Survey are added) Purpose: BDS in accordance with challenges and needs of companies is delivered by members of a BDSP network. Output 1: A BDSP network is established. Output 2: One-stop consultation windows to introduce appropriate BDS are set up. Output 3: The one-stop consultation windows are functioned.
5. Capacity Development for Provision of BDS in Particular Areas and Collaboration with KAIZEN	6. Provision of Market-oriented BDS/KAIZEN Package Support
Period: 4 years Regions: 8 target regions in the Survey Purpose: BDSPs' capacity of BDS provision is enhanced and a system for the provision in collaboration with KAIZEN is established. Output 1: BDSPs' capacity in provision of the particular areas of BDS is enhanced and standardized. Output 2: KAIZEN and the particular areas of BDS (KAIZEN x BDS) are provided together. Output 3: Positive impacts of KAIZEN x BDS is disseminated.	Period: Phase 1 (1.5 years), Phase 2 (1.5 years) Regions: Phase 1 (Dar es Salaam, Dodoma, Singida, Morogoro), Phase 2 (Other 4 target regions in the Survey) Purpose: A system to provide market-oriented BDS/KAIZEN package support is established and provided on a fee basis. Output 1: BDSPs' capacity of BDS provision is enhanced and standardized. Output 2: An action plan to provide market-oriented BDS/KAIZEN package support is prepared. Output 3: The BDS/KAIZEN package support is delivered according to the plan on a fee basis. Output 4: Positive impacts of the BDS/KAIZEN package support is disseminated.
7. Enhancement of BDS Provision for Medium/Large Companies	8. Enhancement of ICT-related BDS Provision
Period: Phase 1 (1.5 years), Phase 2 (1.5 years) Regions: Phase 1 (Dar es Salaam, Arusha, Mwanza), Phase 2 (Other 5 target regions in the Survey) Purpose: BDSPs' capacity in BDS provision for medium/large companies is enhanced and the services are utilized by them. Output 1: BDSPs' capacity in provision of the particular areas of BDS is further enhanced. Output 2: BDS in the particular areas is offered to medium/large companies. Output 3: Positive impacts of BDS for medium/large companies is disseminated.	Period: 1.5 years Regions: 8 target regions in the Survey Purpose: BDSPs' capacity of ICT-related BDS provision is enhanced and the services are utilized by companies. Output 1: ICT attracting strong needs from companies is identified. Output 2: BDSPs' capacity of the identified ICT is enhanced. Output 3: BDS introducing the identified ICT is delivered.

Source: Prepared by JICA Survey Team

Figure 3.1-2 shows the degree of contribution that each cooperation measure would make to each strategy.



Note: The longer a frame of each cooperation measure within the area of each strategy is, the larger the contribution of the measure to the strategy is. Dotted lines indicate non-applicable areas.

“S” and “M” denote strategy and cooperation measure, respectively.

M2: Capacity Development in Business Diagnosis and Collaboration with Specialized Consultants and Financial Institutions

Source: Prepared by JICA Survey Team

Figure 3.1-2 Contribution of Cooperation Measures to Each Strategy

Cooperation measure<sup>72</sup> 1 is a technical cooperation that tackles every strategy and all the controllable solutions under the strategy to address the entire challenges in the BDS market in Tanzania, or it serves as the basis on which other Measures are formulated. Measure 2 focuses on business diagnosis for capacity development of BDSPs and necessary solutions identified by the diagnosis are rendered by more specialized consultants<sup>73</sup> or in collaboration with financial institutions. In other words, the Measure attempts to establish a model for division of roles among services providers. It partially utilizes experience in the JICA’s preceding supports in the Western Balkans (for capacity enhancement of business diagnosis), Palestine (for division of roles between BDSPs and specialized consultants), and Ghana (collaboration with financial institutions) introduced in Section 2.6. Measure 3 promotes monetization of BDS provision and it can maximize the

<sup>72</sup> “Cooperation measure” is hereinafter referred to as “the Measure,” or as “Measure” when the reference number follows.

<sup>73</sup> Although the specialized consultants are also BDSPs, a different term is used here to separate the identification.

outputs from the Survey concerning the levels of companies' demand and WTP for BDS. Measure 4 concentrates its activities on improving a coordination function between the BDS supply and demand in response primarily to Strategy 3. It is largely modelled after the JICA's preceding support in Thailand. Measure 5 is equivalent to the upcoming phase of the KAIZEN Project where collaborative promotion of KAIZEN and BDS would be pursued. In Measure 6, several BDSPs constitute a team to formulate an action plan for chargeable provision of the BDS/KAIZEN package support in accordance with the needs of the market that a client company targets. It refers in part to the lessons from the JICA's preceding support in Indonesia.

In the meantime, Measure 7 is to enhance capacity of BDSPs for provision of their services to medium and large companies to develop the more mature BDS market. It is supposed to commence after the challenges of the BDS supply and demand are solved to a certain extent by the other Measures. Measure 8 focuses its support solely on development of capabilities of BDSPs in provision of BDS for introducing ICT, which currently carries less quantity and quality than demanded. It is proposed as a project in a shorter term and a smaller size than other Measures since a very limited area of BDS is targeted.

Each Measure is formulated in such a way that the feasibility is considered individually while components in the different Measures can be combined to create a new Measure.<sup>74</sup> The following delineate the details of each Measure by describing, in addition to the items presented in Table 3.1-1, a) implementing agencies, b) organizations to collaborate, c) beneficiaries, d) an implementation scheme,<sup>75</sup> e) overview, f) activities, g) key points to consider in implementing the activities, h) an activity implementation plan (schedule), and i) inputs from the Japanese experts. Of them, "g) key points to consider in implementing the activities" are explicated only in Measure 1 for those which are common to other Measures, as the former covers almost all components of the latter. Explanation of these activities in other Measures simply refers to those in Measure 1, and where necessary, additional description or remarks are offered.

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<sup>74</sup> Although the details of each Measure elaborated here do not cover, the external conditions may impose the inhibiting factors against implementation of the Measures. There may occur the default or currency depreciation due to the recent interest-hike in developed countries, the pandemic of diseases including that of the coronavirus disease, wars/conflicts, terrorist attacks, natural disasters, etc. that are out of control of the C/P organizations or the local government. Furthermore, the macro situation of the country including a regime change, economic crisis, and financial difficulties may prevent the Measures from commencing or proceeding, whereas the issues at the more micro level such as organizational restructuring, personnel shift, and budgeting difficulty of the C/P organizations, which are faced by many projects of JICA in other countries too, may emerge.

<sup>75</sup> All the Measures are, because of their contents, proposed in the form of either a technical cooperation project or a dispatch of experts.

**Measure 1: Overall Development of BDS Market (Main Strategies: All, Basis of All Measures)**

Period	Phase 1 (4 years), Phase 2 (3 years)
Implementing Agencies	MIIT (IDD, EEPSDD, TKU), SIDO, and CBE: The abbreviations not defined earlier are presented below.
Organization to Collaborate	TPSF, TCCIA, CTI, financial institutions (especially NMB, CRDB and TADB), NBAA, and TIA: The abbreviations not defined earlier are presented below.
Target Regions	8 target regions in the Survey
Beneficiaries	Micro/small companies, public/private BDSPs
Scheme	Technical cooperation project
Overview	The Measure tackles every strategy and all the controllable solutions under the strategy to address the entire challenges in the BDS market in Tanzania, and serves as the basis on which other Measures are formulated. It virtually covers all components of other Measures except Measure 7.
<b>Purpose</b>	<b>A supply-demand gap in BDS market is closed.</b>
<i>Output 1</i>	<i>The demand for BDS is expanded.</i>
Activity 1-1	Develop and improve tools to visualize impacts and good practices of BDS.
Activity 1-2	Conduct marketing activities for BDS promotion by BDSPs nurtured in Output 2.
Activity 1-3	Continuously organize BDS awareness-raising events including those in collaboration with business associations.
Activity 1-4	Verify the effects generated by PR activities in Activities 1-1 to 1-3.
Activity 1-5	Devise, implement, and revise schemes of subsidies, cost-sharing, etc. for promotion of BDS utilization.
Activity 1-6	Set and continuously revise standard fees and payment methods/schedule for monetization of BDS provision.
Activity 1-7	Find financial institutions for collaboration and formulate a collaboration scheme.
<i>Output 2</i>	<i>BDSPs' capacity of business diagnosis and BDS provision is enhanced and standardized.</i>
Activity 2-1	Establish standards/certification criteria and enhance capacity of BDSPs in business diagnosis, the four main areas of BDS, problem analysis, communication, logical thinking, etc., based on which to certify the qualified BDSPs.
Activity 2-2	Devise, implement, and continuously revise a standardized evaluation system for BDS provision.
Activity 2-3	Prepare and continuously revise guidelines for BDS provision.
Activity 2-4	Provide BDS including business diagnosis and measure the impacts.
Activity 2-5	Deliver, in collaboration with financial institutions where necessary, fee-based BDS for which companies' WTP is high, and measure the impacts.
<i>Output 3</i>	<i>A coordination function between the BDS demand and supply is improved.</i>
Activity 3-1	Establish a network among the BDSPs certified in Output 2.
Activity 3-2	Develop and continuously update a database of the BDSPs in the network.
Activity 3-3	Devise and continuously improve a function to bridge the certified BDSPs and companies.
Key Points to Consider in Implementing the Activities	<p><b>【Activities 1-1to 1-4】</b></p> <ul style="list-style-type: none"> <li>- Emphasize quantitative impacts of BDS in the PR tools; especially, presentation of the visible and short-term impacts including sales expansion, cost reduction, access to finance, tax saving, and customer arrangement are indispensable.</li> <li>- Consider, for the PR tools, the effective media mix among brochures, leaflets, newsletters, a directory of BDSPs, studies of good practices, short-time movies, an interactive platform using SNS/websites, branding tools such as a single logo and naming, etc., whether those are publicized online or offline.</li> <li>- Enhance marketing capabilities of BDSPs in Activity 2-1 before they conduct the marketing activities. For private BDSPs, focus more on communication and direct sales skills, as they are often equipped with knowledge about marketing strategies.</li> <li>- Conduct the BDS awareness-raising events in the small-workshop style first to exploit customers as its effectiveness was proved in the BDS seminars organized in the Survey, and then publicize the impacts of BDS provided to them to wide audiences in the larger events collaboratively organized with business associations. Organize them strategically and continuously, not sporadically.</li> </ul>



	<ul style="list-style-type: none"> <li>- Consider collaboration with T-LED, a donor project having regional hubs, in the outreach to potential customers.</li> <li>- Verify the effect of these PR activities without fail. Especially in the BDS awareness-raising events, perform a comparative analysis on companies' recognition of effectiveness of BDS and WTP before and after the events.</li> </ul> <p><b>【Activity 1-5】</b></p> <ul style="list-style-type: none"> <li>- Positively consider implementing a scheme for cost-bearing at the expense of the implementing agencies or the Measure for promotion of BDS utilization. As recommended in Section 2.3, devise and try out the schemes including a) that with a cap on how many times or how much amount subsidy can be used, b) that with less priority given to the repeating users, and c) that by a coupon usable only for BDS utilization. Publicize widely these schemes to companies, as their utilization is a key to the success.</li> <li>- Seek possibility of the cost-bearing by the implementing agencies first. If it is not realistic, start by having the Measure bear the costs while gradually establishing a local cost-bearing system. Communicate well to companies the actual costs incurred in BDS provision and how much is borne by the supporters to develop convincing feeling among the companies that also need to bear the remaining cost in a cost-sharing scheme.</li> </ul> <p><b>【Activity 1-6】</b></p> <ul style="list-style-type: none"> <li>- Design and provide BDS in the areas such as formulation of a corporate strategy, preparation of a marketing strategy, and financial analysis in conjunction with elements of business registration/licensing, access to finance, market linkage development, cost reduction, tax saving, etc. for which companies' WTP is relatively high.</li> <li>- Consider setting the different standard fees by BDS area, company scale, and region.</li> <li>- Devise the flexible payment schedule/method in accordance with cash position of companies including credit payment, contingency fees, and payment in installments, among others.</li> </ul> <p><b>【Activity 1-7】</b></p> <ul style="list-style-type: none"> <li>- Explore possibility of collaboration with NMB, CRDB, and TADB first since they have provided many loans to MSMEs. As approaches for the collaboration, consider support in preparation of business plans and financial statements for loan application, introduction of potential borrowers that have received management guidance of BDSPs to financial institutions (for cost reduction of the institutions in assessing creditability of potential customers), undertaking of monitoring of the borrowers' business operation after the loan execution (for cost reduction of the institutions in customer management), etc.</li> </ul> <p><b>【Activity 2-1】</b></p> <ul style="list-style-type: none"> <li>- Enhance capacity of BDSPs and their trainers, certify the qualified ones based on the prefixed criteria, and thereby standardize their service quality. Follow the training implementation system established in the KAIZEN Project and adjust it where necessary. Consider cooperating with TIA for capacity development of BDSPs especially in the areas of financial management, as it would be effective to mobilize the institute's resources of the accounting expertise.</li> <li>- Nurture the BDSPs and their trainers specialized in business diagnosis as well.</li> <li>- Target, as the beneficiaries, KAIZEN trainers, private BDSPs, and experts who have been fostered in projects of other donor agencies (especially, quality management experts raised in MARKUP, financial experts nurtured in the UNDP project, and BDSPs trained in ENGINE).</li> <li>- Comprehensively cover the four main areas of BDS while ensuring development of the BDSPs that can deal with a) formulation of a corporate strategy, b) preparation of a marketing strategy, c) financial analysis, d) formulation of an employee training plan, and e) introduction of ICT in business management.</li> <li>- Apply and adjust the standards and certification system developed in the KAIZEN Project as it would be efficient and realistic, while pursuing an aim to establish the officially institutionalized system in the future. Cooperate closely with NBAA and TIA, as referring to the registration system of the certified public accountants would be highly useful.</li> <li>- Establish the certification system led by MIIT in collaboration with the business associations enumerated in "Organization to Collaborate" above, since such the PPP system is likely to function reasonably and realistically. Follow the renewal system adopted in the certification system for KAIZEN trainers and the certified public accountants.</li> </ul> <p><b>【Activities 2-2 to 2-4】</b></p> <ul style="list-style-type: none"> <li>- Provide first business diagnosis, general BDS, combined services of business diagnosis and specialized BDS (refer to Measure 2), and KAIZEN x BDS (Refer to Measure 5) without aiming for monetization of BDS provision.</li> </ul>
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	<ul style="list-style-type: none"> <li>- Devise and conduct the standard evaluation system in which the three parties, namely, JICA experts and local trainers, customers, and BDSPs, assess the results at the same time with some evaluation questions being the same for comparative analysis among them.</li> <li>- Set the evaluation questions based on input, process, output and outcome indicators of the BDS provision; they may include levels of satisfaction with the service and the BDSP that provided it, impact, effectiveness and relevance of the solution measures recommended and implemented, relevance of the identified challenges to solve, relevance of the scope of the activities in the solution measures, suitability of the frequency and period of the service provision, and appropriateness of the cost borne by the customer.</li> <li>- Avoid setting complex and many performance indicators in the quantitative evaluation, thereby limiting them to sales, cash position, and cost (defect rate and productivity added for KAIZEN x BDS), because the simplicity is a key to sustainable implementation of the evaluation system and these indicators are most easily understandable and impactful in the PR activities as well.</li> <li>- Clarify, in the guidelines for BDS provision, not only the standard service process/flow and division of roles among BDSPs and other stakeholders including donor agencies, but also the code of conduct and behavior as a BDSP, since it is of significant importance in winning the trust from companies. Continuously revise the guidelines by accommodating lessons learnt from the activities conducted throughout the period of the Measure.</li> </ul> <p><b>【Activity 2-5】</b></p> <ul style="list-style-type: none"> <li>- Start providing fee-based BDS based on the results from Activities 1-5 to 1-7 after the challenges of the BDS supply and demand have been solved to a certain extent by other activities by this point.</li> <li>- Deliver as well, the market-oriented BDS/KAIZEN package support with focus on achieving sales increase as delineated in Measure 6.</li> </ul> <p><b>【Activities 3-1 to 3-3】</b></p> <ul style="list-style-type: none"> <li>- Target only the BDSPs that have been certified in Output 2 for the BDSP network and the database to restrict the variation of their service quality to the minimum. Set, as one of the criteria to become the network member, the rules to follow the guidelines for BDS provision and the evaluation system developed in Output 2.</li> <li>- Positively consider assigning SIDO for undertaking a function to bridge the BDS supply and demand, as it would be effective and realistic given the organization's current capabilities and roles in the BDS development.</li> <li>- Establish the one-stop consultation windows for introduction of suitable BDS to companies in-person and/or online by referring to the JICA's preceding support in Thailand.</li> <li>- Actively conduct strategic PR planning and activities if the BDSP database is opened to the public on the website in order to promote utilization by companies.</li> </ul>
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Activity Implementation Plan (Schedule) <sup>76</sup>	Phase 1				Phase 2		
	1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year
	<i>Output 1</i>	<i>The demand for BDS is expanded.</i>					
Activity 1-1	■	■	■	■	■	■	■
Activity 1-2	■	■	■	■	■	■	■
Activity 1-3	■	■	■	■	■	■	■
Activity 1-4	■	■	■	■	■	■	■
Activity 1-5	■	■	■	■	■	■	■
Activity 1-6	■	■	■	■	■	■	■
Activity 1-7	■	■	■	■	■	■	■
<i>Output 2</i>	<i>BDSPs' capacity of business diagnosis and BDS provision is enhanced and standardized.</i>						
Activity 2-1	■	■	■	■	■	■	■
Activity 2-2	■	■	■	■	■	■	■
Activity 2-3	■	■	■	■	■	■	■
Activity 2-4	■	■	■	■	■	■	■
Activity 2-5	■	■	■	■	■	■	■
<i>Output 3</i>	<i>A coordination function between the BDS demand and supply is improved.</i>						
Activity 3-1	■	■	■	■	■	■	■
Activity 3-2	■	■	■	■	■	■	■
Activity 3-3	■	■	■	■	■	■	■
Inputs from Japanese Experts	<ul style="list-style-type: none"> <li>- Chief Advisor/BDS Market Development</li> <li>- BDS Dissemination and Certification System</li> <li>- BDS (Business Diagnosis and Corporate Strategy/Management)</li> <li>- BDS (Marketing)</li> <li>- BDS (Financial Management)</li> <li>- BDS (Organizational and Human Resource Management)</li> <li>- Communication Skills</li> <li>- Financial Collaboration</li> <li>- Training Management</li> <li>- Public Relations/Coordination</li> </ul>						

Note: The abbreviations that are not used earlier in this report are as follows. They are also applied to other Measures.

IDD: Industrial Development Division (of MIIT)

EEPSDD: Economic Empowerment and Private Sector Development Division (of MIIT)

TPSF: Tanzania Private Sector Foundation (An apex body for private sector development in Tanzania)

TCCIA: Tanzania Chamber of Commerce, Industry and Agriculture

CTI: Confederation of Tanzania Industries

NBAA: National Board of Accountants and Auditors

TIA: Tanzania Institute of Accountancy

## Measure 2: Capacity Development in Business Diagnosis and Collaboration with Specialized Consultants and Financial Institutions (Main Strategies: 2-3)

Period	3 years
Implementing Agencies	MIIT (IDD, EEPSDD and TKU), SIDO, and CBE
Organization to Collaborate	TPSF, TCCIA, CTI, financial institutions (especially, NMB, CRDB and TADB), NBAA, and TIA
Target Regions	8 target regions in the Survey

<sup>76</sup> Dark-shaded parts indicate the activities including establishment of a standard/system/scheme/network/function, development of tools/database, preparation of documents, their revision/updates/improvement, organization of events, measurement of impacts, etc., while light shaded cells mean the continuous activities. The same applies to other Measures below.

Beneficiaries	Micro/small companies, public/private BDSPs
Scheme	Technical cooperation project
Overview	The Measure focuses on business diagnosis for capacity development of BDSPs while necessary solutions identified by the diagnosis are rendered by more specialized consultants or in collaboration with financial institutions. In other words, it establishes and implements a model for division of roles among services providers.
<b>Purpose</b>	<b>BDSPs' capacity of business diagnosis is enhanced and standardized, and collaboration with specialized consultants and financial institutions is promoted.</b>
<i>Output 1</i>	<i>BDSPs' capacity of business diagnosis is enhanced.</i>
Activity 1-1	Establish standards/certification criteria and enhance capacity of BDSPs in business diagnosis, problem analysis, communication, logical thinking, etc., based on which to certify the qualified BDSPs.
Activity 1-2	Develop and continuously revise tools and guidelines for business diagnosis.
Activity 1-3	Devise, implement, and continuously revise a standardized evaluation system for provision of business diagnosis and BDS delivered in Outputs 2 and 3.
<i>Output 2</i>	<i>BDS in collaboration with specialized consultants is provided.</i>
Activity 2-1	Develop a database of the BDSPs specialized in the particular areas of BDS (the specialized consultants).
Activity 2-2	Conduct business diagnosis for companies by the BDSPs certified in Output 1.
Activity 2-3	Collaborate with the specialized consultants to provide BDS as the solution based on the results of the diagnosis.
Activity 2-4	Measure the impacts of the BDS and disseminate the success cases.
<i>Output 3</i>	<i>BDS in collaboration with financial institutions is delivered.</i>
Activity 3-1	Find financial institutions for collaboration and formulate a collaboration scheme.
Activity 3-2	Conduct business diagnosis for companies including customers of the financial institutions by the BDSPs certified in Output 1.
Activity 3-3	Provide BDS based on the results of the diagnosis for the companies to satisfy loan requirements.
Activity 3-4	Provide the companies with management support by the BDSPs after the loan execution.
Activity 3-5	Measure the impacts of the BDS and disseminate the success cases.
Key Points to Consider in Implementing the Activities	<p><b>【Activities 1-1 to 1-3】</b></p> <ul style="list-style-type: none"> <li>- Nurture BDSPs highly qualified for business diagnosis and their trainers by targeting KAIZEN trainers, private BDSPs, and those who have been fostered in projects of other development partners.</li> <li>- Emphasize BDSPs' "capabilities to provide all-round solutions for MSME's basic, general and daily problems," thereby focusing on the agenda including a) overall and basic knowledge, b) realistic and pragmatic cases and their implementation, c) advice to tackle comprehensive management issues, d) proper design and implementation of the problem-solving process, and e) understanding and analysis of the problems out of own expertise.</li> <li>- Develop the standardized business diagnosis tools and guidelines and make them widely adopted to restrict variation of service quality to the minimum.</li> <li>- Follow the approach in Measure 1 for the systems of training implementation, certification, and evaluation.</li> </ul> <p><b>【Activities 2-1 to 2-4】</b></p> <ul style="list-style-type: none"> <li>- Assign a high value to collaborating with the BDSPs highly specialized in the areas of a) formulation of a corporate strategy, b) preparation of a marketing strategy, c) financial analysis, d) formulation of an employee training plan, and e) introduction of ICT in business management.</li> <li>- Positively consider assigning SIDO or EEPSDD to develop, by partially utilizing data of BDSPs collected in the Survey, maintain, and continuously update a database of the specialized consultants. Grant BDSPs access to the database as well.</li> <li>- Mediate the BDSPs and the specialized consultants by SIDO's or EEPSDD's initiative first while deepening the relationship between them for the gradual self-reliant coordination by their own initiatives.</li> <li>- Use Activities 2-2 and 2-3 (Implementation of business diagnosis and solution measures in Activities 2-2 and 2-3) as one of the opportunities for the training (OJT) (The same applies to Output 3 below).</li> <li>- Follow the approaches adopted in Activities 1-1 to 1-4 in Measure 1 for the dissemination of the success cases (The same applies to Output 3 below).</li> </ul>

	<p><b>【Activities 3-1 to 3-5】</b></p> <ul style="list-style-type: none"> <li>- Follow the model proposed in Activity 1-7 of Measure 1 for the financial collaboration.</li> <li>- Improve the companies' creditability by rendering support in preparation of the application documents, business plans, financial statements, etc., assistance in the problem-solving, referrals to credit guarantee agencies and so forth based on the results of the business diagnosis.</li> <li>- Provide management support for the companies to comply with the repayment schedule after disbursement of the loan, by undertaking a part of financial institutions' customer monitoring.</li> </ul>																																																																
Activity Implementation Plan (Schedule)	<table border="1"> <thead> <tr> <th></th> <th>1st Year</th> <th>2nd Year</th> <th>3rd Year</th> </tr> </thead> <tbody> <tr> <td><i>Output 1</i></td> <td colspan="3"><i>BDSPs' capacity of business diagnosis is enhanced.</i></td> </tr> <tr> <td>Activity 1-1</td> <td>■</td> <td>■</td> <td>■</td> </tr> <tr> <td>Activity 1-2</td> <td>■</td> <td>■</td> <td>■</td> </tr> <tr> <td>Activity 1-3</td> <td>■</td> <td>■</td> <td>■</td> </tr> <tr> <td><i>Output 2</i></td> <td colspan="3"><i>BDS in collaboration with specialized consultants is provided.</i></td> </tr> <tr> <td>Activity 2-1</td> <td>■</td> <td>■</td> <td>■</td> </tr> <tr> <td>Activity 2-2</td> <td>■</td> <td>■</td> <td>■</td> </tr> <tr> <td>Activity 2-3</td> <td>■</td> <td>■</td> <td>■</td> </tr> <tr> <td>Activity 2-4</td> <td>■</td> <td>■</td> <td>■</td> </tr> <tr> <td><i>Output 3</i></td> <td colspan="3"><i>BDS in collaboration with financial institutions is delivered.</i></td> </tr> <tr> <td>Activity 3-1</td> <td>■</td> <td>■</td> <td>■</td> </tr> <tr> <td>Activity 3-2</td> <td>■</td> <td>■</td> <td>■</td> </tr> <tr> <td>Activity 3-3</td> <td>■</td> <td>■</td> <td>■</td> </tr> <tr> <td>Activity 3-4</td> <td>■</td> <td>■</td> <td>■</td> </tr> <tr> <td>Activity 3-5</td> <td>■</td> <td>■</td> <td>■</td> </tr> </tbody> </table>		1st Year	2nd Year	3rd Year	<i>Output 1</i>	<i>BDSPs' capacity of business diagnosis is enhanced.</i>			Activity 1-1	■	■	■	Activity 1-2	■	■	■	Activity 1-3	■	■	■	<i>Output 2</i>	<i>BDS in collaboration with specialized consultants is provided.</i>			Activity 2-1	■	■	■	Activity 2-2	■	■	■	Activity 2-3	■	■	■	Activity 2-4	■	■	■	<i>Output 3</i>	<i>BDS in collaboration with financial institutions is delivered.</i>			Activity 3-1	■	■	■	Activity 3-2	■	■	■	Activity 3-3	■	■	■	Activity 3-4	■	■	■	Activity 3-5	■	■	■
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Inputs from Japanese Experts	<ul style="list-style-type: none"> <li>- Chief Advisor/BDS Collaboration and Dissemination System</li> <li>- BDS (Business Diagnosis 1)</li> <li>- BDS (Business Diagnosis 2)</li> <li>- BDS (Business Diagnosis 3)</li> <li>- Financial Collaboration</li> <li>- Training Management/Public Relations and Communication Skills</li> </ul>																																																																

### Measure 3: Promotion of Fee-based BDS Provision (Main Strategy: 1)

Period	2 years
Implementing Agencies	MIIT (IDD and EEPSSDD) and SIDO
Organization to Collaborate	TPSF, TCCIA, CTI, and financial institutions (especially NMB, CRDB and TADB)
Target Regions	Dar es Salaam, Arusha, Dodoma, Singida and Morogoro
Beneficiaries	Micro/small/medium companies, public/private BDSPs
Scheme	Dispatch of experts
Overview	The Measure concentrates on support in monetization of BDS provision. For the monetization, it introduces the flexible payment schedule/methods and incentives to facilitate BDS utilization. It is proposed to be implemented in the regions with both high and low WTPs to explore the way to enhance the WTP by conducting a comparative analysis of the results from them. Targets of the Measure include medium companies as their WTP is relatively high.
<b>Purpose</b>	<b>Companies' WTP for BDS is heightened.</b>
<i>Output 1</i>	<i>Areas of BDS for monetization with priority is identified.</i>
Activity 1-1	Identify the BDS areas for monetization with priority by partially utilizing the results of the Survey.
<i>Output 2</i>	<i>Companies' willingness to use and pay the identified BDS is strengthened.</i>
Activity 2-1	Enhance BDSPs' marketing and communication capabilities.

Activity 2-2	Build awareness of companies for effectiveness of BDS as a whole.																																																																																																												
Activity 2-3	Communicate well to companies the positive impacts of the identified BDS especially on sales and cash position.																																																																																																												
<i>Output 3</i>	<i>BDS in the identified areas is provided on a fee basis.</i>																																																																																																												
Activity 3-1	Set and continuously revise the standard fees or a contingency fee system.																																																																																																												
Activity 3-2	Devise, implement, and revise incentives to facilitate BDS utilization by companies.																																																																																																												
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Activity 3-4	Provide the BDS and measure the impacts.																																																																																																												
Key Points to Consider in Implementing the Activities	<p><b>【Activity 1-1】</b></p> <ul style="list-style-type: none"> <li>- Suppose the areas to be identified such as formulation of a corporate strategy, preparation of a marketing strategy, and financial analysis in conjunction with elements of business registration/licensing, access to finance, market linkage development, cost reduction, tax saving, etc. for which companies' WTP is relatively high.</li> </ul> <p><b>【Activities 2-1 to 2-3】</b></p> <ul style="list-style-type: none"> <li>- In addition to the same marketing and PR activities as those in Activities 1-1 to 1-4 of Measure 1, consider using training as a marketing opportunity where expertise in the particular areas are proved and marketed by the training first, thereby paving the way for the subsequent provision of BDS in the other forms.</li> </ul> <p><b>【Activities 3-1 to 3-4】</b></p> <ul style="list-style-type: none"> <li>- The same as Activities 1-5, 1-6 and 2-5 of Measure 1.</li> </ul>																																																																																																												
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Inputs from Japanese Experts	<ul style="list-style-type: none"> <li>- BDS Market Development/Marketing/Communication</li> <li>- Coordination</li> </ul>																																																																																																												

#### Measure 4: Establishment of BDSP Network and One-stop Consultation Window (Main Strategy: 3)

Period	Phase 1 (2 years), Phase 2 (2 years)
Implementing Agencies	MIIT (IDD and EEPSSDD), SIDO, and CBE
Organization to Collaborate	TPSF, TCCIA, and CTI
Target Regions	Phase 1 (Dar es Salaam, Dodoma, Morogoro and Mbeya), Phase 2 (Other four target regions in the Survey are added)
Beneficiaries	Micro/small/medium/large companies, public/private BDSPs
Scheme	Technical cooperation project
Overview	The Measure is to establish a network of BDSPs that satisfy the criteria as a member, thereby promoting exchange among the BDSPs of information, knowledge and expertise. At the same time, it establishes one-stop consultation windows where companies can be introduced to appropriate BDSPs from the network according to their challenges and needs. Implementation of the Measure starts in the regions where BDSPs are more concentrated or the networking have been attempted in projects of other donor agencies.
Purpose	<b>BDS in accordance with challenges and needs of companies is delivered by members of a BDSP network.</b>

<i>Output 1</i>	<i>A BDSP network is established.</i>																																																																																																																													
Activity 1-1	Establish a network among BDSPs that have satisfied the member criteria set beforehand.																																																																																																																													
Activity 1-2	Develop, maintain, and continuously update a database of the BDSPs in the network.																																																																																																																													
Activity 1-3	Hold regular network meetings.																																																																																																																													
<i>Output 2</i>	<i>One-stop consultation windows to introduce appropriate BDS are set up.</i>																																																																																																																													
Activity 2-1	Set up one-stop consultation windows as a center of the network.																																																																																																																													
Activity 2-2	Prepare and continuously revise work process/flow, consultation manuals, etc. for the window tasks.																																																																																																																													
Activity 2-3	Enhance capabilities of window counsellors in problem-analysis, communication, and consultation.																																																																																																																													
<i>Output 3</i>	<i>The one-stop consultation windows are functioned.</i>																																																																																																																													
Activity 3-1	Design and conduct PR activities including branding of the windows.																																																																																																																													
Activity 3-2	Receive consultation from companies and analyze their challenges/needs, based on which to introduce the most appropriate BDSPs from the network.																																																																																																																													
Activity 3-3	Disseminate success cases from consultation, introduction of BDSPs, BDS provision, to outcome generation.																																																																																																																													
Key Points to Consider in Implementing the Activities	<p><b>【Activities 1-1 to 1-2】</b> - The same as the activities in Output 3 of Measure 1.</p> <p><b>【Activity 1-3】</b> - Design and organize not only the official network meetings for case/knowledge sharing, but also the informal meetings or a platform where individual BDSPs or persons undertaking practical work in BDSP organizations can feel free to communicate each other.</p> <p><b>【Activities 2-1 to 2-3】</b> - Set up the one-stop consultation windows in SIDO, business associations, educational institutions, etc. among the network members and assign the counsellors nurtured in Activity 2-3.</p> <p>- Consider the services to be rendered under the same brand along the same process by referring to the JICA's preceding support in Thailand.</p> <p>- Consider establishing not only the in-person windows, but also the online consultation windows (function).</p> <p><b>【Activities 3-1 to 3-3】</b> - Note that branding, continuous PR activities, standardization of work process, and qualified and competent counsellors are a key to success in the consultation windows.</p>																																																																																																																													
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Inputs from Japanese Experts	<ul style="list-style-type: none"> <li>- Chief Advisor/BDS Dissemination System</li> <li>- BDSP Network 1</li> <li>- BDSP Network 2</li> <li>- Business Diagnosis</li> <li>- Communication Skills</li> </ul>																																																																																																																													

	- Public Relations/Coordination
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### Measure 5: Capacity Development for Provision of BDS in Particular Areas and Collaboration with KAIZEN (Main Strategy: 2)

Period	4 years
Implementing Agencies	MIIT (IDD, EEPSSD and TKU), SIDO, and CBE
Organization to Collaborate	TPSF, TCCIA, CTI, NBAA, and TIA
Target Regions	8 target regions in the Survey
Beneficiaries	Micro/small/medium companies, public/private BDSPs
Scheme	Technical cooperation project
Overview	The Measure is to support provision of BDS in combination with KAIZEN which is planned to be undertaken in the new phase of the KAIZEN Project as well. It attempts to foster BDSPs that can instruct companies on both business management and KAIZEN, thereby enabling them to respond to various and comprehensive challenges faced by companies. Although the Measure does not cover a monetization component for BDS provision, the inclusion of such a component can be considered by integrating Measure 3 into this Measure when necessary. Targets of the Measure include medium companies too, as KAIZEN is likely to produce more noticeable impacts on the large mass-production sites.
Purpose	<b>BDSPs' capacity of BDS provision is enhanced and a system for the provision in collaboration with KAIZEN is established.</b>
Output 1	<i>BDSPs' capacity in provision of the particular areas of BDS is enhanced and standardized.</i>
Activity 1-1	Establish standards/certification criteria and enhance capacity of BDSPs in the four main areas of BDS, problem analysis, communication, logical thinking, etc., based on which to certify the qualified BDSPs.
Activity 1-2	Nurture and certify new KAIZEN trainers by targeting BDSPs currently providing services in the business management field and those fostered in projects of other donor agencies, and develop a database of the BDSPs certified in both this activity and Activity 1-1.
Activity 1-3	Devise, implement, and continuously revise a standardized evaluation system for BDS provision.
Activity 1-4	Prepare and continuously revise guidelines for BDS provision.
Output 2	<i>KAIZEN and the particular areas of BDS (KAIZEN x BDS) are provided together.</i>
Activity 2-1	Provide KAIZEN x BDS.
Activity 2-2	Measure the impacts of the provided KAIZEN x BDS.
Output 3	<i>Positive impacts of KAIZEN x BDS are disseminated.</i>
Activity 3-1	Develop and continuously revise PR tools for KAIZEN x BDS and conduct PR activities.
Activity 3-2	Continuously organize events for awareness-building of KAIZEN x BDS including those in collaboration with business associations and disseminate the success cases.
Activity 3-3	Organize the KAIZEN x BDS awards.
Key Points to Consider in Implementing the Activities	<p><b>【Activities 1-1 to 1-4】</b></p> <ul style="list-style-type: none"> <li>- Generally the same as Activities 2-1 to 2-4 of Measure 1.</li> <li>- Enhance capacity of the existing KAIZEN trainers in the areas of BDS, thereby enabling them to give instructions in the both fields.</li> <li>- At the same time, foster new KAIZEN trainers by targeting BDSPs currently delivering BDS in business management, the quality management experts trained in MARKUP, BDSPs nurtured in the UNDP project, etc.</li> </ul> <p><b>【Activities 2-1 to 2-2】</b></p> <ul style="list-style-type: none"> <li>- Perform the current situation analysis by the BDSPs certified in Output 1 to propose solutions (BDS) for challenges in both production and business managements and then to assist the companies in implementing the solutions.</li> <li>- Measure the impacts by comparing before and after implementation of the solutions. As in Activity 2-2 of Measure 1, avoid setting complicated and many performance indicators and thus focus on sales, cash position, cost, defect</li> </ul>



	<p>rate, and productivity.</p> <p><b>【Activities 3-1 to 3-2】</b></p> <ul style="list-style-type: none"> <li>- The same as Activities 1-1 to 1-5 in Measure 1.</li> <li>- Make the maximum use of experience obtained in the KAIZEN Project in organizing the KAIZEN x BDS awards.</li> </ul>																																																																	
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Inputs from Japanese Experts	<ul style="list-style-type: none"> <li>- Chief Advisor/BDS Dissemination System</li> <li>- KAIZEN 1</li> <li>- KAIZEN 2</li> <li>- BDS (Business Diagnosis and Corporate Strategy/Management)</li> <li>- BDS (Marketing)</li> <li>- BDS (Financial Management)</li> <li>- BDS (Organizational and Human Resource Management)</li> <li>- Training Management and Public Relations/Communication Skills</li> </ul>																																																																	

### Measure 6: Provision of Market-oriented BDS/KAIZEN Package Support (Main Strategies: 1-2)

Period	Phase 1 (1.5 years), Phase 2 (1.5 years)
Implementing Agencies	MIIT (IDD, EEPSSD and TKU) and SIDO
Organization to Collaborate	TPSF, TCCIA, CTI, NBAA, and TIA
Target Regions	Phase 1 (Dar es Salaam, Dodoma, Singida and Morogoro), Phase 2 (Other 4 target regions in the Survey are added)
Beneficiaries	Micro/small/medium companies, public/private BDSPs
Scheme	Technical cooperation project
Overview	The Measure proceeds in such a way that several BDSPs constitute a team to formulate an action plan for chargeable provision of the BDS/KAIZEN package support in accordance with the needs of the market that a client company targets. It aims to achieve "sales increase" of the client company by implementing activities in the action plan one-by-one to solve the comprehensive challenges. By this approach, the client company is expected to accumulate experiences in small successes step-by-step, thereby gradually enhancing recognition of effectiveness of BDS and WTP for it. Targets of the Measure include medium companies too, as it covers KAIZEN and responds to various and comprehensive challenges faced by companies.
<b>Purpose</b>	<b>A system to provide market-oriented BDS/KAIZEN package support is established and provided on a fee basis.</b>
<i>Output 1</i>	<i>BDSPs' capacity of BDS provision is enhanced and standardized.</i>
Activity 1-1	Establish standards/certification criteria and enhance capacity of BDSPs in the four main areas of BDS, problem analysis, communication, logical thinking, etc., based on which to certify the qualified BDSPs.
Activity 1-2	Devise, implement, and continuously revise a standardized evaluation system and guidelines for BDS provision.
Activity 1-3	Develop, maintain, and update a database of the certified BDSPs, and set up a team of the several BDSPs.

<i>Output 2</i>	<i>An action plan to provide market-oriented BDS/KAIZEN package support is prepared.</i>
Activity 2-1	Conduct needs analysis by the team of the market that a client company targets.
Activity 2-2	Based on the analysis results, prepare an action plan for provision of the BDS/KAIZEN package support to solve the challenges identified according to the market needs.
Activity 2-3	Divide roles of the BDSPs in the team.
<i>Output 3</i>	<i>The BDS/KAIZEN package support is delivered according to the plan on a fee basis.</i>
Activity 3-1	Set and continuously revise the standard fees or a contingency fee system for the BDS/KAIZEN package support.
Activity 3-2	Set the payment schedule/methods according to the different situations of client companies.
Activity 3-3	Provide the BDS/KAIZEN package support and measure the impacts.
<i>Output 4</i>	<i>Positive impacts of the BDS/KAIZEN package support is disseminated.</i>
Activity 4-1	Develop and continuously revise PR tools for the BDS/KAIZEN package support and conduct PR activities.
Activity 4-2	Continuously organize events for awareness-building of the BDS/KAIZEN package support including those in collaboration with business associations and disseminate the success cases (including the awards).
Key Points to Consider in Implementing the Activities	<p><b>【Activities 1-1 to 1-2】</b></p> <ul style="list-style-type: none"> <li>- The same as activities in Output 2 of Measure 1 excluding the nurturing of the certified BDSP trainers which is not implemented in this Measure.</li> </ul> <p><b>【Activity 1-3】</b></p> <ul style="list-style-type: none"> <li>- Build a support structure that, by setting up a team of various BDSPs with different expertise, generates complementary and synergic effects among the BDSPs to address comprehensive challenges faced by companies.</li> </ul> <p><b>【Activities 2-1 to 2-3】</b></p> <ul style="list-style-type: none"> <li>- As for the needs in the market, analyze from the perspectives of price, specifications, quality, delivery, etc. Ensure setting of an easily understandable and imaginable goal, which is the “sales increase,” as this is a very important element of the Measure.</li> <li>- Integrate the multiple solutions into one action plan which clarifies 5W1H of each solution. Consider assigning the client companies as an implementing actor of some solutions to enhance their own initiatives for improvement.</li> <li>- Put importance on the change in mindset of the customer companies in which their motivation to conduct the next solution is strengthened through solving the challenges one by one to accumulate experiences of small successes continually.</li> </ul> <p><b>【Activities 3-1 to 3-3】</b></p> <ul style="list-style-type: none"> <li>- Follow Activities 1-5 and 1-6 in Measure 1 for setting of the fee system and the payment schedule/methods. Enhance WTP of the client companies by setting a goal of “sales increase.”</li> <li>- Limit the performance indicators only to sales and profits in measuring the impacts.</li> </ul> <p><b>【Activities 4-1 to 4-2】</b></p> <ul style="list-style-type: none"> <li>- The same as activities and approaches in Output 3 of Measure 5.</li> </ul>

Activity Implementation Plan (Schedule)	Phase 1		Phase 2			
	1st Year		2nd Year		3rd Year	
	Output 1	<i>BDSPs' capacity of BDS provision is enhanced and standardized.</i>				
	Activity 1-1					
	Activity 1-2					
	Activity 1-3					
	Output 2	<i>An action plan to provide market-oriented BDS/KAIZEN package support is prepared.</i>				
	Activity 2-1					
	Activity 2-2					
	Activity 2-3					
	Output 3	<i>The BDS/KAIZEN package support is delivered according to the plan on a fee basis.</i>				
	Activity 3-1					
	Activity 3-2					
	Activity 3-3					
	Output 4	<i>Positive impacts of the BDS/KAIZEN package support is disseminated.</i>				
Activity 4-1						
Activity 4-2						
Inputs from Japanese Experts	<ul style="list-style-type: none"> <li>- Chief Advisor/BDS Dissemination System</li> <li>- BDS (Business Diagnosis and Corporate Strategy/Management)</li> <li>- BDS (Marketing/Market Needs Analysis)</li> <li>- BDS (Financial Management)</li> <li>- BDS (Organizational and Human Resource Management)</li> <li>- Communication Skills</li> <li>- Training Management/Public Relations and Coordination</li> </ul>					

### Measure 7: Enhancement of BDS Provision for Medium/Large Companies (Main Strategy: 2)

Period	Phase 1 (1.5 years), Phase 2 (1.5 years)
Implementing Agencies	MIIT (IDD and EEPSDD), SIDO, and CBE
Organization to Collaborate	TPSF, TCCIA, CTI, and TIA
Target Regions	Phase 1 (Dar es Salaam, Arusha and Mwanza), Phase 2 (Other 5 target regions in the Survey)
Beneficiaries	Medium/large companies, public/private BDSPs
Scheme	Technical cooperation project
Overview	The Measure is to enhance capacity of BDSPs for provision of their services to medium and large companies to develop the more mature BDS market after the challenges of the BDS supply and demand are solved to a certain extent by the other Measures. It covers the more advanced and specific areas of BDS than the other Measures do.
<b>Purpose</b>	<b>BDSPs' capacity in BDS provision for medium/large companies is enhanced and the services are utilized by them.</b>
Output 1	<i>BDSPs' capacity in provision of the particular areas of BDS is further enhanced.</i>
Activity 1-1	Establish the higher standards/certification criteria and enhance capacity of the BDSPs, who have been nurtured in the other Measures, based on which to certify the qualified BDSPs.
Activity 1-2	Devise, implement, and continuously revise a standardized evaluation system for BDS provision.
Activity 1-3	Prepare and continuously revise guidelines for BDS provision.
Output 2	<i>BDS in the particular areas is offered to medium/large companies.</i>
Activity 2-1	Organize the initial awareness-building events targeting medium/large companies including those in collaboration with business associations.
Activity 2-2	Provide BDS and measure the impacts.
Output 3	<i>Positive impacts of BDS for medium/large companies is disseminated.</i>
Activity 3-1	Develop and continuously revise PR tools for BDS for medium/large companies and conduct PR activities.

Activity 3-2	Continuously organize events for awareness-building of BDS for medium/large companies including those in collaboration with business associations and disseminate the success cases.																																																																																																											
Key Points to Consider in Implementing the Activities	<p><b>【Activities 1-1 to 1-3】</b></p> <p>- The same as Activities 2-1 to 2-4 in Measure 1. Suppose the main areas to be identified as organizational and human resource management, financial analysis, customer management, in-process and statistical quality management, etc.</p> <p><b>【Activities 2-1 to 2-2】</b></p> <p>- Present, as far as possible, quantitative impacts (mainly on sales, cash position and cost) that have emerged in the companies similar in scale to the target companies.</p> <p>- Follow Activity 2-4 in Measure 1 for measurement of the impacts.</p> <p><b>【Activities 3-1 to 3-2】</b></p> <p>- The same as Activities 1-1 to 1-4 of Measure 1.</p>																																																																																																											
Activity Implementation Plan (Schedule)	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Phase 1</th> <th colspan="4">Phase 2</th> </tr> <tr> <th colspan="2">1st Year</th> <th colspan="2">2nd Year</th> <th colspan="2">3rd Year</th> <th colspan="2"></th> </tr> </thead> <tbody> <tr> <td><i>Output 1</i></td> <td colspan="8"><i>BDSPs' capacity in provision of the particular areas of BDS is further enhanced.</i></td> </tr> <tr> <td>Activity 1-1</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td>Activity 1-2</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td>Activity 1-3</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td><i>Output 2</i></td> <td colspan="8"><i>BDS in the particular areas is offered to middle/large companies.</i></td> </tr> <tr> <td>Activity 2-1</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td>Activity 2-2</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td><i>Output 3</i></td> <td colspan="8"><i>Positive impacts of BDS for middle/large companies is disseminated.</i></td> </tr> <tr> <td>Activity 3-1</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td>Activity 3-2</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> </tbody> </table>		Phase 1				Phase 2				1st Year		2nd Year		3rd Year				<i>Output 1</i>	<i>BDSPs' capacity in provision of the particular areas of BDS is further enhanced.</i>								Activity 1-1	■	■	■	■	■	■	■	■	Activity 1-2	■	■	■	■	■	■	■	■	Activity 1-3	■	■	■	■	■	■	■	■	<i>Output 2</i>	<i>BDS in the particular areas is offered to middle/large companies.</i>								Activity 2-1	■	■	■	■	■	■	■	■	Activity 2-2	■	■	■	■	■	■	■	■	<i>Output 3</i>	<i>Positive impacts of BDS for middle/large companies is disseminated.</i>								Activity 3-1	■	■	■	■	■	■	■	■	Activity 3-2	■	■	■	■	■	■	■	■
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### Measure 8: Enhancement of ICT-related BDS Provision (Main Strategy: 2)

Period	1.5 years
Implementing Agencies	MIIT (IDD and EEPSSD) and SIDO
Organization to Collaborate	None
Target Regions	8 target regions in the Survey
Beneficiaries	Micro/small/medium/large companies, public/private BDSPs
Scheme	Dispatch of experts
Overview	The Measure focuses its support solely on development of capabilities of BDSPs in provision of BDS for introducing ICT, which currently carries less quantity and quality than demanded. It is proposed as a project in a shorter term and a smaller size than other Measures since the Measure covers a very limited area of BDS. Targets of the Measure include medium and large companies too, as the ICT areas attract the high demand from companies irrespective of their size.
<b>Purpose</b>	<b>BDSPs' capacity of ICT-related BDS provision is enhanced and the services are utilized by companies.</b>
<i>Output 1</i>	<i>ICT attracting strong needs from companies is identified.</i>
Activity 1-1	Identify ICT attracting strong needs from companies through company surveys.
<i>Output 2</i>	<i>BDSPs' capacity of the identified ICT is enhanced.</i>
Activity 2-1	Enhance BDSPs' knowledge and capabilities regarding the identified ICT.

Activity 2-2	Implement the ICT by BDSPs themselves.																																								
Output 3	<i>BDS introducing the identified ICT is delivered.</i>																																								
Activity 3-1	Provide the BDS and measure the impacts.																																								
Key Points to Consider in Implementing the Activities	<p><b>【Activities 2-1 to 2-2】</b></p> <ul style="list-style-type: none"> <li>- Assign Japanese experts or local experts (including an IT vendor) as trainers.</li> <li>- Put importance on practice of the acquired ICT by BDSPs themselves.</li> </ul> <p><b>【Activity 3-1】</b></p> <ul style="list-style-type: none"> <li>- Consider setting qualitative performance indicators such as utilization status of the introduced ICT and opinions from the employees on easiness to use it, in addition to the quantitative indicators selected from sales, cash position, cost (including working hours), defect rate, and productivity according to characteristics of the ICT.</li> </ul>																																								
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Inputs from Japanese Experts	<ul style="list-style-type: none"> <li>- Promotion of ICT in Business Management</li> <li>- Coordination</li> </ul>																																								

### 3.2 Hypothesis for Implementation Scenarios of Cooperation Measures

This section recommends the implementation priority and timelines of the eight Measures as a hypothesis for their implementation scenarios. The current section refers to each Measure by its respective number in many parts and hence enumerates the titles of the Measures as a reference list below.

Measure 1: Overall Development of BDS Market

Measure 2: Capacity Development in Business Diagnosis and Collaboration with Specialized Consultants and Financial Institutions

Measure 3: Promotion of Fee-based BDS Provision

Measure 4: Establishment of BDSP Network and One-stop Consultation Window

Measure 5: Capacity Development for Provision of BDS in Particular Areas and Collaboration with KAIZEN

Measure 6: Provision of Market-oriented BDS/KAIZEN Package Support

Measure 7: Enhancement of BDS Provision for Medium/Large Companies

Measure 8: Enhancement of ICT-related BDS Provision

#### 3.2.1 Implementation Priority

Measurement of the implementation priority among the eight Measures adopts two criteria, namely, the

“expected impact on solutions” and the “feasibility” of each Measure. Each criterion is scored and the scores in two criteria are summed up to compare the priority. In doing so, the maximum score of six points is given to the former while the latter carries the five points. This is both because the JICA Survey Team examined the feasibility of each Measure to a certain extent when formulating it, and because the priority measurement is based first on the premise that all the Measures should be implemented (“a main element”) and then a constraint regarding the feasibility is added to adjust the premise (“an ancillary element”). In other words, the measurement attaches a higher weight to the expected impact on solutions than to the feasibility of each Measure.

#### (1) Expected Impact on Solutions

The challenges analyzed in Section 2.4 consist of those carefully extracted from various and significant factors that are assumed to be causing the gaps between the BDS demand and supply in Tanzania, indicating that all of them are highly necessary to be resolved. Therefore, the expected impact on solutions here is explored by comparing the level of contribution of each Measure to each strategy, a group of the individual solutions to address these bottleneck challenges. Table 3.2-1 shows the average score of each Measure regarding the contribution to each strategy as well as the score totaling the average scores of the three strategies.

Table 3.2-1 Expected Impact of Measures on Solutions

	Solutions for Challenges																Av. Total
	S1: Stimulation of BDS Demand							S2: Enhancement and Standardization of Quality in BDS Supply					S3: Improvement of Function to Coordinate BDS Supply and Demand				
	1.1	1.2	1.3	1.4	1.5	1.6	Av.	2.1	2.2	2.3	2.4	Av.	3.1	3.2	3.3	Av.	
M1	●	●	●	●	●	●	2.0	●	●	●	●	2.0	●	●	●	2.0	<b>6.0</b>
M2	○	○					0.33	●	●	○	●	1.75	○	●	○	1.3	<b>3.4</b>
M3	●	●	●	●	●	●	2.0	○			○	0.5	○			0.33	<b>2.8</b>
M4	○	●	○				0.67	○		●		0.25	●	●	●	2.0	<b>2.9</b>
M5	○	○					0.33	●	●	●	●	2.0	○		○	0.67	<b>3.0</b>
M6	○	●	●	●	●		1.5	●	●	●	●	2.0	○	○	○	1.0	<b>4.5</b>
M7	○	○					0.33	●	●		○	1.25	○			0.33	<b>1.9</b>
M8	○						0.08	○			○	0.5				0.0	<b>0.6</b>

Note: “M” and “S” denote Measure and strategy, respectively.

“●” and “○” mean that the Measure is expected to exert the impact on each solution while the former carries the more direct and larger impact. Two points and one point are assigned to the former and the latter, respectively.

The reference number of each solution corresponds to that in Figure 3.1-1 and the measurement here covers the two-digit level solutions. The solutions under two strategies in Figure 3.1-1, namely, 2.3 and 3.1, are positioned under the strategy which is more closely related.

“Av.” denotes “average” whose score is calculated by rounding up at the third decimal point and the score for the “average total” is done so at the second decimal point.

Source: Prepared by JICA Survey Team

The obtained scores represent the expected impact on solutions for the entire set of the challenges.

Hence, Measure 1 that tackles every strategy and every controllable solution activity receives the highest score. It is followed by Measure 6 dealing with the second most comprehensive solutions. Measures 2-5 concentrate their support more on one or two strategies and thus their expected impact becomes lower than those two. Measures 7 and 8 score less than one-third of that of Measure 1, as the targets of their activities are far more confined than those of the other Measures are.

## (2) Feasibility

The feasibility of each Measure is holistically examined here based on six criteria, namely, easiness regarding a) activities, b) response of C/P organizations, c) response of beneficiaries, d) necessary budget, and d) response of JICA, as well as f) timing to commence implementation, of each Measure.<sup>77</sup> Table 3.2-2 presents the examination results.

Table 3.2-2 Feasibility of Measures

	Criterion a)	Criterion b)	Criterion c)	Criterion d)	Criterion e)	Criterion f)	Average
Measure 1	3	2	3	2	3	4	<b>2.8</b>
Measure 2	3	3	4	3	4	3	<b>3.3</b>
Measure 3	3	2	3	4	2	3	<b>2.8</b>
Measure 4	3	3	3	3	4	2	<b>3.0</b>
Measure 5	5	5	5	4	5	5	<b>4.8</b>
Measure 6	3	3	3	3	4	3	<b>3.2</b>
Measure 7	2	3	2	3	3	1	<b>2.3</b>
Measure 8	4	2	2	4	4	3	<b>3.2</b>

Note: The points range between 1 and 5, and the larger the number is, the easier or more urgent each Measure is for implementation.

Alphabets of the criteria correspond to those described in text in the paragraph above.

Source: Prepared by JICA Survey Team

Measure 5 is considered to be most feasible, as the detailed planning for the new phase of the KAIZEN Project, which is expected to undertake the similar approach and activities to the Measure, has already proceeded.<sup>78</sup> It is followed by Measures 2, 6 and 8. Since JICA has implemented the similar projects to these Measures in other countries, the response from JICA to their implementation is likely to be smooth (Criterion e)). Experience and knowledge of JICA in addition to MSME support agencies in Japan can also serve Measure 4 very well; however, its timing to commence implementation is evaluated to be relatively late, thereby reducing its feasibility. As for Measure 2, the fact, that the BDSP as beneficiaries from the capacity enhancement on business diagnosis have been already identified to a great degree by

<sup>77</sup> “Timing to commence implementation” is not a criterion to measure the easiness of implementation of each Measure as opposed to the other five criteria; however, it enters one of the criteria since the criterion represents the urgency of the implementation. This is based on the perception that the more urgent each Measure is, the higher willingness for the implementation exists.

<sup>78</sup> Although they are not completely consistent with each other, discussion here supposes Measure 5 as equivalent to the new phase of the KAIZEN Project.

the Survey and the KAIZEN Project, influences the evaluation results of the response of the beneficiaries (Criterion c)) positively. Although the same applies to Measure 6, the easiness of the response of the beneficiaries becomes lower, as the Measure requires BDSPs to be able to plan and provide various kinds of solutions for specific challenges of different companies. Measure 8, in the meantime, entails the far smaller budget including the local cost than the other Measures do (Criterion d)).

On the contrary, the Measures with relatively low feasibility are 1, 3 and 7. The feasibility of Measure 1 is assessed comparatively low because it undertakes the very wide range of activities that are likely to generate difficulty in implementation in many aspects. Measure 3 focuses on support in monetization of BDS provision, which may work as an inhibiting factor for the C/P organizations and JICA, both of which are the public organization, to smoothly plan and implement it (Criteria b) and e)). The primary reason for the less feasibility of Measure 7 is its timing to commence implementation that is latest among all the Measures. Furthermore, the Measure deals with advanced and very specific BDS to support medium and large companies and this heightens difficulty of the implementation especially in the aspect of the easiness of the response of BDSPs, or the beneficiaries.

### (3) Overall Results

Table 3.2-3 summarizes the total scores of both the expected impact on solutions and the feasibility of each Measure in order from high to low. Additionally, the scores are visually dispersed in Figure 3.2-1.

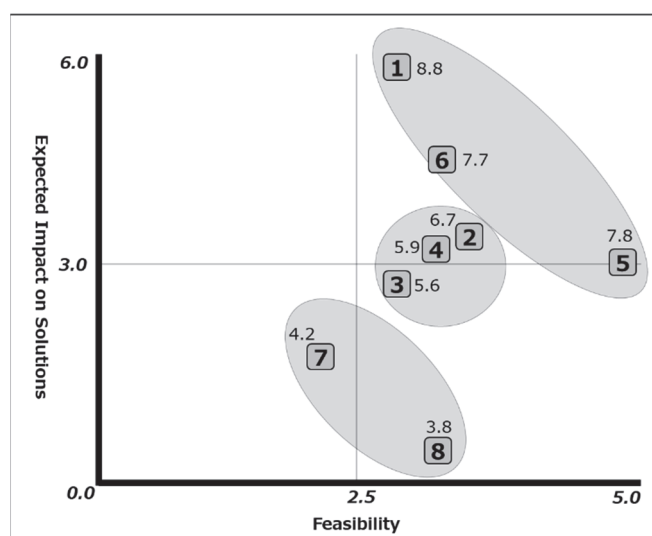
Table 3.2-3 Implementation Priority of Measures

		Expected Impact on Solutions	Feasibility	Total
1	M1: Overall Development of BDS Market	6.0	2.8	<b>8.8</b>
2	M5: Capacity Development for Provision of BDS in Particular Areas and Collaboration with KAIZEN	3.0	4.8	<b>7.8</b>
3	M6: Provision of Market-oriented BDS/KAIZEN Package Support	4.5	3.2	<b>7.7</b>
4	M2: Capacity Development in Business Diagnosis and Collaboration with Specialized Consultants and Financial Institutions	3.4	3.3	<b>6.7</b>
5	M4: Establishment of BDSP Network and One-stop Consultation Window	2.9	3.0	<b>5.9</b>
6	M3: Promotion of Fee-based BDS Provision	2.8	2.8	<b>5.6</b>
7	M7: Enhancement of BDS Provision for Middle/Large Companies	1.9	2.3	<b>4.2</b>
8	M8: Enhancement of ICT-related BDS Provision	0.6	3.2	<b>3.8</b>

Note: "M" denotes Measure.

Source: Prepared by JICA Survey Team





Note: Numbers in the frame indicate the Measures and those without the frame are the score of the implementation priority.

Source: Prepared by JICA Survey Team

Figure 3.2-1 Distribution of Scores for Implementation Priority

The JICA Survey Team recommends that the Measure with the higher score should carry the higher priority for implementation.<sup>79</sup> The priority of Measures 1, 5 and 6 turns out to be relatively high; that of Measures 2-4 are in the middle, and that of Measures 7 and 8 is comparably low.

It is, in reality, extremely difficult to implement all the Measures due to various constraints. Given such constraints as well as the implementation priority, a coherent scenario would be to conduct Measure 1 and then to complement or reinforce, through the other Measures, only what Measure 1 has not been able to sufficiently address. Another reasonable way would be to implement Measure 5 first followed by Measure 2 or 6, and then selectively conduct the other Measures except Measure 1 to solve as comprehensive challenges as possible under the constraints. Considering that the detailed planning of the new phase of the KAIZEN Project, which is similar to Measure 5, has already advanced, the latter approach would be more realistic. Notwithstanding, the scope of the Survey is to formulate the multiple Measures and hypothesize the priority and timelines for their implementation; the actual response to these deliverables is determined by JICA. Therefore, the JICA Survey Team recommends JICA to use this priority as the “basis” or the “materials” in considering and making decision on its future interventions in BDS support in Tanzania.

<sup>79</sup> This priority is influenced largely by the expected impacts on solutions for the “entire” challenges in the BDS market. The different results would come out if the individual challenges were set as the basis of the priority measurement. Nevertheless, the situation after solving the entire challenges involves the achievement of the Measures and therefore the JICA Survey Team adopts this priority.

### 3.2.2 Implementation Timelines

This subsection puts forward the implementation timelines for each Measure based on the implementation priority proposed above and the relationship among the Measures. The timelines are proposed by supposing that the implementation period of the Measures is for ten years from the submission of the current report. Whereas the previous subsection stated that implementation of all the Measures would not be realistic, the present subsection recommends the timelines for all the Measures by classifying them into two cases, namely, the case where the Measure 1 is implemented and the case in which it is not. The timelines for all the Measures are presented here to serve as the “basis” or the “materials” for the JICA’s decision-making, as recommended above.

The implementation timelines do not necessarily guide the order of implementation of the Measures from the highest priority to the lowest. The effective timelines are scrutinized based on both the priority and the relationship among the Measures. Among the Measures with the high priority, there are the ones whose implementation would become more effective if done one-by-one. Furthermore, the Measures following implementation of the other Measures can be selectively conducted in consideration of the linkage of the activities to the preceding ones and comparing the level of the implementation priority.

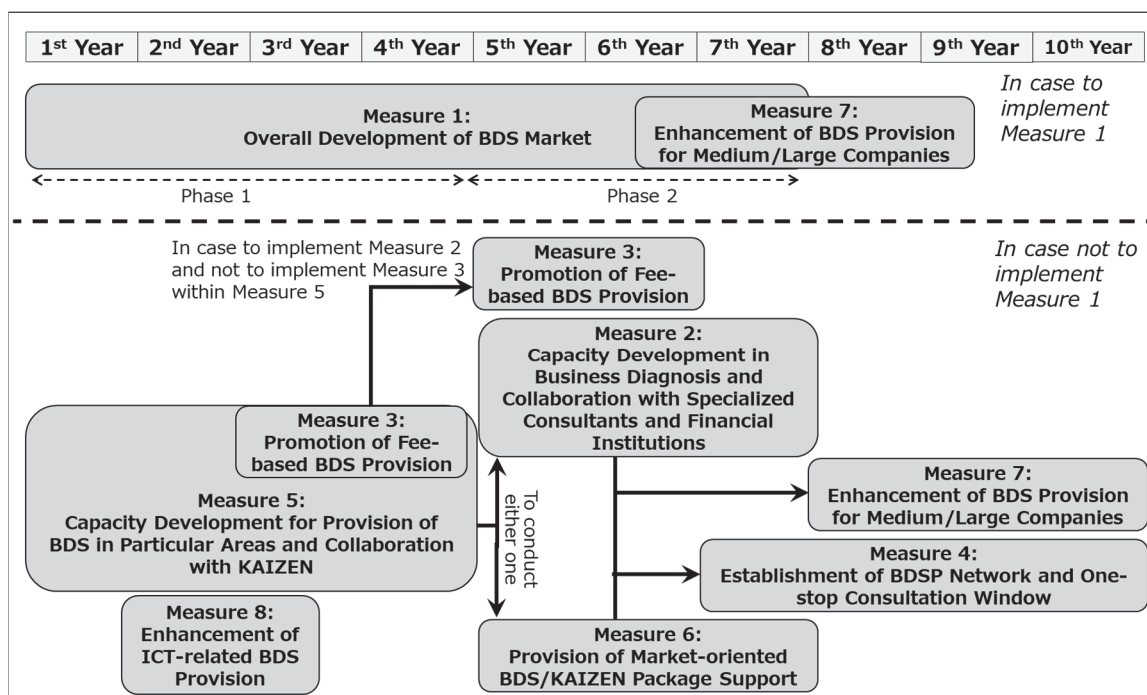
Additionally, it could be considered to carry out a) selected components of the multiple Measures in which activities of each Measure are mixed, b) a Measure into which the several Measures are integrated, and c) a Measure partially covering activities of the other Measures. Notwithstanding, taking all of such possibilities into account would generate considerable amounts of the Measures, many of which would be similar to one another. Hence, the implementation timelines proposed here only indicate the possibility to apply b) and c) partially.

On the premise as presented above, Figure 3.2-2 sets forth the timelines and flows for implementation of the eight Measures.

Measure 1 is the basis of the other Measures; its implementation would enable all the Measures except Measure 7 to be undertaken at the same time.<sup>80</sup> It is hence proposed that, in case Measure 1 is implemented, Measure 7 be conducted in combination with the former during its Phase 2 and continue independently after the termination of Measure 1.

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<sup>80</sup> Although Measure 1 involves all the main components of other Measures except Measure 7, it does not completely cover the minor components in some Measures. For example, Measure 1 does not newly foster KAIZEN trainers as designed in Measure 5.



Source: Prepared by JICA Survey Team

Figure 3.2-2 Implementation Timelines and Flows of Measures

In contrast, the case where Measure 1 is not implemented requires more attention to the implementation timelines of each Measure. The most coherent scenario would be to start with Measure 5 as it is most feasible, followed by either Measure 2 or 6. Given the higher priority between the two and the closer relations with Measures 5 in terms of the activities, it would be more relevant to select Measure 6. The Measure also encompasses the activities planned in Measure 3. If Measure 2 is chosen for implementation, Measure 3 can proceed in parallel, or the latter can be assumed within Measure 5 after its implementation has advanced to the certain point. It should be noted that Measure 2 does not involve any components regarding monetization of BDS provision.<sup>81</sup>

In the meantime, establishment of the one-stop consultation windows in Measure 4 and strengthening of capacity of BDS provision to medium and large companies in Measure 7 would proceed more effectively and efficiently if commenced after the sufficient quantity of the high-quality BDSPs is ensured and the BDS market matures to a certain degree. It would hence be logical to launch these two Measures at the middle

<sup>81</sup> Business diagnosis itself does not generate the outcome for improvement in business management and thus monetization of only the diagnosis would be highly difficult. Although Measure 2 supports collaborative BDS provision with the specialized consultants, its scope is confined to introduction of the latter for the actual BDS provision. Moreover, whereas collaboration with financial institutions to improve access to finance, one of the components in Measure 2, may constitute the basis for the monetization, the Measure places more emphasis on the capacity development in business diagnosis and collaboration with external stakeholders than on monetization of the BDS provision.

point of the implementation period of Measure 2 or 6, or after the end of them. Nevertheless, an activity component of the networking among BDSPs in Measure 4 can be tackled within the framework of the other Measures as well.<sup>82</sup>

On the contrary, Measure 8 focuses only on a single BDS area within a short term while having weak relations with the other Measures; therefore, its implementation timelines are insignificant. The Measure can start anytime, for example, while the other Measures are being implemented or in such a way that capacity development of ICT-related BDS is integrated into the target areas in the other Measures. Furthermore, although expressed as carried out once in the figure, the Measure could be conducted repeatedly if the positive impacts and the needs turn out to be strong. Nevertheless, given the current situation and the needs of companies and BDSPs regarding ICT reported in Sections 2.2 and 2.3, it would be more desirable if the Measure were to be initiated sooner rather than later.

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<sup>82</sup> Measures 2 and 6 cover the activities to establish a collaborative platform among BDSPs.

# **Appendixes**



## Appendix 1. Classification of Industry Sectors

Sector Classification of Economic Activities		ISIC Rev. 4	業種分類
A	Manufacturing	C	A 製造業
	1 Beverages and food products	10, 11	1 食料品、飲料
	2 Wearing apparel/ Textiles	13, 14	2 織物、衣服
	3 Furniture/ Wood and wood products and cork	16, 31	3 材木/木製品およびコルク製品、家具
	4 Metal and non-metal/ Fabrication	23, 24, 25	4 金属、金属製品、その他の非金属鉱物製品
	5 Electrical equipment/ Computer, electronic and optical metal	26, 27	5 電気機器、コンピュータ・電子製品・光学製品
	6 Leather and related products	15	6 皮革および関連製品
	7 Repair and installation of machinery and equipment	33	7 機械器具修理・設置業
	8 Machinery and equipment n.e.c	28	8 機械器具
	9 Chemicals and chemical products	20	9 化学品および化学製品
	10 Rubber and plastic products	22	10 ゴムおよびプラスチック製品
	11 Motor vehicles, trailers and semi-trailers/Other transport equipment	29, 30	11 自動車・トラレーラ及びセミトラレーラ、その他の輸送用機械器具
	12 Pharmaceuticals, medicinal chemical and botanical products	21	12 基礎医薬品及び医薬調合品
	13 Other manufacturing	12, 17, 18, 19, 32	13 その他の製造業
B	Industry (except manufacturing)	B, D, E, F	B 工業 (製造業以外)
C	Agriculture, Forestry and Fishing	A	C 農林漁業
D	Service (business oriented): Trade, Transportation, Information and communication, Accommodation and food, Business and Administrative services	G, H, I, J, K, L, M, N	D サービス業 (ビジネス関係)
E	Service (non-business oriented): Public administration, Community, Social and other services and activities	O, P, Q, R, S, T, U, X	E サービス業 (非ビジネス関係)

Source: Prepared by JICA Survey Team based on ISIC Rev.4

Appendix 2. Fifteen Highest BDS Needs by Company Scale, Region, and Industry Sector

No.	Company Scale										Region				
	Micro	Small (4-19)	Small (20-49)	Middle	Large (100-299)	Large (300+)	Dares Salaam	Morogoro	Dodoma	Arusha					
1	Access to finance	Utilization of IT for business management	3.6	3.8	3.5	3.5	3.5	3.5	3.3	3.3	3.3	3.5	3.5	3.5	3.6
2	Financial statement	3.5 Marketing strategy	3.5	3.5	3.5	3.5	3.5	3.5	3.0	3.0	3.0	3.1	3.1	3.8	3.6
3	Business plan (CSM)	3.5 Promotion strategy	3.5	3.4	3.4	3.4	3.4	3.4	2.7	2.7	2.7	3.1	3.1	3.8	3.5
4	Corporate strategy	3.4 (CSM)	3.4	3.3	3.3	3.3	3.3	3.3	2.7	2.7	2.7	3.1	3.1	3.7	3.4
5	Marketing strategy	3.4 Access to finance	3.4	3.3	3.3	3.3	3.3	3.3	2.7	2.7	2.7	3.0	3.0	3.6	3.4
6	Sales plan	3.4 Corporate strategy	3.4	3.3	3.3	3.3	3.3	3.3	2.3	2.3	2.3	3.0	3.0	3.4	3.3
7	Business plan (FM)	3.4 evaluation/incentive system	3.4	3.2	3.2	3.2	3.2	3.2	2.3	2.3	2.3	3.0	3.0	3.3	3.3
8	Plan of employee training	3.4 Sales plan	3.3	3.2	3.2	3.2	3.2	3.2	2.3	2.3	2.3	3.0	3.0	3.0	3.3
9	Personnel evaluation/incentive system	3.4 Plan of employee training	3.3	3.2	3.2	3.2	3.2	3.2	2.0	2.0	2.0	2.9	2.9	2.9	3.3
10	Promotion strategy	3.3 Digital marketing	3.2	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.9	2.9	2.8	3.0
11	Digital marketing	3.3 Break-even-point sales	3.2	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.9	2.9	2.7	3.0
12	Utilization of IT for business management	3.2 Market survey/information	3.2	2.5	2.5	2.5	2.5	2.5	2.0	2.0	2.0	2.8	2.8	2.6	2.9
13	Market survey/information	3.2 Financial analysis	3.1	2.5	2.5	2.5	2.5	2.5	2.0	2.0	2.0	2.8	2.8	2.4	2.9
14	Financial analysis	2.9 (FM)	3.1	2.5	2.5	2.5	2.5	2.5	1.7	1.7	1.7	2.7	2.7	2.4	2.9
15	Bookkeeping	2.8 Financial statement	3.0	2.4	2.4	2.4	2.4	2.4	1.3	1.3	1.3	2.6	2.6	2.0	2.9



No.	Region					Industry Sector				
	Mbeya	Singida	Kilimanjaro	Mwanza	Beverages and Food	Metal	Wood/furniture	Rubber and Plastic	Leather	Machinery
1	Access to finance 3.7	Digital marketing 3.5	Utilization of IT for business management 3.7	Utilization of IT for business management 3.7	Promotion strategy 3.4	Utilization of IT for business management 3.4	Plan of employee training 3.8	Promotion strategy 4.0	Promotion strategy 3.3	Utilization of IT for business management 3.7
2	Utilization of IT for business management 3.7	Marketing strategy 3.3	Marketing strategy 3.8	Marketing strategy 3.7	Utilization of IT for business management 3.4	Access to finance 3.4	Utilization of IT for business management 3.8	Corporate strategy 3.7	Corporate strategy 3.3	Access to finance 3.7
3	Marketing strategy 3.7	Market survey/information 3.0	Promotion strategy 3.0	Business plan (FM) 3.7	Break-even-point sales 3.4	Business plan (CSM) 3.7	Access to finance 3.7	Marketing strategy 3.8	Business plan (CSM) 3.0	Marketing strategy 3.3
4	Plan of employee training 3.5	Promotion strategy 3.0	Access to finance 3.0	Plan of employee training 3.8	Access to finance 3.4	Personnel evaluation/incentiv e system 3.7	Personnel evaluation/incentiv e system 3.7	Marketing strategy 3.0	Marketing strategy 3.7	Promotion strategy 3.3
5	Personnel evaluation/incentiv e system 3.5	Plan of employee training 3.0	Business plan (CSM) 3.5	Corporate strategy 3.3	Plan of employee training 3.3	Financial statement 3.6	Marketing strategy 3.6	Sales plan 3.5	Financial statement 3.0	Plan of employee training 3.3
6	Break-even-point sales 3.3	Personnel evaluation/incentiv e system 3.0	Plan of employee training 3.0	Business plan (CSM) 3.5	Marketing strategy 3.3	Business plan (FM) 3.6	Promotion strategy 3.6	Personnel evaluation/incentiv e system 3.5	Market survey/informatio n 3.0	Sales plan 3.0
7	Business plan (FM) 3.2	Corporate strategy 2.8	Corporate strategy 3.0	Market survey/information 3.3	Corporate strategy 3.2	Marketing strategy 3.4	Financial statement 3.4	Digital marketing 3.5	Access to finance 3.0	Digital marketing 3.0
8	Sales plan 3.0	Sales plan 2.8	Business plan (FM) 3.5	Access to finance 3.3	Business plan (CSM) 3.2	Digital marketing 3.4	Business plan (FM) 3.4	Corporate strategy 3.5	<u>Job description /authority management document</u> 2.8	<u>Attendance management</u> 3.0
9	Promotion strategy 3.0	Business plan (CSM) 2.5	Break-even-point sales 3.0	Personnel evaluation/incentiv e system 3.3	Digital marketing 3.2	Plan of employee training 3.4	Financial analysis 3.4	Business plan (CSM) 3.3	<u>Attendance management</u> 2.8	Personnel evaluation/incentiv e system 3.0
10	Financial statement 3.0	Utilization of IT for business management 2.5	Market survey/information 2.5	Promotion strategy 3.0	Sales plan 3.1	Market survey/information 3.3	Corporate strategy 3.3	Access to finance 3.0	<u>Legal Affairs</u> 2.8	Corporate strategy 2.7
11	Financial analysis 2.8	<u>Attendance management</u> 2.7	Sales plan 2.3	Digital marketing 3.0	Business plan (FM) 3.1	Sales plan 3.3	Business plan (CSM) 3.0	Financial analysis 3.0	Break-even-point sales 2.8	Business plan (FM) 2.7
12	Business plan (CSM) 2.7	Financial statement 2.3	Financial statement 2.8	<u>SWOT analysis</u> 2.7	Personnel evaluation/incentive system 3.1	Corporate strategy 3.2	Plan of employee training 3.0	Plan of employee training 3.0	Financial analysis 2.5	Business plan (CSM) 2.3
13	Digital marketing 2.7	Break-even-point sales 2.3	Financial analysis 2.3	Sales plan 2.7	Financial analysis 3.0	Promotion strategy 3.2	Digital marketing 3.2	<u>Attendance management</u> 3.0	Plan of employee training 2.3	Market survey/information 2.3
14	Market survey/information 2.5	Access to finance 2.3	<u>Attendance management</u> 2.5	Financial statement 2.5	Market survey/information 2.6	Financial analysis 3.0	<u>Attendance management</u> 2.8	Break-even-point sales 3.0	<u>SWOT analysis</u> 2.3	<u>Offline promotion</u> 2.3
15	Corporate strategy 2.3	Financial analysis 2.3	Personnel evaluation/incentive system 2.5	Break-even-point sales 2.7	Financial statement 2.6	<u>Attendance management</u> 2.8	Break-even-point sales 2.8	<u>Export/import procedure</u> 2.8	Utilization of IT for business management 2.0	Financial statement 2.3

Note: Bold and underlined items are the areas which do not enter the top fifteen ranks in the overall results. A/R and A/P stand for accounts receivable and payable, respectively.  
Source: Prepared by JICA Survey Team based on results of the company questionnaire survey





