

**SMALL INDUSTRIES DEVELOPMENT
ORGANIZATION**

(SIDO)



CORPORATE STRATEGIC PLAN

(2014/2015 – 2016/2017)

June 2014

FOREWARD

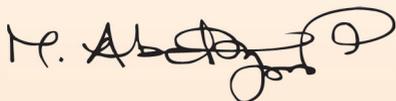
The importance of the SMEs subsector as a primary means of developing and strengthening indigenous entrepreneurial base can not be over-emphasized as it creates a foundation for increased contribution of the SMEs sector to the economy. The fact is widely recognized. Principal policies guiding the development of the sector i.e. Sustainable Industrial Development Policy and SME Development Policy provide an overall policy framework to develop it. The sub sector is one of key actors in the national strategic initiatives to promote economic growth, sustainable development and poverty reduction.

What has been demonstrated and gained from the implementation during the previous period is a good indication of the scope and extent of people's preparedness to actively participate in development activities, if appropriate interventions and guidance are advanced to support their development course. All supporters are keen to see consistent service delivery aimed at promoting vibrancy in the sub sector development.

The current plan apart from providing strategic guidance for SIDO's operational capacity, efficiency, productivity and better services to clients, will spearhead active private sector involvement as a dependable partner in business growth and development.

The government through its policies has laid a good operational ground for SMEs' development and prosperity, but also gives full support to initiatives and strategies that are aimed at operationalising them. SIDO's initiatives to develop local capacities of contributing towards realisation of the Government development agenda and improvement of wellbeing of its people have the blessing of the Ministry of Industry and Trade.

I believe and hope that the implementation of this strategic plan will ensure growth of public private sector partnership, promote synergy between research and entrepreneurship development, stimulate and support increased SME involvement, facilitate formalization of businesses, promote improvement of their production as well as operational capacities and increase their chances of survival and success. It will also promote increased economic activities, stimulate economic growth, increased income, create jobs and contribute to the improvement of general people's wellbeing.



Hon. Dr. Abdallah Kigoda (MP)

Minister of Industry and Trade

PREFACE

The Small Industries Development Organisation (SIDO) is entrusted in spearheading development of Small and Medium Enterprises (SMEs) in the country. In order to fulfil the requirement, it periodically assesses its performance, identifies eminent challenges and strategizes how to push forward the development agenda despite the challenges. The current plan explains how the organisation will strengthen its operational capacity so as to ensure increased efficiency and productivity in service delivery to SMEs. It clearly indicates the scope and extent of services the intended beneficiaries and collaborators have to expect, and gives that assurance to stakeholders, existing and potential entrepreneurs. It specifically addresses the challenges of technology, entrepreneurship, marketing, business information and availability of financial support. All the services are geared towards disentangling SMEs from the vicious circle constraining their development and of course facilitating their sustainability and development of their competitive edge. Effective delivery of these services will ensure business growth, promotion of quality services and products, increased efficiency, productivity, capacity building for employment creation, income generation and ultimate improved wellbeing in the urban as well as rural areas.

We recognize and appreciate for the results of joint efforts from stakeholders, partners and supporters that were experienced during the implementation of the previous plan. We do hope there will be increased cooperation and complementarities in serving the intended beneficiaries during the plan period. On the other hand, we express our sincere appreciation to all stakeholders who dedicated their time to go through this document and offered their invaluable insights, evidence, experience and ideas. Their contributions gave the plan a range of different perspectives and experiences that have enabled us to present a clear picture of the challenges we face over the next three years and the approaches required to address them for sustained growth of the sector.

We believe that in the next three years, the existing SIDO operational capacity in terms of material and human resources will be efficiently and effectively utilised to ensure realisation of its established corporate objectives.



Japhet S. Mlagala

Chairman, SIDO Board of Directors

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ACRONYMS

BDS:	Business Development Services
CCM:	Chama Cha Mapinduzi
CBO:	Community Based Organization
COMFAR:	Computer Model for Feasibility Analysis and Reporting
CPP:	Company Project Profile
CSO:	Civil Society Organization
CSP:	Corporate Strategic Plan
GDP:	Gross Domestic Product
HIV/AIDS:	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICT:	Information Communication Technology
KOICA:	Korea International Cooperation Agency
LGA:	Local Government Authority
M&E:	Monitoring and Evaluation
MIS:	Management Information System
MKUKUTA:	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MSME:	Micro, Small and Medium Enterprises
MUVI:	Muunganisho Ujasiriamali Vijijini
NEDF:	National Entrepreneurship Development Fund
NMB:	National Micro Finance Bank
NGO:	Non Governmental Organization
ODOP:	One District One Product
R&D:	Research and Development
RSMEAC:	Regional Small and Medium Advisory Committee
RRF:	Regional Revolving Fund
SHO:	Self Help Organization
SIDP:	Sustainable Industrial Development Policy
SIDO:	Small Industries Development Organization
SME:	Small and Medium Enterprises
SS GATE:	South South Global Asset and Technology Exchange
TAFOPA:	Tanzania Food Processors Association
TASISO:	Tanzania Small Industries Society
TATC:	Tanzania Automotive Technology Corporation
TDC:	Technology Development Center
TFSR:	Tools For Self Reliance
TIB:	Tanzania Investment Bank
TNA:	Training Needs Assessment
TOT:	Training of Trainers
TPC:	Training Cum Production Center
TUICO:	Trade Union for Industrial and Commercial Organizations
VIBINDO:	Jumuia ya Wenye Viwanda na Biashara Ndogo
FDI:	Foreign Direct Investment
STI:	Science Technology and Innovation
WEF:	World Economic Forum

EXECUTIVE SUMMARY

0.1 Introduction

Small Industries Development Organization (SIDO) is a parastatal organization that was established by the Act of Parliament No. 28/1973. Its main objective is to plan, coordinate, promote and offer every form of services to small industries. This strategic plan document presents SIDO's vision, mission, core values, objectives and strategies that will ensure consistent and sustainable development of indigenous entrepreneurial base through provision of business development services and financial services with emphasis on development of the productive sector.

0.2 Self assessment

The services in CSP IV enhanced efforts to realize SIDO's vision, mission and objectives. This was due to more awareness of SIDO services to the community, good working relationship and support from collaborators, development partners as well as private sector. The performance of SIDO based on the previous CSP IV shows that our services across the sectors facilitated creation of 100,351 enterprises all over the country in different sectors/fields, creating 304,649 direct employment opportunities. While new enterprises created in urban areas reached 56,279 equivalents to 16% increase, 44,072 new enterprises were established in rural areas equivalent to 26% increase. The results reveal the fact that delivery of entrepreneurship development services in the rural areas has been increasing and producing positive results.

However, there are a number of factors that do affect or influence SIDO's capacity to deliver. These are opportunities and development challenges, which different initiatives have to be pursued to address them and ensure enhancement of SMEs' growth and competitiveness.

Opportunities:

1. Government policies, strategies and directives recognize the importance of SME subsector.
2. Increase of FDIs create prospects for SME subsector to prosper.
3. Increase in trust on the importance and role of private sector for economic transformation.
4. Availability of abundant natural resources for business development.
5. Stable and supportive political environment.

6. Strategic location of the country facilitates large market opportunities.
7. Country good reputation and relationship with neighbouring countries and development partners.

Challenges:

1. The rate of current technological advancement in relation to SMEs capacity.
2. The socio – economic impact of HIV/AIDS pandemic.
3. Inability to respond efficiently and effectively to natural calamities
4. Weak regional, sector and national innovation systems.
5. Existence of large number of theoretical training with minimal practical experience.
6. Inadequate venture capital and seed fund.
7. Lack of entrepreneurial mindset among the community
8. Poor infrastructure for rural enterprises.

0.3 Mission, Vision and Objectives

The objective of this plan will be to provide the SME sector with a great level of employment creation and income generation compared to the previous years. SIDO will mainly focus on supporting SMEs growth and competitiveness, ensuring increased local content and facilitate increased involvement of SMEs to the industrialization process. The planned interventions are directed to maximize on the available opportunities, address the challenges encountered and contribute to realisation of its vision, mission and objectives.

Vision

A leading business support organization unlocking potentials for growth and competitiveness of SMEs.

Mission

Create, promote and sustain innovative entrepreneurial base by providing SMEs with tailor made services in a businesslike manner.

Core values

The implementation of the plan will be guided by the following values:

- ⇒ Relevant Services
- ⇒ Sustainability
- ⇒ Professionalism

- ⇒ High outreach
- ⇒ High impact

Strategic objectives

The planned goals and therefore SIDO's vision will be achieved through effective implementation of the following set of objectives:

1. To facilitate SMEs access to technology, infrastructure and technical services.
2. To facilitate business skills development services for SMEs.
3. To facilitate SMEs access to markets and information.
4. To facilitate SMEs access to finance.
5. To enhance operational capacity of the organization.

0.4 Implementation process

SIDO will ensure its operational system is capable of handling implementation requirements and appropriately follow the laid down rules and procedures. It will prepare annual operational plans, submit them to the Board for approval, implement them, prepare and submit periodic performance reports to the Board and the Government appropriately.

0.5 Monitoring and evaluation

Continuous monitoring and evaluation will be done to ensure gradual assessment of implementation progress and realization of the intended objectives. Service delivery effectiveness will be tracked by observing the following performance indicators:

1. Measures of efficiency and productivity
2. Measures of SMEs business growth
3. Measures of SMEs products quality
4. Measures of employment creation capacity

0.6 Budget

Successful implementation of this three year Corporate Strategic Plan running from year 2014/15 to 2016/17 will cost Tshs. 110.752 billion.

CHAPTER ONE

1.0 Introduction

Development of the Fifth Corporate Strategic Plan (CSP V) for the Small Industries Development Organization (SIDO) follows the completion of the fourth CSP which mainly focused on stimulating interest in establishing local industries in Tanzania.

The fifth strategic plan (2014/15 – 2016/17) is mainly going to focus on the growth and sustainability of established SMEs but also continue the establishment of the new SMEs in different sectors including emerging business opportunities in sectors such as Oil and Gas. This plan considers reviewed SME Policy, Big Results Now (BRN), National 5 year Plan on industrialization, experience, challenges faced, successful implementation of the previous plans and related business opportunities. It incorporates customer feedback both internally and externally during the implementation process and also lessons learnt from other countries in the organisation of similar roles and responsibilities. The plan objectives and targets aim to facilitate the achievement of the contribution of the SME sector to economic growth, poverty reduction and therefore realisation of BRN, 5 year Development plan and the National Development Vision 2025.

1.1 Purpose of the plan

The fifth Corporate Strategic Plan will operate within the framework of BRN, reviewed SME Development Policy and the National Five Year Development Plan taking advantage of expected improvement in business environment. The document explains clearly organization's services, its capability to implement them and meet stakeholders' expectations in the next three years.

The thrust will be at providing business development and financial services to enhance SMEs development and operational capacities by ensuring:

- Provision of innovative technological solutions leading into realization of industrial development agenda through value addition on local resources.
- Entrepreneurship, business development skills and extension services are provided to SMEs.
- Promotion of SIDO services and enhancing comparative and competitive advantage of SME products
- Increased outreach of credit services and reduced delinquency rate.
- Improved human resources capacity, remuneration and working environment.

- Position SMEs products and service to a competitive position in the world market by enhancing product quality and quality of service delivery to clients.
- Improved internal control systems
- Strengthen programmes that empower women and youth in establishing, managing and facilitating growth and competitiveness of their enterprises.

Furthermore, the plan will promote using Science, Technology and Innovation through academia and in partnership with entrepreneurs both at national and global level in technology transfer programme and demand driven applied research. The main output of this plan is SMEs growth, competitiveness, regional and national economic development and women and youth empowerment.

1.2 Background of SIDO

Small Industries Development Organization (SIDO) is a parastatal organization which was established under the Act of Parliament No. 28 of 1973. The organization is mandated to plan, coordinate, promote and offer every form of services to SMEs. The responsibility of the organization includes facilitating entrepreneurship development and offer extension services, promotes technology development and transfer and provision of technical services, dissemination of business information and marketing, provision of work places and financial services.

Implementation of these SMEs' capacity development interventions is being strongly supported by the Government and other development partners such as IFAD, JICA, UNIDO, KOICA, ILO, ITC, NSIC, WTO, CIDA and SS-GATE. Furthermore, SIDO collaborates with local government authorities, private sector and other stakeholders to enhance SME development thereby contributing to economic development of the country.

1.3 The Mandate of SIDO

In carrying out its mandate, SIDO has a number of functions that are core to its existence and are geared towards ensuring the fulfilment of its mission and the achievement as per its establishing Act. The core functions of the organization include:

- a. Promote development of small and medium industries,
- b. Plan and co-ordinate activities of small industries,
- c. Carry out market research in goods manufactured by small industries,
- d. Advise the Government on all matters relating to development of small and medium industries,

- e. Carry out research in development of small industries and marketing of products standard and quality,
- f. Facilitate orderly and balanced development of small industries in regions,
- g. Provide technical assistance to persons engaged in small industries,
- h. Provide and promote training facilities for persons engaged in or employed or to be employed in small industries and to assist and co- ordinate the activities of other institutions engaged in such training and
- i. Provide management and consultancy services to small industries.

1.4 The clientele

The demand for SIDO services reveals the type of clientele the services have to be directed to. SIDO provides Business Development and financial services to its targeted market in rural and urban areas. The main clients include formal and informal sector enterprises which fall under micro, small and medium enterprises referred to as SME sector.

The market segment of SIDO services cuts across four categories of pre starters, starters, existing and growth oriented clients and service providers. The services being provided by SIDO are aimed at enabling capacity development to indigenous entrepreneurs therefore facilitate their increased participation in productive sectors with emphasis on value addition thereby creating income and jobs to those participating. In this case SIDO Clients include:

1.4.1 Pre-start ups

This segment includes graduates from various higher learning institutions, colleges, vocational and skills development centres and school leavers as well as other residents who have not yet started any business or income generating activities.

The strategy on how to serve this segment includes training and advice on how to start a business, entrepreneurship skills, provision of business information, preparation of business plans and other business support services. The approaches to be used include sensitization, guidance, and facilitation to establish and run their businesses sustainably.

1.4.2 Start ups

Start-ups at micro, small and medium levels are entrepreneurs/ enterprises which are in the process of investing into actual production of goods and services. This segment will be provided with business development and financial services comprised of marketing and information, business linkages, skills upgrading, working tools, credit and linkage to financial institutions; technical support and business management training. The strategies of sensitization, guidance, facilitation to establish and run their businesses sustainably will be based on both

clients' demand and SIDO's pro-activity. This segment will also include those who will successfully graduate from the incubation programme.

1.4.3 Existing SMEs

Existing growth oriented small businesses are those already established enterprises with growth potential in terms of income generation, job creation and market expansion. Assistance will be provided on capacity strengthening services such as specific business skills, technical and management support, entrepreneurship skills, business diagnosis and mentoring, technology upgrading, credit and financial linkages. The services will be provided on demand and SIDO's initiatives to attend them both in office and on site with a view of assisting them to consistently grow to medium enterprises level.

1.4.4 Other Service Providers to SMEs

Service providers to SMEs refers to institutions (private or public) providing business development and financial services like LGAs, NGOs, CSOs, CBOs and other business partners. SIDO will continue to undertake capacity building measures in its areas of competence for other service providers in the SME sub sector.

1.5 Layout of the plan

The following chapter will present the situational analysis of the SME sub sector in Tanzania both internal and external environment. It will also highlight some of the performance review of the fourth strategic plan and its overall impact. In Chapter Three include Strategic issues for the coming three years detailing the vision, mission and strategic objectives to be pursued. Finally chapter five portrays review process in Monitoring and Evaluation (M&E) as well as bridges to successful implementation of the plan.

CHAPTER TWO

2.0 SITUATION ANALYSIS

The scope and extent of SIDO's operations is being shaped and influenced by the state of the economy and environment in which it operates. Based on the 2012, census, Tanzania has about 44.9 million people, with an average growth rate of 2.7%. About 80% of the population is rural and live in urban and semi -urban areas. The country is basically agrarian, with agriculture as the mainstay of the economy supporting livelihood of over 85% of the population. Agriculture contributes over 60% of exports. Other productive sectors are industry (8%), minerals (1.5%) and rest is contributed by the financial and other services sectors.

Although the agriculture sector ranks high in its contribution to the economy its potential has not been tapped fully. What is being produced is not well harvested as post-harvest losses are very high, estimated at an average of over 40%; in cereals and up to 80% in fruits and vegetables. Current estimates of really value added processing is put at about 4%. This compares poorly with estimates of the USA 65%, Brazil 70%, Philippines 75% and Malaysia 83%. The country with about 33.5 million hectares are covered by forests that provide a potential to produce over 100,000 tonnes of honey annually, but today hardly 10% of this is tapped.

Manufacturing contribution to GDP is still low at 8%, agricultural production is, also still low despite the immense existing potential. Business is still in very few hands and the vast of majority of Tanzanians are limited to petty business with hardly 1% involved in substantive manufacturing. Contribution of SME sector is highly recognised and in 2010 the sector has contributed 27% of the GDP.

According to the National Baseline Survey (2012), 2,754,697 individuals in Tanzania owned and ran 3,162,886 small businesses. About 54.3% of small business owners were female. Of the more than 3 million small businesses, about 1,758,896 were in the trade sector; 964,235 were in the services sector; 430,381 were in the manufacturing sector; and about 17,364 were in other sectors. The small businesses employ about 5,206,168 people.

About 1,401,305 small businesses were located in urban centers while about 1,675,385 were in rural areas. Only 3.9% of all small businesses were formally registered under the Business Registrations and Licensing Agency (BRELA); of those unregistered, 96.4% were micro businesses, and 84.4% were classified as small businesses. Most MSMEs produce and sell their products and services within their proximity.

As a reflection to their development and operational constraints, MSMEs would like the government to improve access to finance, provide greater access to business development services, and provide better infrastructure.

Statistics obtained from Household Budget Survey of year 2011/12 show that 28.2% of the population lives below the poverty line, while 9.7% falls below the food poverty line. Poverty is caused by many factors among others, low income levels, poor infrastructure particularly in rural areas, low agricultural productivity and inadequate post harvest handling and processing facilities are issues contributing to poverty in the Least Developed Countries; Tanzania being among them. Others include the prevalence of HIV and AIDS, inadequate access to credit, market failures, unfavourable terms of trade etc.

Policies and strategies developed by the government aim at providing conducive environment that enhance growth and performance of the sectors. They specifically put favourable conditions for private agribusiness expansion, directly or through partnership in promoting agro processing and rural industrialization at large.

With respect to employment creation, the labour force which stood at 18.3 millions in 2006, has been increasing at the rate of 800,000 job seekers each year; while the economy's capacity to create new jobs in the modern sector is less than 40,000 per annum according to the Integrated Labour Force Survey of 2005/06 (ILFS 2006). However, the share of agriculture has dropped from 83% in 2001 to 76.5% in 2006, but the rate of increase of manufacturing employment have been low and stagnant for many of industrial activities during the same period. The modern urban industrial sector cannot be depended upon to employ much of growing workforce, due to constraints on its growth potential.

Therefore the bulk of new entrants to the labour force will need to be productively employed in off farm labour intensive enterprises, in small-scale industries and services. Much of the employment to be generated by the private sector will come from SMEs engaged in trade, commerce, distribution, transport, construction, agro-business, manufacturing / repair services. Even though we have noted its contribution, the sector has a potential to contribute even more if some of the operational challenges are sorted out. The interventions being planned are aimed at developing and improving SMEs capacities to engage themselves in wealth creation through production of goods, create jobs and facilitate income generation

2.1 ASSESSMENT OF INTERNAL ENVIRONMENT

a. Entrepreneurship and business skills development

SMEs growth and competitiveness is constrained by inadequate indigenous entrepreneurial culture. Lack of skills upgrading and capacity development also

lead to unsuccessful activities towards achieving the desired growth of micro-enterprises graduating to small, medium and large enterprises. Strategic programme to overcome these deficiencies and promote entrepreneurship development amongst existing and potential indigenous entrepreneurs need to be developed, improved and implemented. More so capacity development interventions that are being provide by most service providers are more theoretical with no basis of applied field experiences.

b. Market and Information

Market and information are prime movers of all economic undertakings and they are important determinants of business success. SMEs face market problems due to poor quality of products, poor packaging, inadequate marketing skills and stiff competition. On the other hand they have limited access to national and international information such as accessibility of appropriate inputs, possible market for products and technologies which are cost effective. The CSP V will focus on formulating dynamic marketing and information programme that address those challenges and effectively and efficiently enhance comparative and competitiveness of SMEs.

c. Access to Finance

Tanzania's performance in the area of access to finance is low as was indicated in the World Economic Forum (WEF), World Bank Business Environment (2014) and FINSCOPE reports. Major reasons for SMEs not to access finance include inadequate skills to prepare bankable project proposals, high interest rates and ability to fulfill the collateral requirements. It includes lack of alternative financing windows to cater for specific financing requirements such as venture capital, guarantee schemes and enterprise development funds. Strategies have to be developed and pursued to ensure increased access to available financial resources for development as well as operations of the sector.

d. Regulatory Environment

Non conducive regulatory environment, particularly location related factors, registration, licensing and reporting requirements have contributed to high transaction costs in small enterprises. The institution will continue to play its key role to advice on policy, regulations review and development of programme that facilitate conducive regulatory environment.

e. Technology sourcing and dissemination

SMEs continue to hold and use crude and obsolete technologies which hinder their development. They have limited access to appropriate technology due to lack of relevant technological information, low absorption capacity and cannot afford specialized technological services. The rate of technological advancement is more rapid than the capacity of SMEs to cope. Strategy to enhance ease access to

technology information and capacity to develop locally through reverse engineering and transfer has to be developed.

f. Linkage and Sub-contracting

As stipulated in the Tanzania Industrial Competitiveness report (2012) the linkage and sub-contracting are not well practised especially between FDIs and SMEs. This situation is highly influenced by inconsistency in production capacity, quality and standards and slow implementation of available policies and programme. In this respect the strategy is to use and promote cluster development approach to facilitate capacity development of SMEs.

g. Infrastructure

Availability and accessibility of infrastructure facilities such as working premises, roads, cold rooms, warehouses, communication and utilities are obstacles that hinder SMEs development. Even where these services are available, the supply is unreliable and costly. Also, business accessibility has been a major constraint to enterprise development in rural areas. Advocate for local authorities to allocate and develop land for SMEs and promote public-private partnership in developing basic infrastructure required for enterprise development especially through clustering.

To overcome these challenges the government puts emphasis and commitment towards continued improvement of enabling environment for the sub sector development through SMEs Development Policy of 2003. Likewise, SIDO is actively implementing the existing interventions to overcome these challenges through business development and financial services and programmes.

2.2 ASSESSMENT OF EXTERNAL ENVIRONMENT

a. National Development Vision 2025

States that " Tanzania should have created a strong, diversified, resilient and competitive economy, which can effectively cope with challenges of development and which can also easily and confidently adapt to the changing market and technological conditions in the regional and global economy" by 2025. The vision seeks to actively mobilise the people and other resources towards the achievement of shared goals.

b. Sustainable Industrial Development Policy (SIDP) (1996 – 2020)

States that, " the Government recognises the role of the private sector as the principal vehicle in carrying out direct investments in the industry " SIDP further places specific emphasis on promotion of small and medium industries, encouraging informal sector businesses to grow and formalise, and on measures to enable indigenous entrepreneurs, women, youth and people with disabilities to take part in economic activities. On empowering the indigenous private sector,

SIDP notes that “the Government will initiate affirmative-action measures, which will be designed to promote special programme for indigenous entrepreneurs”.

c. Small and Medium Enterprises (SME) Development Policy (2003)

The specific policy objective is "to foster job creation and income generation through promoting the creation of new SMEs and improving the performance and competitiveness of existing SMEs to increase their participation in the Tanzanian economy, thereby enhancing their contributions to economic growth, income and employment generation and reduction of poverty". The aim of the policy is to create the conditions to encourage informal micro and small enterprises to move into formal sector, thereby creating more wage employment, while measures to enable the survival and expansion of formal small and medium enterprises in Tanzania as the basis of private sector – led growth will be a major objective.

d. National Development Plan (2011/12 – 2015/16)

The Plan provides insights into responses of Tanzania to the increasing challenges of development; and outlines what it will take to succeed, and the expected outcomes in delivering sustainable development. It recognizes presence and importance of a dynamic private sector and the public sector’s role to provide the enabling environment. The Plan indicates key functions and strategies for the public sector to implement in order to render the growth momentum possible. It identified priority areas and strategic interventions that will accelerate economic growth, create employment, and support industrialization efforts.

e. Ministry of Industry and Trade (MIT) Strategic Plan (2011/12 – 2015/16)

Recognizes the contribution of SMEs in the economy but also the environment in which they operate. Despite the contribution, the sector is facing various development and operational challenges that need to be addressed. The challenges include coordination of SME programme, SMEs working sites and premises, high cost of compliance to regulations and standards, access to finance and non-financial business development services. The challenges should be dealt with in order to enhance sustainable growth of the sector. The intervention will stimulate and increase start-ups, formalization of enterprises, increased employment, graduation of SMEs and increased individual and national income.

f. National Strategy for Growth and Reduction of Poverty (NSGRP)

The strategy has been developed in the context of the enhanced Highly Indebted Poor Countries Initiatives (HIPC). The Government has decided to confine its financial interventions mostly to social and economic sectors; education, health,

agriculture, roads, water, judiciary and HIV/AIDS. In all these sectors, the Government has decided to promote private sector including micro, small and medium enterprises and civil society participation. It has emphasized the importance of private sector development as a means of overcoming income poverty while providing efficient and effective delivery of services.

g. Cooperation and collaboration with international initiatives

SIDO has been collaborating and will continue networking with the external development partners including: South Africa Enterprises Development Agency (SEDA) – SMEs knowledge sharing; South-South Global Asset and Technology Exchange (SS-GATE) – Asset and technology exchange; NSIC India – Technology, Entrepreneurship, Marketing and Investment; JICA, KOICA, EDF, ILO and UNIDO – Capacity building.

h. East Africa Common Market Protocol

The objective of the East Africa Common Market Protocol on the Promotion of Micro Small and Medium Enterprises in the East African region is to raise alternative strategies for facilitating promotion of MSME sector so as to increase the survival and growth rate of the enterprises. The protocol deliberates and propounds solutions to MSME sector challenges regarding Policy Environment, Access to Financial Services, Business Development Services, and Access to Markets, Subcontracting Services, Technology, Infrastructure and Cross – Cutting Constraints.

i. National Trade Policy (2003)

The goal of the policy is to raise efficiency and widen linkages in domestic production and build a diversified competitive export sector as the means of stimulating higher rates of growth and development. It provides room for SMEs to develop higher performance and capacity to withstand intensifying competition within the domestic market. It also stimulates and encourages SMEs' value adding activities on primary exports as a means of increasing national earnings and income flows. Moreover, it stimulates SMEs' investment flows into export oriented areas in which Tanzania has comparative advantages as a strategy for inducing the introduction of technology and innovation into production systems as the basis for economic competitiveness. Ultimately, the policy aims at enhancing SMEs' income generation and earning power as the key to poverty reduction.

j. National Empowerment Policy (2004)

The policy objective is “to identify barriers to economic empowerment of indigenous Tanzanians and explore way for them to effectively participate in their own economic development and the national economic development in general.” The economic empowerment is a conducive and supportive macroeconomic policy

environment, access to key resources that are necessary for people to engage in productive economic activities.

k. CCM Election Manifesto - 2010 – 2015

The CCM Election Manifesto directs government institutions to put more emphasis on interventions that ensure growth of the sector of industry shifts upwards from the present 9.9% to 15% in the year 2015 by laying conducive environments for onward growth of the sectors of industry, trade, and market.

Specifically, SIDO is directed to implement initiatives to develop entrepreneurship capacity to SMEs through business development and financial services, linkages and sub contracting and further improvement of infrastructure relevant to SMEs. The focus is on value addition of local resources, job creation and income generation.

2.3 PERFORMANCE REVIEW

The performance review of CSP IV (2011/12 – 2013/2014) shows that SIDO services are continuing to contribute to business development initiatives and facilitating realization of the desired impact. The services in CSP IV enhanced efforts to realize SIDO vision, mission and objectives, compared to previous plans. The higher impact obtained from CSP IV was due to increase in awareness of SIDO services, good working relationship and support from Central and Local Government, development partners as well as private sector. Achievements can be viewed through the fulfillment of the following objectives:

2.3.1 To enhance Technology Development, transfer and provide technical services

2.3.1.1 *Enterprise productive capacity, productivity and products quality*

During the previous plan, SIDO implemented interventions that were aimed at increasing SMEs capacity, productivity and quality of their products. It identified and disseminated 846 types of different sets of technologies to potential entrepreneurs. Prepared 165 technical profiles and provided to ensure dissemination of the technologies to potential entrepreneurs. 168 entrepreneurs used them in the innovation and development of 937 technologies.

During the previous plan, 1,617 machines and small equipment, 5,399 spare parts were produced and used to provide technical capacity enhancement services to 5,621 enterprises by SIDO Technology Development Centers. Technical support services were provided to 33,831 enterprises. The support was based on

management and operational gaps identified through 367 industrial diagnostic studies conducted. SMEs technical capability was enhanced by 30,717 technical consultations made and 346 skills upgrading training conducted, which was aimed facilitating increase in productivity and improvement of quality their products.

2.3.1.2 Infrastructure development

During the previous plan, SIDO collaborated with the local government authorities to set aside 147 plots for SMEs development. With respect to development of Industrial Estates, construction of 494 business stalls were completed under build operates and transfer strategy. The private sector's response to a call for PPP arrangement in developing the clusters and industrial estates infrastructure was very positive.

2.3.1.3 Support services to artisans

SIDO provides a range of technical services to support development and strengthening of capacities of artisans through skills development training, coaching and provision of working tools. During the past three years, 575 skills upgrading courses were conducted involving 5,748 artisans and 246 new products introduced to artisans. Technical support services in terms of working tools and business development services were provided to 17,390 artisans.

2.3.1.4 Technology and business Incubation

SIDO facilitates development of new products out of innovative and creative ideas by providing work premises with common facilities, managerial support and back up technical services.

During the previous plan, 62 industrial buildings were renovated to create working space for incubation activities in Singida, Shinyanga, Mara, Iringa, Mtwara, Tabora, Mbeya, Lindi, Kagera, Manyara, Ruvuma and Dar es Salaam regions. During the same period, 531 new incubation units were supported and technical services were provided to 876 existing incubates within and outside SIDO industrial estates.

2.3.1.5 Leather skills development

During the previous plan, 126 leather skills development (leather tanning and leather products manufacturing) courses were conducted in Morogoro, Mara, Mwanza, Singida, Dodoma, Kagera, Tabora, Ruvuma, Shinyanga, Kilimanjaro and Manyara regions involving 2041 entrepreneurs. Skills gained were reinforced with technical support services to 1,587 enterprises dealing with leather and associated products. The services provided include provision of working tools, equipment and technical backup services.

2.3.1.6 Transfer new energy efficient technologies to SMEs

During the previous plan, 233 energy efficient technologies promotional events were made enabling 782 SMEs to realize the importance of the technologies and adopted them thereafter. The technologies promoted include Solar driers, Energy saving stoves, mini-hydro power unit, Hydrogen processing, Pressure tank for Rural metal welding, Power inverters, manufacturing of biomass, briquettes, pallets made from jatropha, wind turbine, and community cooking stoves.

On the other hand, the general public was sensitized on the importance of recycling solid wastes into useful products. The intervention was done through 161 promotional events, focusing mainly on paper, plastics, metal waste products, and fish, saw dust, cashew nuts shells, rice husk, sisal waste fiber, aluminum, cotton and waste water treatment. A total of 336 groups benefited from the technologies.

2.3.2 Training, consultancy and extension services

2.3.2.1 Training Programme for SMEs

Out of 2,206 courses targeted during the period, 2,082 courses were actually conducted, reaching 94% of the target. Demand for courses is on the rise due to increased promotion and awareness. A total of 61,630 participants attended the courses.

Training were also conducted through the Training Cum Production centers of Kizota, (Leather tanning and products), Njombe (Food Processing), Dar es Salaam (Food Processing and Bamboo Craft), Mwanza (Tailoring), Usangi (Food processing) and Tie and Dye) and Singida Honey Processing Centre. During the previous plan, the centers prepared their annual business plans to guide in executing their activities and in soliciting funding for the activities. Services of the centers were marketed through 21 marketing programme i.e. radio advertisements, public meetings. Furthermore, 118 TNA were carried out and 97 courses in different fields were conducted to address capacity development gaps that were identified by the TNAs involving 2,119 entrepreneurs.

2.3.2.2 Services to SME Industrial Cooperatives, Associations, and Self Help Organizations

Facilitated formation of 533 SMEs cooperatives/associations/SHOs, this is 71% above 311 associations targeted. 1,118 institutions were provided with capacity strengthening services, the achievement is above the planned target by 16%. As the actual output is 1,118 against the 940 cooperatives/associations/SHOs planned. 1,412 cooperatives/associations/SHOs were linked to business development service providers over passing the target by 23%.

2.3.2.3 Business Advisory Services

During the previous plan, management advisory services were provided through 59,374 consultations; 343 area development surveys were conducted; 524 techno-economic profiles prepared and 1,167 enterprises benefitted from coaching services. In general performance reached 93% of the planned target for the period.

2.3.2.4 One District One product (ODOP) strategy

Implementation of activities of the ODOP strategy continued during the previous plan producing positive achievements in all the districts. Results indicate that 607 new industries were established in 122 districts, 289 products were involved out of which 185 were food based. The development produced 7,888 jobs created by the new industries an average of 12 per industry. 13,106 existing industries were given support in terms of loans, training, advisory services, marketing and sustaining 24,924 jobs.

2.3.3 Market and Information Services

2.3.3.1 SMEs' ability to access local and International markets

SIDO developed marketing tools and used them through 182 promotional events; Collected information from different markets and guided SMEs to use them and tap 722 market opportunities that were identified; SIDO sensitized and mobilized SMEs to participate in the regional and global markets; SMEs were facilitated to participate in 421 exports promotional activities; 322 market surveys were conducted to establish current real taste and demand for SMEs' products.

On the other hand, SIDO facilitated business linkages between SMEs and large enterprises, which enabled both parties to team up and produce quality products. Under the arrangement, 708 business linkages were made; facilitated 390 SMEs to succeed doing their businesses through tendering system. The performance trend shows that the number of SMEs that are effectively participating in tendering activities is going up. Organized 15 zonal exhibitions in Tanga, Mtwara, Iringa, Arusha, Pwani, Manyara, Ruvuma, Morogoro, Lindi, Mwanza, Dodoma, Mbeya, Tabora, Mara and Rukwa regions, also facilitated SMEs to participate in seven exhibitions and trade fairs organized by other stakeholders. 3,176 SMEs were facilitated to participate in 79 exhibition/trade fair events organized by SIDO and other stakeholders during the year in which they made sales of products and services valued at Tshs. 29.475 billion. All these marketing events attracted 964,478 viewers.

2.3.3.2 Promotion of SIDO services

With respect to promotion of SIDO services, public sensitization was done through 1,020 promotional programme in the media; participated in 427 promotional events; developed and distributed 832 promotional materials to stakeholders; developed 959 working relationships and collaborations during the year.

2.3.3.3 Increased use of ICT to get information for SMEs

SIDO information centers are collecting, processing, storing and disseminating business information to SMEs. During the previous plan, 33,010 entrepreneurs used SIDO information centers' facilities to obtain business information. SIDO trained 213 SMEs on ICT during the period.

2.3.4 Improve and Expand Financial Services Delivery

2.3.4.1 SMEs to access available financial facilities

Financial component has always been a challenging part of service provision to SMEs. Actual financial support demand is far higher than the available supply capacity. SIDO offices are normally approached by entrepreneurs seeking for specific advice on financial aspects. Most entrepreneurs pinpoint financial requirement as their most stumbling block to their business advancement. Requests range from information on sources of finance, preparation of the required documentation, preparation of business financial records, analysis and interpretation of the same, financial linkage services, formation and running of SACCOS and pre loan training. SIDO provided information, advice and facilitated entrepreneurs to source out financial support from banks and other financial institutions. Such assistance was provided to 47,770 SMEs.

2.3.4.2 Provision of credit services

SIDO continued to administer existing credit loan portfolios and at the same time efforts to expand financial operational base and support entrepreneurs were made. A total of 35,914 applications requesting capital fund amounting Tshs. 38.892 billion were received, some of it processed and 22,045 loans valued at Tshs. 18.576 billion were disbursed to entrepreneurs. While 53% of loans went to women entrepreneurs, 46% served projects in the rural areas. As a result of these loans, 36,239 employment opportunities were created out which 54% were for female entrepreneurs.

2.3.5 Challenges

Despite the changes that have uplifted the profile of SIDO and the impact it has created through service delivery, the outreach of services especially in rural areas has remained limited. Smooth implementation of development and support services during the whole CSP IV period has faced quite a number of challenges as follows:

i. Limited resources for development and operations

Increased people's awareness stimulated demand for more interventions, which implies commitment of more resources. SIDO's operations are not adequately financed due to lack of reliable institutional sources of fund. Different initiatives will have to be sought to ensure development and operational activities are progressing and more financial and human resources are mobilized.

ii. Need for technology advancement

The rate of technology advancement outpaces SMEs capacity to comfortably adapt and keep them up-to-date. SIDO will strengthen technological capabilities of SMEs, with focused technical support from its Technology Development Centers. The intervention will enhance SMEs capacity, products quality improvement, and competitiveness.

iii. Need for Human Resources development

In order to maintain performance efficiency and productivity there is a dire need to invest in Human Resources Development. Knowledge and skills gaps have been identified and human resources development programme will be prepared and implemented to fill them.

iv. Limited loan portfolio

Demand for loans has been on the rise, but the capacity of the current loan portfolio covers for only a small portion of that demand. On the other hand, most clients demand for loans of a bigger size than the current portfolios' ceilings.

v. Capacity to smoothly execute extension services requirements

Smooth provision of extension services requires operational capacity in terms of material and human resources. Funds mobilization will be given emphasis so as to secure adequate funds to support execution of extension services.

vi. Engagement of LGAs

All the extension services provided to clients are implemented within the jurisdiction of LGAs, it is logical to have them fully involved. It hasn't been easy, though Regional offices are working hard to establish their services window at the district and lower levels through collaborations with LGAs and other stakeholders. The services to newly formed regions are being handled by regions where parts of the new regions originated.

vii. Operational scope

SIDO's operations have been at times forced to cover even areas outside the boundaries of its mandate though supporting SME development. SIDO will establish the overlapping functions and set it in a way that its contribution facilitates complementarity.

viii. Review of SME Development Policy and its supporting guidelines

Using SME development policy in the implementation of SME capacity building and strengthening has not been smooth at all due to lack of guidelines supporting the implementation.

ix. Fragmentation of SME initiatives

Initiatives to serve SMEs are being implemented in different forms by different parties without any coordination. SIDO will establish its position and synergize with other SMEs supporting systems so as to optimize benefits to the sector.

x. SMEs tracking systems

Quite often planning of providing services to not well known clients is challenging. Systems to establish track records of all the clients will be put in place and continuously applied.

xi. Infrastructure development for SMEs

Access to infrastructure facilities for SMEs such as working premises, roads, cold rooms, warehouses, communication and utilities has been one of the major obstacles that hinder SMEs development.

SIDO has been and will continue advocating for public-private partnership in developing basic infrastructure required for enterprise development.

2.4 SWOC ANALYSIS

The general evaluation of operational environment and SIDO's intent and capacity to cope identifies the following set of strengths, weaknesses, opportunities and challenges:

STRENGTHS	WEAKNESSES
<ol style="list-style-type: none"> 1. Qualified, skilled and experienced staff. 2. Wide operating network with extension offices in all regions of Tanzania Mainland. 3. More than 40 years experience working with Micro, Small and Medium Enterprises. 4. SIDO is the leading service provider offering a package of business development and financial services. 5. SIDO's credibility has won confidence of local and international collaborators and therefore attracting other stakeholders into activities of development and promotion of SMEs. 6. Strong linkage with other stakeholders such as academia, private sector, MDA and development partners. 7. It is the only institution with technology development facilities in the country. 8. Managing National Entrepreneurship Development Fund (NEDF) for over twenty years. 9. Availability of Industrial Estates and plots in most of the regions. 	<ol style="list-style-type: none"> 1. Inadequate Funds for development and operational activities. 2. Inadequate extension services in rural areas due to capacity limitations. 3. Inadequate integrated Management Information System. 4. Inadequate monitoring and evaluation system. 5. Inadequate capacity at institutional and SME levels to carry out R&D (technology development and transfer). 6. Underutilization of Science Technology and Innovation (STI). 7. Existence of underdeveloped infrastructure. 8. Outdated infrastructure, tools and equipment.

OPPORTUNITIES	CHALLENGES (THREATS)
<ol style="list-style-type: none"> 1. Government policies, strategies and directives recognize the importance of SME sector. 2. Increase of FDIs creates prospects for SME sector to prosper. 3. The increased trust on the importance and role of private sector for economic transformation. 4. Availability of abundant natural resources for business development. 5. Stable and supportive political environment. 6. Strategic location of the country facilitates large market opportunities. 7. Country good reputation and relationship with neighbouring countries and development partners. 	<ol style="list-style-type: none"> 1. The rate of current technological advancement in relation to SMEs capacity. 2. The socio – economic impact of HIV/AIDS pandemic. 3. Inability to respond efficiently and effectively to natural. 4. Weak regional, sector and national innovation systems. 5. Existence of large number of theoretical training with minimal practical experience. 6. Availability of venture capital and seed fund. 7. Entrepreneurial mindset and high society expectation. 8. Poor infrastructure for rural enterprises.

CHAPTER THREE

3.0 VISION, MISSION AND DEVELOPMENT OBJECTIVES

An overview of the operating environment and the previous plan implementation highlights reveals the fact that a combination of services led to creation of 22,780 enterprises all over the country in different sectors, creating 57,877 direct employment opportunities in year 2002/2003 – 2005/2006 as compared to 100,351 enterprises and total employment of 304,649 people in 2011/12 – 2013/14.

Though achievements have been made, the Board and its management is at present considering a long term strategy, which would make SIDO sustain its provision of services with acceptable degree of professionalism, outreach and impact.

In this context, the objective of the strategy will be to provide a large segment of SME sector with a great level of employment creation and income generation compared to the previous years. However, if the targets are to be achieved and sustained, it is imperative to realise that:

- i. SIDO success depends on a sound strategy, competent management and leadership, productive assets, and the availability of financial resources.
- ii. Its continued commitment to and interaction with a wide range of stakeholders to sustain their good will and support.

In this strategic plan SIDO will mainly focus on supporting SMEs growth and competitiveness, ensuring increased participation and involvement of SMEs to the industrialization process.

3.1 Vision

A leading business support organization unlocking potentials for growth and competitiveness of SMEs.

3.2 Mission

Create, promote and sustain innovative entrepreneurial base by providing SMEs with tailor made services in a businesslike manner.

3.3 Development Objective

To contribute to poverty reduction and enterprise development thereby contributing to economic development through provision of demand driven services that will create employment and generate income to the service user.

3.4 Core Values

In achieving its vision and fulfilling its mission, SIDO will operate on the following core values:

a. Relevance

Provide services for which there is a demand and focus to build SME competitiveness. However, SIDO shall in its development role stimulate and create markets for the Business Development and Financial Services products.

b. Sustainability

SIDO shall position itself to achieve the highest possible level of self-financing and attract other partners to support the initiative in best practices.

c. High outreach

SIDO will also use intermediaries in delivering some of the services to ensure high outreach.

d. Impact creation

SIDO will put more emphasis on services and service areas that are linked to district, regional and national economic development strategy that are likely to bring high impact to people and to the economy

e. Professionalism

SIDO will observe professionalism in developing and delivering services to its clients, which includes reacting adequately and timely to the changing requirements of its clients and it will be non-bureaucratic

CHAPTER FOUR

4.0 OBJECTIVES, STRATEGIES AND TARGETS

The fifth Corporate Strategic Plan for the period 2014/2015 – 2016/2017 is expected to produce results that will substantiate relevance and extent of services being provided and making the organization comprehend its mission effectively and in a sustainable manner. The plan provides well defined objectives, strategies and performance targets to support SMEs development by exposing physical, financial and human resources required. The objectives and strategies narrate technology innovation and technical support services, entrepreneurship, business and managerial skills, market development, promotion and rural enterprise development as strategies to enhance growth and competitiveness of SMEs. It identifies the following core objectives and the route through which SME development initiatives are to be provided:-

4.1 OBJECTIVE 1: TO FACILITATE SMES INNOVATIVE CAPACITY, ACCESS TO TECHNOLOGY, INFRASTRUCTURE AND TECHNICAL SERVICES

Technology development capability and the adoption capacity are important factors for SMEs development in any country. Technology facilitates efficiency in production of goods and service delivery. Present investment in technology capability building has a direct impact in future socio-economic development of any economy. Industrial development initiatives in both urban as well as rural areas are constrained by lack of technical information and the mechanism through which the required information can be collected and disseminated. SIDO services will focus on facilitating SMEs access to technology, infrastructure and technical services.

4.1.1 SMEs access to technology facilitated

For SMEs to become competitive they need to be strengthened in their technological capability which will result into increased productivity, quality goods and services, productive capacity, market share, job opportunities, incomes, growth, wealth and eventually enterprise sustainability.

SMEs demand and need for technology and inputs in development is quite enormous, much has to be done to cope with the development pace. There is a need to establish and strengthen capacities of SMEs to produce and create income in innovative and sustainable ways. Identification, acquisition and dissemination of technologies have to be part and parcel of the initiatives to facilitate SMEs access to technology. Value addition and support to innovative SMEs products have been extended through programmes such as incubation, clusters, sourcing of new

technologies and dissemination, provision of technical advisory services such as choice of technology, plant layout, machine installations and testing, repair and maintenance etc. These services contribute to SMEs technological development and enhance their competitiveness. The output will be realized through:

4.1.1.1 Identify and disseminate technologies

Technology sourcing means, identification, acquisition and making it available for use by SMEs. It facilitates SMEs to develop competitive product that can be able to compete both in internal and external market.

In order to complement efforts of development and promotion of district specific products, 846 technology leads were identified and obtained from different sources during the previous plan. These include: leather, agro – processing, textiles, mining and metal work technologies.

During this plan period, technology sourcing will focus on value addition activities based on local available resources. Emphasis will be on the product selected under ODOP strategy.

Target 1: 86 types of appropriate technologies identified and acquired to support economic development strategies and build SMEs competitiveness by the end of June 2017.
These will be based on agro-processing, farm implements, textiles, leather, building materials and energy in line with ODOP strategy and MUVI programme.

Target 2: 55 technical profiles prepared to support development of Techno-Economic Profiles of the potential business opportunities by the end of June 2017.
This will focus on ODOP selected products and MUVI programme.

4.1.2 Build innovative capability of SMEs

Technology innovation and diffusion will continue to spearhead promotion and establishment of small industries in rural and urban areas especially in utilization of abundant resources available in particular district or region. Technologies to be developed and/or innovated will be geared towards solving specific production problems that hinder building the competitiveness of the SMEs. It will address issues that are related to new product development, incremental product and process innovation and processes of producing the product or delivering the services.

During the previous period 555 technologies were developed, 239 innovated and 593 disseminated most of these were in the sub - sectors of agro – processing, leather, forest, mining, construction, renewable energy, wood work and fisheries.

Surveys to identify appropriate technologies required by SMEs will be carried out and products that are particular to the application of the technologies will be developed. The organization will develop, innovate and disseminate the required technologies. The intended changes will be focused on target group based on areas specific potentials under ODOP strategy while encouraging and empowering SMEs to do the same. On the other hand specific services will be provided to facilitate development of natural fiber products.

Promotion of innovative programme will include, needs assessment, sensitization and support operation of the programme. SIDO will support the programme through identification of technological challenges in products/technology development and innovation and provide solutions to entrepreneurs so as to stimulate value addition of local resources, use of science/innovation researches, and self employment of graduates and improvement of indigenous technologies.

Target 1: 30 new machines innovated by June 2017.
This will be done by SMEs supported through Regional Offices in order to maximize opportunities in the respective region.

Target 2: Conduct a baseline survey of clusters by end of June 2015.

Target 3: 30% increase in growth of 24 innovative clusters facilitated by end of June 2017.
Growth to be realized as a result of capacity strengthening services will be observed through investment, sales and employment.

4.1.2.1 Promote Incubation Programme

Incubation is a programme with an aim of nurturing innovative and creative ideas for them to be turned into commercial and industrial products. The programme was established in 2003 as a pilot in Dar es Salaam and currently has been replicated in Rukwa, Arusha, Mwanza, and Mbeya. Activities involved include provision of workspace, awareness and sensitization, recruitment and provision of support services. Also participants who have their products fully developed and market tested, graduate and vacate from the programme premises and establish themselves elsewhere. However, those who incubate are supported in terms marketing, commercialization and technical advisory services.

Furthermore, it has been observed that employment opportunities to graduates are a big challenge in Tanzania despite of their knowledge and skills. Also graduates from various colleges have been conducting researches/projects but

most of the results have never been utilized in the field. In that context SIDO established graduates support programme in 2007 to ensure their self employment and utilization of their research results in the field. In this plan sensitization of youth including graduates from different colleges to join the programme will be conducted.

In this plan SIDO will continue with efforts of establishing new incubation centres and strengthening of existing centres.

- Target 1:** Incubation operational manual reviewed by the end of June 2015.
Operational manual will be reviewed and be used as guide.
- Target 2:** 7 new incubation centers established by the end of June 2017.
For the purpose of expanding the outreach and provision of chances for more ideas new incubation centers will be established.
- Target 3:** 66 potential ideas incubated by the end of June 2017.
This will involve support application process, selection of ideas and provision of services to incubates.
- Target 4:** 10 incubated products commercialized by the end of June 2017.
To ensure at least 10% incubated products are commercialized.
- Target 5:** 10 products innovated through graduate support programme by the end of June 2017.
This will be done by identifying needs for innovation and support the innovation process.

4.1.3 Facilitate technology transfer

Technology transfer is the key component to facilitate access to technology and knowledge. In most cases commercialization strategy using approaches such as reverse engineering, leasing, franchising and outright sale are expected to be used to facilitate the transfer. The source of technology for commercialization depends on the output from local R&D institutions. SIDO is promoting research into use and is expecting to offload research results to be used by the SMEs or transfer to the market for commercial production and social economic transformation. This process facilitates uploading proven technologies from R&D to enterprises capable of producing them in big quantities and ensuring their availability to end users.

With respect to alternative source of energy, renewable energy resources, which are naturally existing or self replenishing type of energy resources including Solar, Hydro, Wind and Biomass, will be promoted widely. They seem to be the best

source of energy option in rural industrialization as the required resource is abundant and well distributed in Tanzania.

In this plan SIDO aims at strengthening the capacity of TDCs and supporting SMEs to acquire, develop technologies and use them to produce goods and services for marketing. It will also promote renewable energies, which are easily developed locally like solar, hydro, biomass and wind for household and rural industries. This will involve both existing and new technologies in order to expose and create more opportunities for SMEs in rural and urban areas to adopt.

On the other hand, access to technology information will be improved, technology services made available at grassroots level, indigenous technology improved and upgraded. Development of local capacity to repair and maintain the machines through technicians will be made. Processors will also be re-oriented on industrial and production safety, health and cleanness. SIDO will also explore and develop capacity of SMEs to engage themselves in activities related to new areas particularly utilization of oil and gas.

SIDO will also enhance its service on energy efficient and environmental friendly technologies by identifying and disseminating technologies in biomass, briquettes, energy saving equipment and solar energy that will contribute to reduction of dependency and consumption of firewood and charcoal. Furthermore, SIDO will contribute to minimization of negative impact of waste through reducing waste generation, recycling and installing waste consuming industries. The organization will contribute to waste management through disseminating waste consuming and recycling technologies.

Target 1: 6 collaborative networks for technology transfer established by the end of June 2017.

This will be formalized by signing Memorandum of Understanding (MoU) with technology developers such as R&D and academic institutions.

Target 2: 100 technologies transferred by June 2017.

Capacity enhancement on technology transfer will mainly focus on value addition of locally available resources along the whole value chain. Methodology such as leasing, franchising or outright sale will be employed both for technology developed within or outside the country. It is expected that 80 technologies will be transferred from local and 20 from outside the country.

Target 3: 1,008 machines manufactured and sold by the end of June 2017.

TDCs will engage in the development, manufacturing and dissemination of machines to support the establishment of ODOP based enterprises.

Target 4: 12 new technologies developed and commercialized by the end of June 2017.

4.1.4 SMEs access to infrastructure facilitated

Among challenges facing SMEs is availability of working premises. This has been hindering establishment of new small and medium industries and growth of existing ones. Efforts and initiatives to address the challenges have been undertaken including construction of building through BOT systems, partitioning of existing industrial estate buildings for economic utilization and acquire land through LGAs for the purpose of establishment of SMEs working premises in collaboration with other stakeholders.

In this strategic plan, SIDO will develop an Industrial Estate Policy that will concentrate on issues such as modernization of existing industrial estates through development of regional master plan, maximizing utilization of buildings, development of idle land, land acquisition and continue collaborating with other stakeholders in development of SMEs working premises.

Basic infrastructures are needed to support SMEs by providing common facilities such as workplaces in form of industrial estates, innovative industrial clusters, and incubation facilities.

On development of clusters, the main focus will be to strengthen existing cluster initiatives, establish new ones especially for the induced clusters. The potential induced clusters will be in the area of sunflower in Mtinko Singida, Dodoma and Manyara; Metal cluster in Morogoro and Kilimanjaro regions as well as cashew nuts in Mtwara region.

The organization will also have programme of promoting use of science, technology and innovation by engaging and strengthening the linkage of cluster and academia and Local Government Authorities (LGAs).

Target 1: SIDO Industrial Estate Policy developed by the end of June 2015.

Target 2: SIDO Industrial estates master plan and its implementation strategy developed.

Each region with industrial estate will develop a master plan for the purpose of modernizing the estates.

Target 3: 3 new industrial estates established by the end of June 2017. These industrial estates will be established in Pwani, Dodoma and Morogoro regions. Parallel to that follow up will be made to acquire land in four new regions of Simiyu, Njombe, Katavi and Geita.

Target 4: Establish 6 induced innovative resources based industrial clusters by the end of June 2017.

This will entail land acquisition, construction of model buildings, roads, utilities systems and sensitization of SMEs to participate in cluster development.

Target 5: 4 shared resource centers established by the end of June 2017.

4.1.5 SMEs access to technical services facilitated

It will be SIDO's role to establish SMEs capacity development needs, identify the required technical support and facilitate access to those technical services. It will arrange for SMEs to get support of experts from different specialized institutions like R & D and academia. The support will come in different forms such as capacity development interventions, mentoring and coaching.

Effective utilization of technologies needs follow-up of technical support services to enterprises. The intervention assists SMEs to face challenges of a dynamic business environment and technological advancement. Support in areas like choice of technology, plant layout, machine installations, repair and maintenance. The organization will continue sensitizing large enterprises to build a culture of sub-contracting SMEs to produce and supply intermediate products to be used by large enterprises as components of their main products. The collaboration will stimulate the growth and sustainability of the market of SMEs products and services. SIDO will provide technical back up services to ensure that relationship happen.

Supporting SMEs to be competitive will need different approaches including 'KAIZEN' approach, which stresses on using simple principles to organize the work, improve time management and reduce production cost as a result. Key words are "Sorting, setting in order, shining, standardizing, sustaining," which ensures tidiness at work place, encourages workers to suggest innovations and work by using locally available resources. It is based on the creativity of all employees in the improvement of quality and productivity.

On the other hand, Artisans are playing a great role in the development of the economy especially in the rural areas by producing simple machineries, tools and equipment for agriculture and domestic use. However, they have been using rudimentary technologies which result into low production capacity and poor quality products. SIDO in collaboration with other stakeholders will continue to address the challenges through provision of working tools and skills training in designing and developing quality products.

- Target 1:** 35,604 technical consultations provided to enterprises by the end of June 2017.
Provision of technical assistance will be done through advisory, consultancy and onsite training so as enable SMEs' products and processes to be done as per TFDA and TBS standards. The intervention will be preceded by an assessment to uncover their operational constraints assist the units to overcome them.
SMEs will be provided with technical advisory services such as industrial lay out, machinery installation, operation, repair and maintenance, product quality improvement and industrial safety. The service will include provision of specific services to artisans.
- Target 2:** 528 SMEs' products technical certification attained by the end of June 2017
SMEs will be provided with guidance and technical support to ensure fulfillment of quality and standards.
- Target 3:** 3,502 working tool kits distributed to artisan groups by the end of June 2017
The identified tools will be sourced and distributed to artisan groups. Periodic monitoring will be done to ensure proper and effective use of tools.
- Target 4:** 12 research results disseminated to SMEs for use by the end of June 2017.
Research findings will be disseminated to stakeholders through workshops and circulation of research results with the aim of creating awareness of the availability of the findings and facilitate SMEs to use them.
- Target 5:** 24 sub contracts between SMEs and large enterprises facilitated by the end of June 2017
- Target 6:** 3,502 artisan groups involved in skills upgrading training by the end of June 2017.

4.2 OBJECTIVE 2: TO FACILITATE BUSINESS SKILLS DEVELOPMENT FOR SMEs' GROWTH AND COMPETITIVENESS

SME subsector is known as an important part of the national economy in our country. However its performance is subject of concern as SMEs are beset with structural and individual problems, which constrain their ability to grow, compete

and contribute to the growth of the economy. Some of the challenges include: weak entrepreneurial culture; insufficient management know-how and professionalism; shortage of professional and technical manpower; capital; insufficient use of technology; outmoded, unproductive methods of operation; limited ability to tap economies of scale; and small domestic market.

It is thought that lack of entrepreneurship and business skills exacerbate the effects of the challenges above that would enable them to overcome some of the obstacles or plan strategically to grow and compete in spite of them. This limits SMEs potential from the stage of opportunity identification, through business planning, implementation and management, diversification to accessing new markets and growth.

SIDO has been working with SMEs for over four decades now and it has been practically proved that growth and competitiveness hinges on effective delivery of capacity development services. This is mainly done through facilitation to impact skills, attitude and knowledge by providing among others training, business management, consultancy and extension services.

4.1.6 Business Skills Development Programmes for SMEs Implemented

SIDO training programme aim at recognizing that entrepreneur rather than being born can be identified, developed and stimulated to start new businesses through appropriate interventions including training. The training interventions are aiming at attitudinal change, promoting and developing entrepreneurial managerial and technical competencies. The competencies are integrated and embrace the following: Promoting the creation of new SMEs and Entrepreneurs; Improving the efficiency and competitiveness of existing SMEs and rehabilitating of existing SMEs by upgrading competencies of existing entrepreneurs and their managerial and technical capabilities.

4.2.1.1 Conduct Business Skills Development Trainings

Training programmes are intended to develop/improve skills of SMEs to operate their businesses efficiently, profitably and sustainably. The training programmes include Entrepreneurship, business management, organizational, food processing and technical skills. The programmes will be earmarked for pre starters, starters, existing, growth oriented enterprises and at Maturity stage enterprises and will include entrepreneurship, business management, organizational and technical skills for SIDO clients.

The Training of Trainers (ToT) programmes will also be conducted to potential trainers from other BDS providers in various specific training programmes. SIDO

will in addition provide specialized trainings like ICT, Intellectual Property Rights on demand.

For the past three years, 2,082 (Entrepreneurship 316, Business Management 436, Organizational 144, food processing and technical skills 1,311) training courses conducted with a total of 61,630 Entrepreneurs comprising of 21,765 in entrepreneurship, 16,668 in business management, 1,121 in organizational, 9,653 in food processing and 12,486 in technical skills in 21 regions.

SIDO has the responsibility to organize, conduct, monitor and evaluate the implementation of training programme for SMEs. In the coming three years period (2014/15 – 2016/17) training programmes will be implemented through the following targeted areas:

- Target 1:** 6 training manuals reviewed by the end of June 2017.
This target will be achieved through conducting 5 National TNAs.
- Target 2:** 2150 Regional Training Needs Assessments to SMEs conducted by end of June 2017.
The TNAs will focus on entrepreneurship, business management, technical and organizational and other specialized skills to SMEs.
- Target 3:** 2150 courses conducted on entrepreneurship, business management, technical, organizational and other specialized skills to SMEs by the end of June 2017.

4.2.1.2 Delivery of training through Production Centers

Training cum Production Centers (TPCs) provide a good learning base for youth to spearhead economic development in rural areas by providing skills, knowledge and attitude to create and sustain enterprises in rural areas. According to census projections 2012, there are over 8 million young people between the ages 15 and 24 living in Tanzania. Out of 8 million population, youth from primary and secondary schools and high learning institutions entering the labor market annually is about 850,000 to 1,000,000, only 40,000 get employment into formal sector. Due to the above, Training Cum production centers provide source of opportunities for employment, income generation and improvement of socio- economic well being of the rural through hands on skills training and production. Currently TPCs are; Food Processing Training Cum Centers, Morogoro, Njombe, Kilosa), Dodoma Leather Centre, DSM Natural Fibres, Usangi (ceramics) and Mwanza Sewing Centre, Singida Honey Center. These will continue to be strengthened in order to bring impact to rural population through improvement of infrastructure,

improving operational systems and conducting training programmes for the youth in rural communities.

Target 1: 24 training manuals reviewed by the end of June 2017.
Training manuals being used by the centers will be reviewed to reflect the current business environment and specific SMEs training requirements.

Target 2: 120 training courses conducted by the end of June 2017.
Based on training needs identified, courses will be conducted to fill the identified capacity gaps.

Target 3: 3 Training of Trainers courses conducted by the end of June 2017.
Courses will be organized to upgrade training capacities of instructors.

4.2.1.3 Enhance capacities of BDS Providers.

Despite the efforts of SIDO Extension Staff to reach more clients, there are still gaps between SMEs' demands and the services provided by SIDO. SIDO needs to have its operational capability to provide the services enhanced. One of the viable options in that respect is to take part in capacity building to public and private institutions supporting development of SME, through provision of business development services. Each regional office will prepare profiles of Business Development Services (BDS) providers, identify their needs and prepare appropriate programme that suit them. These institutions/BDS providers will widen business service provision both in rural and urban areas as a result increase impact and outreach. During the previous plan 2 training of trainers courses were conducted to 36 institutions/BDS providers.

Target 1: Database of Business Development Services (BDS) Providers updated by June 2015.

This will include identification of BDS providers and the data base will be updated continuously over time.

Target 2: 50 Business Development Services (BDS) Providers trained by June 2017.

The training provided and focus of the training will be reported annually in the business plan implementation reports.

4.2.1.4 Strengthen capacities of SME Associations

The Organization will continue facilitating strengthening of SME cooperatives, associations and Self Help Groups in both urban and rural areas so as to advocate member interests, provide better services to their members and add value to locally

available resources produced from various sectors such as agriculture, mining, forestry and water.

SIDO support will be extended to existing SMEs special groups, associations, Industrial Cooperatives formed by women, youth, disabled and retirees. Practically these groups are facing common business problems such as constitution formulation and formalization of skills, savings mobilization skills, management skills for savings and credit services, entrepreneurship and business management skills. The emphasis will be on strengthening of their capacities to improve their performance. During previous plan SIDO managed to facilitate formation of 533 new groups and strengthening the 1425 existing ones. To ensure success SIDO will work closely with other stakeholders namely LGAs, Tanzania Industrial Cooperative Union (TICU), National Economic Empowerment Council (NEEC) and development partners.

In the planning period the interventions will continue as follows:

Target 1: 3 Needs Assessment conducted by the end of June 2017.

Target 2: 1584 Industrial Cooperatives, Associations and Self Help Groups received capacity building services by the end of June 2017.

This will depend on needs assessments and members/groups requirements.

Target 3: 66 Industrial Cooperatives, Associations and Self Help Groups are financially and operationally stable through facilitation of formation of SACAs and SACCOs by the end of June 2017.

4.2.1.5 Enhance capacities of Women and Youth Entrepreneurs

SIDO recognizes that though women make up more than 50 percent of country's population and significant percent of the workforce, yet only own about 1 percent of the our country's wealth. Women invest majority of their incomes into their families and communities, they are the backbone of communities and greatest potential to unlocking economic growth in the country but unfortunately most women experience unnecessary barriers that limit their ability to fully participate in the economy.

SIDO works on enhancing economic opportunities for women by carrying out affirmative actions in support of women to start, formalize and promote growth and competitiveness of their enterprises. In the past 20 years SIDO has become a focal point for empowerment of SMEs in the agro –industry area focusing on food processing, as well as in imparting skills and support of business women on local and export/border trade issues. SIDO has created a special unit focusing on

developing women entrepreneurs i.e. Women Entrepreneurship Development (WED).

However, in general trained entrepreneurs face a number of constraints that affect their potential for growth and therefore locking them at the micro level operations thereby not utilizing the fully market potentials. The constraints include lack of entrepreneurial skills and attitudes; poor marketing skills; lack of adequate quality management services; and non-availability of major processing ingredients, inputs and equipment and in accessing prompt and affordable quality control services. In addition most of SMEs owned by women have limited awareness of governing business requirements such those specified in SPS agreements, regional blocks trade agreements for example abiding to the rules of origin and traceability requirements for exporting to markets in the European Community countries. These constraints need to be addressed fully in order to increase the participation of women in the industrial development process.

In addressing the constraints SIDO is working with development partners local and international, UN Agencies, private sector, NGOs etc. Some of interventions include:

- Target 1:** One training manual/module on supply chain management, Quality control and traceability developed by the end of June 2017.
- Target 2:** 6 upgrading courses conducted for existing trainers and ToT for SIDO and other service providers on SCM, quality and traceability by the end of June 2017.
- Target 3:** 4 specialized modules for selected products especially on honey, bees wax processing and bee hives making, spices, milk developed by the end of June 2017.
- Target 4:** 17 courses for youth on honey and it are by products including product development conducted by the end of June 2017.
- Target 5:** 6 honey development centers for Youths established by the end of June 2017.

4.2.2 Business Management Skills Services Provided

4.2.2.1 Business Management Advisory Services Provided to SMEs

There is an internationally-proven link between management skills and business success and that there is a direct linkage between skilled management, competitiveness, growth and development of SMEs. SME managers, including many owner-managers, are the key drivers of SMEs. SME managers are typically

strong in one or two areas of management but are weaker across the full range of skills such as marketing, planning and finance. However experience show that lack of relevance of courses, time pressures, and cost are major barriers to increased SME manager participation in management development.

Managerial consulting services aimed at analyzing internal and external factors of the enterprises seen from overall view thereby identifying and undertaking interventions to facilitate closing of gap. It is an important ingredient in supplementing and improving the possessed skills by entrepreneurs. Handholding and guidance services are key for consistent, growth oriented, stable and sustainable businesses. In the process, the level of competitiveness and dynamism of domestic enterprises and, by implication, of the economy as a whole will be greatly enhanced through delivery of business information or advice to SMEs at their place of businesses. The challenges to be addressed include, lack of business information, technical, strategic planning, financial management, intellectual property rights, marketing, staff management and business skills among SMEs. Several approaches are applied to counter the effects of these challenges; however SMEs ability to increase efficiency and productivity has a root in the attitude, entrepreneurs' and organizational behavior. Application of KAIZEN approach enhances quality improvement and productivity in personal life, home life, social life and more so to working life. When applied into the workplace it means continuous improvement of quality, productivity, efficiency and working environment by involving everyone such as owners, managers and workers.

According to past initiatives 59,374 enterprises were provided with business advisory and consulting services. During the planning period, the organization is committed to strengthen the services by focusing on the following activities;

4.2.2.2.1 Provide Business Advisory Services to SMEs

Business management advisory services are provided by SIDO extension officers to guide SMEs to scan the environment to discover available opportunities, establish, operate, monitor and make corrective measures to their businesses. The services are provided in office, on site and by using ICT.

During the previous plan, 59,374 entrepreneurs were provided with advisory services in different business aspects. Normally, starters need to identify and tap business opportunities and those in business need to improve productivity, profitability and sustainability.

Target 1: 75,600 enterprises are provided with business management advisory services by the end of June 2017

Target 2: 60 SMEs registered with BRELA their Intellectual Property Rights (IPR) by the end of June 2017.

SME will be trained and assisted to register their IPR (patent, trade mark, copyright etc) to protect their products and services.

Target 3 18,900 enterprises adapted business management advisory services by the end of June 2017.

Enterprises registering improvement in business arising from advisory services provided to them.

4.2.2.2.2 Provide guidance for investment and business development

Business investors and development partners need guidance in terms of data, information and profiles on resource configuration of particular areas. An area development survey (ADS) is a study which explores the potential resources/opportunities available in a location for utilization in investment decision making by potential investors.

On the other hand, a techno economic profile (TEP) is a document containing technical, market, financial, economic, social and environmental analyses used as a guide for an investment opportunity. In order to prepare a techno economic profile, an intensive and extensive market survey has to be done to establish current actual demand of a product in question. SIDO uses Computer Model for Feasibility Analysis and Reporting (COMFAR) and Company Project Profile (CPP) software as analytical tools to establish viability of business opportunities and enable potential investors to undertake further analysis for investment decisions.

During the previous plan, 245 ADS were conducted in different districts. The survey results are used as inputs for investment undertaking and establishment of project feasibilities.

In the plan period there will be an improvement in the preparation of Area Development Surveys (ADS) and Techno -Economic Profile (TEPs) for onward use by potential investors.

Target 1: One TEP Manual prepared by the end of June 2015.
This will be prepared as a guiding document for the regions.

Target 2: One ADS Manual prepared by the end of June 2015.
This will be prepared as a guiding document for the regions.

Target 3: 93 Area Development Surveys (ADS) carried out by the end of June 2017.
Each regional office will conduct ADS depending of regional government economic and ODOP strategies.

Target 4: 126 Techno Economic Profiles (TEPs) prepared by the end of June 2017.
Each Regional office will prepare TEPs on each ODOP based product.

4.2.2.2.3 Conduct business diagnostic studies

Very often businesses fail, poorly perform or stagnate due to a number of reasons unknown or unmanageable by the business owners/managers. The business status calls for business diagnosis in order to establish reasons behind dismal performance and stagnation. Business diagnosis is the process of checking the status of an ongoing business to uncover the inherent weaknesses and challenges. Once the challenges are identified, possible way out is suggested for owners/managers to take corrective measures.

However, the service offered has to be paid for as it is costly, time consuming and professionally very demanding. During the previous plan, diagnostic studies for 187 enterprises were conducted provided with

The intervention will be continued during the plan period with the aim of identifying operational and managerial gaps then facilitate prescription for the businesses' growth, prosperity and sustainability.

Target 1: 1584 Business diagnostic studies conducted by the end of June 2017
Studies will be conducted to establish operational status of the SMEs by using different approaches including KAIZEN.

Target 3: 252 enterprises improved their businesses by the end of June 2017.
Participating enterprises applies recommended solutions, which thereafter makes their businesses to improve. Diagnostic studies end up guiding participating enterprises to identify their problems and possible solutions.

4.2.2.2.4 Provide Mentoring /Coaching services to SMEs

During business operations, entrepreneurs/business owners often encounter challenges which are sometimes out of their scope. Consequently, there arises a need to outsource an expert or a more knowledgeable entrepreneur who will provide advice to alleviate inherent challenges. Mentors will assist and support SMEs to identify their challenges, opportunities and resources, define options and select a course of action. However, small business owners cannot afford to access

commercial expertise. Besides own staff, SIDO will use experienced entrepreneurs by way of knowledge, skills and attitude transfer to continuously guide/mentor other business owners for success and stability of their businesses.

During the plan period, the following are planned to be achieved;

Targets 1: 1,260 SMEs provided with mentoring and coaching services by the end of June 2017.

This will be provided directly and repeatedly at the site until the clients master the general business practices and productivity improvement guidance based on KAIZEN approach.

Target 2: 1,260 SMEs growth increased by 20% each year by the end of June 2017.

This will be measured by an increase in investment, sales, and employment after the interventions.

4.2.3 Rural based Industrialization Strategies enhanced

About 80% of Tanzania population live in rural areas, engage in subsistence agriculture, and use inefficient and low productive techniques. As a result their produce do not attain the minimal required quality and quantity, less competitive, high post-harvest losses, seasonal employment leading to rural – urban migration. Generally the rural people live with low per capita income and cannot meet most of social needs such as health care, school fees etc.

To mitigate the situation, SIDO is implementing a One District One Product (ODOP) strategy and Rural Micro, Small and Medium Enterprises (MUVI) programme. Through ODOP, products that have unique features and from abundantly available resources, are developed and promoted through Value addition. This involves processing, packaging and marketing. On the other hand, through MUVI, the organization is implementing a Value Chain approach which encompasses establishment of processing units and market linkages in rural areas. In the planning period, SIDO will promote value chain approach in implementing in ODOP Strategy in collaboration with LGAs and other actors in all the districts.

4.2.3.1 Implement One District One Product (ODOP) Strategy

The One District One Product (ODOP) is a rural industrialization strategy emulated from the Japanese's One Village One Product (OVOP), where products are developed and promoted based on locally available resources in a particular village. The strategy focuses on achieving equitable rural economic development and reduction of constant rural urban migration through development and promotion of district specific products and services. Activities to be implemented

include collection of district profiles, conduct sensitizing events, selection of a district specific product, support establishment/improvement of enterprises, capacity building of the participating communities/enterprises, and through value chain approach with emphasis on value addition (processing and marketing) of local resources.

The strategy will be implemented through development of technical economic profiles for selected products, facilitate business plans preparations for enterprises, and provide business development and financial services to primary producers and processors. Selection of products is done by district stakeholders. By using value chain development experienced under MUVI programme, capacity of SMEs will be strengthened to implement marketing tasks, facilitate production of quality products to meet standards of TBS and TFDA for certification. All the interventions are geared towards facilitating value chain actors to come up with competitive value added products to the market. Development of capacity of market intermediaries will aim at ensuring producers' ease to common services and reliable technical support services.

SMEs in the rural areas will be provided with improved skills training, knowledge of access to markets to help increase productivity, profitability and off-farm incomes. The support will observe capacity requirement of all segments of the products' value chain starting from facilitating availability of agro inputs and seeds to marketing of value added products.

Target 1: ODOP performance review conducted by end of June 2015.

Target 2: 133 district profiles reviewed to understudy potential products for implementation of the strategy by the end of June 2017.

SIDO Region offices will carry out analysis of regional profile to identify potential products for ODOP and develop technical economic profiles for selected products.

Target 3: 1596 small scale industries established by the end of June 2017.

SIDO in cooperation with other stakeholders will support establishment of small scale industries through provision of consultancy services on technology selection, business development and financial services, marketing, information, and skills capacity building.

Target 4: 1596 SMEs trained on TFDA and TBS standards by end of June 2017.

Considering the fact that quality and standards are key determinants for SMEs competitiveness training will be facilitated by SIDO experts in collaboration with other stakeholders such as TFDA and TBS.

4.2.3.2 Rural Micro, Small and Medium Enterprises programme - “MUVI” implemented.

The Rural Micro, Small and Medium Enterprises (RMSMEs) program popularly known as MUVI, a 7 years (2007 – 2014) programme, was developed to support Rural Micro, Small and Medium Enterprises through selected value chains, to deliver sustainable margins to producers in order to increase their income and reduce poverty.

The objective of the Rural Business Support Services (RBSS) is to strengthen the capacity of the various small and medium size actors operating within selected value chains so that they can effectively interact with viable markets in a coordinated and sustainable manner. Selected medium and small-scale rural entrepreneurs will be provided with improved skills training, knowledge of access to markets to help increase productivity, profitability and off-farm incomes. Also selected value chains would be coordinated and built; public and private sector institutions will be strengthened to provide support to rural enterprises.

The programme is being implemented in 19 pilot districts in six regions of Pwani (Bagamoyo, Mkuranga, Rufiji), Tanga (Muheza, Kilindi, Handeni and Korogwe), Manyara (Babati, Hanang and Simanjiro), Mwanza (Kwimba, Sengerema and Ukerewe), Iringa (Kilolo, Njombe and Iringa) and Ruvuma (Songea, Mbinga and Namtumbo). The selected Value Chains are Sunflower (in Mwanza, Manyara, Tanga, and Iringa); Cassava (in Ruvuma, Mwanza and Pwani); Livestock (in Manyara); Fruits (in Pwani, Tanga); Tomato (Iringa); with additional chains as follows: Paddy (Mwanza), Beans (Tanga); Sesame (Pwani); Sorghum (Iringa) and Maize (Ruvuma). MUVI targets rural poor entrepreneurs (includes smallholder producers) with means and motivation to enter the market.

SIDO is charged with the responsibility of overseeing the overall MUVI implementation. Realization of the Programme’s objectives will be observed through achievement of the following associated outputs:

4.2.3.2.1 Increase Capacity of Market Intermediaries

MUVI will strengthen the capacity of established groups, associations and extension officers to be able to implement marketing tasks; facilitate production of quality products which will meet standards of TBS and TFDA thereafter certified. The intermediaries will be appropriately facilitated to access appropriate value addition technologies. All the interventions are geared towards facilitating value chain actors to come up with competitive value added products to the market. Development of capacity of market intermediaries will aim at ensuring producers’ ease to common services and reliable technical support services.

Target 1: 25 targeted groups and associations’ capacities developed by the end of June 2016

The capacity building interventions will be in areas of good leadership, good governance, which will enable them to prepare implementable strategic plans.

- Target 2:** 25 Producers and traders acquired and improved business techniques by the end of June 2016.
- Target 3:** 60 business support services providers facilitated to support processors operations.
- Target 4:** 25 groups and associations will have the capacity to negotiate and manage the contract with much ease.
- Target 5:** 60 Extension officers will have the capacity to train and provide extension support to value chain actors.
- Target 6:** 18 Value chain products certified by TBS and TFDA.
- Target 7:** 6 Value adding technologies disseminated.

4.2.3.2.2 Increased Agricultural Production and Productivity

Much of the interventions were implemented during the first phase of the project. However, delivery capacities of some services will be supported to consolidate what has been realized already and bringing in more knowledge and innovations from experts and build RMSMEs' competitiveness. For each village in MUVI area, at least one progressive famers would be capacitated to provide extension services at a subsidized fee. They will gradually be decreased as the services become acceptable by the beneficiaries. The agricultural extension officers also will be supported to offer services to the MUVI beneficiaries as well as coaching the progressive/lead farmers who will then provide the required extension services at a lower (village) level. The officer will be supported to travel to MUVI beneficiaries' areas to extend the services and provide orientation to the progressive/lead farmers.

This will be realized through developing capacities of progressive/lead farmers and extension officers supporting farmers.

- Target 1:** 20 extension officers supported to provide services to producers by the end of June 2016.
- Target 2:** 6 knowledge generators engaged to support RMSMEs' competitiveness by the end of June 2016.

4.2.3.2.3 Increased Access to Markets and Market Information

A system to ensure collection and timely dissemination of market information will be developed. The system will have the capacity to host all media channels to be used in dissemination of market information. This will include web portal development, Radio and TV programs, print materials. In addition, the value chain actors will be supported to participate and expose their products through local and international exhibitions and trade fairs.

To ensure the products brought for promotion have attained the required standards and quality, MUVI will also facilitate RMSMEs' products certification by TFDA and TBS; and bar codes. On the other hand, SIDO in collaboration with MIVARF will provide support to develop market infrastructure/common marketing facilities and its related equipment. Furthermore, MUVI will assist the associations in collaboration with other stakeholders including LGAs, to develop the system of managing and running the market infrastructure.

Target 1: 6 Market information delivery system providing market information to value chain actors established by the end of June 2016.

Target 2: 6 bulking, warehousing and marketing centers providing market supporting services established by the end of June 2016.

4.2.3.2.4 Increase Access to Inputs

MUVI has for the past 3 years established a well-functioning inputs supply system, which will be appropriately supported during the coming two years. In collaboration with LGAs, the program will identify at least one QDS producer for each district. The producer will then be supported to develop and maintain the QDS farm, to produce quality QDS, packaging and certification. A consultant will be hired to provide technical support during production of QDS will also be provided.

New agro dealers/stockiest will be identified, input needs databank and link them with famers; support improvement of the system for supply of farm inputs such as skills in preparing bankable business plan to access working capital loan.

Target 1: 18 reliable inputs suppliers established by the end of June 2016.

4.2.3.2.5 Improved Access to Financial Services

Access to affordable credit to value chain actors is among the key constraints in most value chains, efforts to interest Banks and MFIs to support value chain development activities have been extensively applied over the past three years. Initiatives to establish and strengthen working collaboration with financial institutions, but also supporting beneficiaries' efforts to put up their own financial services capacities like SACCOS, SACAS and VICOBA will be supported. To complement that innovative guaranteeing system through weather based insurance will be supported in some areas.

Training will be conducted to association, individual RMSMEs, SACCOS, SACAS/beneficiaries on preparation of bankable business plan, financial management; where at the end of the training each participant will come up with a document of plan to be presented to the bank for financing.

Efforts will also be made to establish working relation with other development program existing in the area such as MIVARF, NEDF to establish special credit program, guarantee fund for the MUVI beneficiaries, WBII. A consultant will be recruited to guide the process.

Target 1: 500 SMEs facilitated to access finance by the end of June 2016.

4.2.3.2.6 Improve Access to Technology

Technology and technology development are the key factors to enhance value addition through processing. The RMSMEs are still facing challenges in processing of their produces due to lack of proper developed technology. RMSMEs access to technology information needs to be improved, technology services made available at grassroots level, indigenous technology need to be improved and upgraded.

Development of local capacity to repair and maintain the machines through technicians will be made. Processors will also be re-oriented on industrial and production safety, health and cleanness.

Target 1: 500 SMEs facilitated to obtain technologies by the end of June 2016.

Target 2: 60 technicians trained in service, repair and maintenance of machines by the end of June 2016.

4.3 OBJECTIVE 3: TO FACILITATE SMES ACCESS TO MARKETS AND INFORMATION

In the process of facilitating SMEs' access to market and information, the organization will use different approaches including business linkage by utilizing the increase in investments facilitated by FDIs and working collaboratively with other industrial development supporting agencies such as TIC, EPZA etc. This will be achieved through strengthening both vertical and horizontal linkage. The success of this objective will promote local content and maximize the opportunities identified. Development of a Marketing communication strategy for the organization and also empowering SMEs to develop their own marketing strategies will be one of the major activities during this plan period. Considering a large number of SMEs are using mobile phones, then the use of ICT will be promoted to facilitate access to market and information. SIDO will develop and improve strategic marketing and information communication technology programmes to stimulate and improve SMEs' competitiveness in the local and global markets. It will also indulge in creating awareness on its services locally and internationally so

as to increase the number of collaborative partners and attract more clients to harness the organization services.

4.3.1 SMEs products promoted

Marketing programme will be prepared to enable the organization and SMEs cope with different market environments in which they operate both locally and internationally. The environment is always dynamic, challenging and requires development of new and strengthening of existing programmes. Currently the programme include; exhibitions and trade fairs, SMEs' products display centers, information centers, publication materials, marketing skills transfer, tendering and use of mass media. These programmes will continuously be developed and improved according to changing needs. SMEs' businesses are being conducted in challenging and dynamic environment, they are not competitive in terms of products quality and marketing skills. In this plan SIDO will continue to build SMEs competitiveness through capacity building in product development, packaging, quality and standards. Other interventions include facilitating them in participating in zonal exhibitions and trade fairs, trade missions, market linkages and buyers-sellers meetings.

Target 1: Marketing and communication strategy document developed by the end of June 2015.

Marketing and communication will be developed by December 2014.

Target 2: 271 SMEs obtained tenders by the end of June 2017.

This will be done by identifying SMEs which are capable and equipped with necessary services, machineries and equipment for executing the tenders for registering them to GPSA. Additionally, SIDO in collaboration with GPSA will conduct training to SMEs to enlighten them on conditions, rules and regulations on tendering.

Target 3: 3 SMEs display centers established by the end of June 2017.

Display centers will be established in Dar es Salaam, Kilimanjaro and Tanga.

Target 4: SIDO SME zonal exhibitions evaluation study conducted by end June 2015.

Target 5: 24 exhibitions/trade fairs conducted by the end of June 2017.

This will involve organizing zonal exhibitions for SMEs and facilitate them to participate in trade fairs.

Target 6: 180 Business contracts concluded through business linkage by the end of June 2017.

This will be done by building capacity of SMEs to be able to work with large enterprises through supply of products and services. Business communication between Business to Business and Business to Customers will be facilitated.

Target 7: 1200 SMEs supported to develop and print their marketing materials by the end of June 2017.

SMEs will be supported to develop and print their own promotional materials. The materials to be printed and used include; brochures, banners (PVC, roll up etc), leaf lets, flyers, stickers, wheel covers, t-shirts, caps, flags, calendars and business cards.

Target 8: 150 SMEs assisted to develop their own business Communication Strategies by end of June 2017.

This will be done through training and working together in facilitating them to develop marketing strategy documents.

4.3.2 SMEs facilitated to fulfill quality and standards

In today's' business environment, information is power, a system to ensure collection and timely dissemination of market information will be developed. The system will have the capacity to host all media channels to be used in dissemination of market information. This will include web portal development, Radio and TV programmes and print materials.

To ensure the products brought for promotion have attained the required standards and quality, SIDO will facilitate SMEs' products certification by TFDA, TBS and bar codes. Majority of SMEs' products fail to compete with foreign products and those coming from those big enterprises due to inferior packaging. Processed products look inferior and unable to compete with imported products which continue to flood the market, or large firms which can afford to invest in imported expensive and better packaging materials. Therefore SIDO will develop a programme that will lead to assessing needs of packaging materials, stocking/production and supply to SMEs.

In general SIDO will continue to support SMEs to access local and international market through implementation of the following targets:

Target 1: 21 Packaging materials outlets established in the Regional Offices by the end of June 2017.

The Organization will establish a revolving fund to ensure sustainable availability of the packaging materials.

Target 2: One fully fledged packaging development center established by end of June 2017.

Target 3: 200 SMEs facilitated to attain quality and standards by June 2017.

This will be done through building capacity of potential entrepreneurs and assisting them to comply with quality and standards requirements.

4.3.3 Access to information facilitated

Globally the ICT is a pertinent tool in accessing information and communication to facilitate business communications from a seller to a buyer and vice-versa, eventually completing business transactions. Therefore, SIDO will continue to support SMEs to get ICT facilities and use them to enhance their business transactions locally and internationally. To enable them adopt this important service a number of interventions will be executed.

For the organization to provide ICT services to SMEs existing information centers will be upgraded for the SMEs to access information effectively and efficiently. Due to lack of ICT skills by most SMEs a number of courses will be conducted to equip them with the necessary skills.

In the previous plan, the organization implemented interventions that focused at improving the capacity of information and communication technology whereas 18 information centers were established in the regions and 93 courses on ICT applications were conducted, whereas 569 SMEs benefited.

In this plan the organization intends to improve its capacity of ICT to deliver its services in modern ways and facilitate SMEs produce market driven products, explore market potentials, work on investment opportunities, technology sources and other related business information.

Target 1: Ensure 8 existing information centers in the regions upgraded by the end of June 2017.

Target 2: 78,360 SMEs accessing information through information centers and web portal by the end of June 2017.

SMEs will be guided to access information through information centers. A register will be kept for record keeping.

Target 3: SIDO web portal established by the end of June 2017.

The current SIDO website will be transformed into Web portal and continuously updated. The web portal will provide for SMEs database, MIS and inter stations communication and operational links.

4.4 OBJECTIVE 4: TO FACILITATE SMES ACCESS TO FINANCE

Among the constraints facing SMEs' business development is limited access to finance. The reasons behind being lack registered collaterals, credit information, track records of their businesses and conducive business environment. This eventually limits SMEs capacity to establish, survive, grow, expand their markets and increase incomes. SIDO has been making several efforts to address challenges by establishing tailor made different credit programme, linking SMEs to other financial institutions including banks, establishment of credit guarantee schemes, provide training and advisory on credit/finance.

It is important to improve financial services delivery capacity to meet increasing demand of the service by SMEs and the challenges thereafter. In the previous plan the Organization managed to expand the capital and therefore portfolio base and ensuring an efficient financial services delivery system.

In this plan the Organization will continue to liaise with various financial institutions in supporting SMEs to access financial facilities. Moreover, sealing working relationship with other institutions on provision of financial services to clients will be made. Strategically the organization will focus on:

4.5.1 SMEs provided with loans

In order to enhance SMEs' financial capacity, credit services will be provided in accordance with their needs and demands. SIDO will be geared towards increasing outreach so as to have a bigger impact in terms of employment creation, income generation and ultimate poverty reduction both in rural and urban areas. To complement the effort innovative guaranteeing system will be supported in some areas.

Target 1: Tshs. 2.5 billion mobilized for credit services by the end of June 2017.

This will be mobilized through contacting potential source of funding. As per requirement proposals for funding will be prepared and submitted to potential sources.

Target 2: 30,000 loans disbursed to SMEs by the end of June 2017.

SMEs will be provided with loans for investment and working capital through both groups and individuals.

Target 3: Tshs. 24.0 billion disbursed to SMEs by the end of June 2017.

SMEs will be provided with loans for investment and working capital through both groups and individuals.

Target 4: One credit guarantee scheme for SMEs established by the end of June 2017.

For SMEs who could not access credit services from banks due to lack of registered collaterals, SIDO will solicit funds for establishment of guarantee scheme to cover part of collateral requirements of participating financial institutions.

Target 5: 3,000 SMEs graduated from SIDO credit schemes and linked to Financial Institutions by the end of June 2017.

Due to limited funds in SIDO's credit programme SMEs will be linked to financial institutions to access credit facilities for their businesses.

4.5.2 Financial services delivery to SMEs improved

Managing credit portfolio is an important aspect for ensuring growth, stability, and sustainability. SIDO will ensure that standards and procedures of credit management are being observed and abided to.

The organization will improve its current credit lending manuals, which will stipulate reviewed loan processing procedures and management to conform to prevailing environment. The use of ICT in loan processing and tracking of performance will be part of the improvement.

Target 1: Increase loan portfolio size by 8% by the end of June 2017.
SIDO will continue source more fund for loan programme capitals and part of loan interest income will be capitalized.

Target 2: Increase the loan repayment rate to 92% by the end of June 2017.
Proper screening on loan applications will be undertaken to ensure loans are disbursed to viable businesses.

Target 3: Reduce delinquency rate to 10% by the end of June 2017.
Loan tracking will be performed to ensure proper use and management of loans disbursed and timely attendance of emerging challenges that might affect loan repayment.

4.5.3 SMEs financial management enhanced

Experience shows that SMEs are not only constrained by inadequate access to finance but also financial management. Financial advisory services help SMEs to address financial challenges that are encountered during establishing and operating their businesses. In order to make SMEs to have ease access to finance, initiatives to establish and strengthen working collaboration with financial

institutions, but also supporting beneficiaries' efforts to put up their own financial services capacities like SACCOS, SACAS and VICOBA will be supported.

Training will be conducted to associations, individual SMEs, SACCOS, and SACAS on preparation of bankable business plans, credit management and the better ways of managing finance of their businesses.

Financial advisory services include provision of guidance on available credit services, types of loans and financial record keeping. This intervention will continue to be provided to SMEs to enable them make appropriate decisions of financial services for their sustainable enterprise development.

Target 1: 43,680 SMEs received financial advisory services by the end of June 2017.

Advisory will be provided depending on business financial requirements of the SMEs.

4.6 OBJECTIVE 5: TO ENHANCE OPERATIONAL CAPACITY OF THE ORGANIZATION

In order to better serve its clientele, the Organization has to build and improve human resources systems, procedures and physical resources capacities. This will be done through: proper staff recruitment, welfare, development and retention as pre requisites for efficient, effective and sustainable performance of the whole organization. Another positive aspect is enhancement of proper working facilities like buildings, motor vehicles, office equipment, machinery and equipment, organization systems and efficient ICT system.

4.6.1 Human Resources Capacity Enhanced

Human resources are the most important and a prime mover of an organization. In that respect SIDO will make sure that its staff are properly recruited, developed, motivated intrinsically and extrinsically, proper succession and retention.

Thus services that will be provided will include coordinating, recruitment, selection, replacement, confirmation and transfers for the organization and supervising the implementation of Scheme of Services, salary structures and other Incentive Schemes.

Coordination and Supervision of implementation of Open Performance Appraisal activities in the Organization in collaboration with heads of department in conformity with Public Service Employment and Management Policy will be another task

Also another function will be coordination of training activities in conformity with reforms at work place and carrying out Training Needs Assessment and evaluation of training for the organization. Analysis and advice on human resources supply and demand needs for sustainable succession Plan will be also undertaken.

The Organization will implement health maintenance and improvement policy for its staff members through awareness campaigns for health check and conduct voluntary medical check-ups for ailments like blood pressure, diabetes, cancer, HIV/AIDS etc.

Target 1: One scheme of service reviewed by the end of June 2015

Target 2: One succession plan document improved by the end of June 2017.

Succession plan document will be improved and updated regularly in order to suit proper succession of staff at National and Regional levels.

Target 3: 48 staff promoted by the end of June 2017.

Staff will be promoted based on qualification, experience attained and according to the scheme of service.

Target 4: 90 staff recruited to fill vacant positions by the end of June 2017.

The recruitment will be done as need arises according to the scheme of service.

Target 5: 3 staff development needs assessments conducted by the end of June 2017.

Staff development needs assessment will be conducted to identify the available gaps so as to plan and develop capacities of staff.

Target 6: 120 staff trained by the end of June 2017.

Staff will be involved in short and long term training according to the staff training and development programme and available opportunities.

Target 7: 6 health checks conducted by the end of June 2017.

Health checks for staff will be conducted biannually at SIDO HQ and Regional Offices, to ascertain their health conditions. Education and sensitization will be delivered to the staff before the exercises are done.

Target 8: Sensitize and counsel workers living with HIV/AIDS 10 times by the end of June 2017.

Sensitize and counsel workers on HIV/AIDS at their work places and provide support services to staff living with HIV/AIDS.

4.6.2 SIDO organization restructured

Effective implementation of entrepreneurship and enterprise development intervention is very much influenced by the way the organization is set up. Previous plan's performance indicates existence of some operational gaps, which could be appropriately covered if the operational structure is reorganized to have an inclusive system.

There is a need to examine the present organization structure and propose what is considered to be the right structure to enable it improves its performance. In addition to examining and proposing a number of issues including structure and amount of fee charges, other assistance services and industrial estate rental policies. Thus the following tasks have to be undertaken for review of SIDO present organization structure:

Target 1: Contributed to SIDO Act review by the end of June 2016.

Target 2: Reviewed SIDO services delivery mechanism by the end of June 2015.

Assess the effectiveness of the delivery mechanisms presently employed by SIDO in the technical and promotional assistance services it provides to SME sector and how these might be modified or charged to make them more cost effective given the anticipated growth in demand for such services under SIDO's 3 year plan.

Target 3: SIDO organization structure reviewed by end of June 2015.

Review SIDO's present organization structure (both in terms of the range of technical and promotional assistance services it provides and control of these programmes) and determined the need to reorganize it to enable SIDO to more effectively carry out its programmes, especially with respect to re-enforcing its field extension services and strengthening its programme implementation and monitoring capacity.

Target 4: Appropriate staffing ascertained by the end of June 2015.

Assess in the context of service delivery ascertained and reviewed organizational structure technical support services, management training, technical training, marketing assistance services provided by SIDO and to recommend how their staffing and organization might be strengthened or streamlined.

4.6.3 SIDO Services Promoted

The aim of activity is to ensure SIDO services are known to potential clients and development partners so as to be consumed and support SIDO endeavors in the development of the SME sector.

During the previous plan 922 events covering the Organization activities appeared in different television programmes and articles in different newspapers at regional and national levels. The services were carried out during the SIDO zonal exhibitions, special visits made to promote SIDO services and use of SIDO website.

Target 1: 171 marketing materials printed and used by the end of June 2017.

Marketing materials to be printed and used include; newsletters, brochures, banners (PVC, roll up etc), leaf lets, flyers, stickers, wheel covers, t- shirts, caps, catalogues, flags, calendars, business card holders, SMEs directory and key holders.

Target 2: 1,618 promotional events through mass media and use of ICT by the end of June 2017.

This will involve promotional events like press conferences, advertisements of services and products, news releases, articles, documentaries, TV/Radio programmes, features in news papers.

Target 3: 250 promotional events to promote SIDO services organized by other stakeholders by the end of June 2017.

This will be achieved through SIDO's participation in events organized by other stakeholders at regional and national levels. E.g. investor's forum, industrialization day, science week, "maziwa" week etc.

Target 4: 2,000 networking events organized by end of June 2017.

These will result from SIDO's participation in meetings, seminars, workshops etc that will be organized by SIDO itself and other organizations outside and inside the country.

4.6.4 Regional Offices Services Delivery Capacity Strengthened

Regional Offices are implementers and providers of SIDO services to clients and as such energizing their capacity to increase performance is of utmost importance. Higher efficiency results from increased knowledge and skills of regional office staff members, more and better working tools and equipment will be provided to enable regional offices to increase outreach. Also outreach will be increased by collaborating with other stakeholders and BDS Providers. Constant monitoring and evaluation which results into better feedback for prudent and quick decision

making will be conducted by SIDO Headquarters. Regional offices extend extensions services to its clientele and are categorized into Business Development Services (BDS) and Financial Services (FS). Business Development Services include:- Training, Consultancy, Advisory, organization, counseling, coaching, marketing, business plan preparations, mentoring, technical services and information sourcing/dissemination. On the other hand, Financial Services include Financial Advisory and Credit Services.

The objective of providing extension services to entrepreneurs is to enable them increase their planning, management, organization, monitoring and evaluation capacities of their business/enterprises for their growth and sustainability.

For over 40 years, SIDO has been providing extension services through its network of Regional Offices in Tanzania Mainland. During the current plan period SIDO is planning to provide even better quality extension services to SMEs throughout Tanzania Mainland by strengthening Regional Offices services delivery capacity.

This will be achieved through: - developing extension services manual, training BDS providers, supervising Regional Offices business plans implementation and organizing Regional Offices meetings.

During the plan, monitoring of Regional Offices' meetings, supervision implementation of business plans, enhance capacity of Business Development Services and appropriate support will be provided:-

4.6.4.1 Coordination of Extension Service Manuals Development

In order to offer effective, efficient and consistent extension services to its clientele it is imperative to develop extension service manuals which will be used by SIDO extension officers both in the Regional Offices and at Headquarters. The extension services manuals will be based on BDS and FS that SIDO provide and will include consulting, marketing, technical, credit services etc

Target 1: 6 Extension services manuals prepared

Manuals for technical services, marketing services, TDC, TPC, TFSR, Cluster programme will be developed to guide extension services delivery.

4.6.4.2 Coordinate Business Plans implementation

It is best practice all Regional Offices and cost centers to prepare business plans which are being tabled, discussed and agreed upon by the Management at SIDO Headquarters for implementation. Regional Business plans are prepared within the framework of the Corporate Strategic Plan (CSP). Head Office supervises

implementation through the Management Information System (MIS) and regular physical visits to regional offices. During the previous plan 252 performance reports were made out of physical visits. In this plan the following will be implemented:

Target 1: 456 Regional performance implementation report prepared and analyzed by the end of June 2017.

This will involve preparations of timely implementation reports and conduct regular physical visits to verify them.

4.6.4.3 Organize Regional offices meetings

It is mandatory for the Regional Offices to hold Regional offices management meetings on monthly and quarterly meetings, and quarterly meetings of the RSMEAC as tools of activities monitoring and bi- annual regional office staff meetings. Reports and minutes are being submitted to the head office for information, advice and decision making if needs arise. Smooth implementation enables the head office at any time to know what is happening in the regions and to take remedial measures where needed. It is however important to stress that most of the decision making has been decentralized to the regions. During the previous plans 3,185 different meetings were conducted.

Target 1: 3,777 meetings conducted by the end of June 2017.

Minutes of meetings will be subsequently submitted to HQs.

4.6.5 Working environment improved

In the process of improving working environment SIDO will ensure both administrative and logistical services are provided efficiently to the whole organization. These will include improving general office management services such as provision of offices to all staff, office equipment, clean and secure office environment.

SIDO will also ensure assets management properly and it relates to acquisition of assets, management of assets and recommending disposal of assets while property management of all the property will be done that includes buildings, installations, sites, land etc.

In this plan the following targets will be implemented:

Target 1: 14 training rooms improved by the end of June 2017.

Existing training rooms at each region will be rehabilitated to suit current training requirements.

- Target 2:** 22 training rooms equipped with facilities by the end of June 2017.
Training rooms will be equipped with modern training equipment.
- Target 3:** 30 motor vehicles purchased by the end of June 2017.
Existing vehicles are not in good working condition so they need to be replaced and purchase others for new regional offices.
- Target 4:** 100 units of working facilities purchased by the end of June 2017.
Different working facilities like computers, furniture and fixtures will be purchased for staff better working environment.
- Target 5:** One authority manual reviewed and improved by the end of June 2017.
Existing manual will be reviewed and improved to guide the management at all levels.
- Target 6:** 6 TDCs strengthened by the end of June 2017
Upgrading the capacity TDCs in technology and infrastructure that will allow them to develop, produce and disseminate appropriate machines to SMEs.
- Target 7:** Upgrade TDC Shinyanga to full-fledged TDC by the end of June 2017.

4.6.6 Enhance ICT System capacity

An efficient information system is one of the factors that facilitate the achievements of the goals set by an organization. Basing on that, SIDO will continue to enhance the ICT system through integrating various IT functionalities. The established system will organize the information resources; facilitate automation and supports interactions among users within and outside the organization.

- Target 1:** Computerized management information system developed by the end of June 2017.
Computerized management information system will be developed to facilitate integration of IT subsystem for various functionalities of the Organization so as to support interactions among users within and outside the Organization. The subsystem to be developed and/or integrated will include accounting system, M&E system and Manufacturing systems.
- Target 2:** 302 items for SIDO IT system enhanced by the end of June 2017.

Adequate data backup capacity, replacing fire wall, upgrading solar system, improving server and IT hardware system, improve security and team collaborating system.

4.6.7 Enhance Capacity of Monitoring and Evaluation Systems

Operations of the organization have to be systematically guided and checked with the aim of ensuring that everything is in order. Development and operations of SIDO have to be properly planned, rules and procedures observed during implementation, but also a mechanism to track progress and make evaluations is established.

Proper arrangement of thoughts, systems, activities and documentation of the whole process of service provision is very important for a dynamic organization. During the plan period, the organization envisages to establish a Planning, Monitoring and Evaluation (M&E) unit. The unit will be responsible for coordinating the planning, performance tracking and evaluation of SIDO operations.

Through its coordination function, the unit will balance efficient and effective use of material, financial and human resources of the organization.

4.6.7.1 Establish Strategic Unit

In order for SIDO to have a consistent and well organized system, a predetermined development path has to be developed and a way of monitoring its performance established. A Strategic Unit has attached to DGs office will have to be established to coordinate preparation of plans and track implementation progress of the same. Feedback mechanism on the status of ongoing activities at any point of implementation is pertinent to the management at all levels. It helps in indicating the progress of the services through implementation process and facilitates the management to make rational decisions on the implementation course.

SIDO has been making improvements to its operational systems so as to ensure efficient and effective delivery of its services to SMEs.

Target 1: A functioning Strategic Unit established by the end of June 2015.

Target 2: Reviewed SIDO monitoring and evaluation system by the end of June 2015.

4.6.7.2 Prepare Strategic and operational plans

Developments of plans are important for orderly and consistent implementation of development and operational activities of the organization. After every three years,

the organization develops its Corporate Strategic Plan, which provides a basis for development of operational plans of all Planning centers for the particular period. The role of the unit in the process is to provide guidelines to be used and making clarifications and support that may be needed by planning centers during the process. Operational plans and budgets determining the amount of manpower, material and money to be used and the allocation thereof among unlimited and competing claims or demands will be prepared in that way.

During the previous period, 99 operational plans were developed.

Target 1: Three Planning and Budgeting guidelines prepared by the end of June 2017.

Target 2: One CSP prepared by the end of June 2017.

Target 3: 132 operational plans prepared by the end of June 2017.

4.6.7.3 Monitoring of activities at all levels

The organization will monitor implementation of its activities in order to maintain or improve its performance over time so as to ensure the targets are achieved as planned. The monitoring will be done through routine data collection, analysis, supervision, annual surveys and quarterly reports through visits, observations, and recommendations.

Target 1: 306 monitoring reports prepared by the end of June 2017.

4.6.7.4 Enhance Evaluation of SIDO services

Evaluation is a process of analyzing and interpreting data, making deductions and recommending better measures for future implementation. The main aim is to determine the relevance and fulfillment of the objectives, efficiencies, effectiveness, impact and sustainability. It allows mid-way interventions in terms of introducing required strategic changes in implementation along with providing an assessment of degree of attainment of objectives. Development and operations of the Organization will be evaluated annually, though mid-year reviews could be done to track the trend and establish the direction.

Target 2: 6 evaluations conducted by the end of June 2017.

4.6.7.5 Risk Management

Risk Management is a structured approach to managing uncertainty through, risk assessment, developing strategies to manage it and risk mitigation. Risk mitigation comprises elements of an organization that taken together, support

people in the achievement of the organization's objectives including Resources (human resources), Systems, Processes, Culture, Structure and Tasks. SIDO management shall identify risks, make analysis and prioritize the risks in order to minimize, monitor or mitigate them using concrete model of enterprise risk management (ERM) based on SIDO Risk management Framework.

Target 1: Risk management framework developed by the end of June 2015.

Target 2: 12 workshops conducted on Risk Management to internalize the Framework by the end of June 2017

Target 3: SIDO Risk Register developed by the end of June 2015.

Target 4: SIDO Risk register updated 2 times by the end of June 2017.

4.6.7.6 Coordinate Regional Office Resource Mobilization

In order to support SMEs, SIDO plays a great role in networking with different stakeholders and development partners to solicit funds and technical assistance for implementation of different activities. During the previous plan 3 MoUs were signed and 507 proposals were prepared. In this plan the following will be implemented:

Target 1: 9 MoU Signed by the end of June 2017

Efforts will be exerted to ensure that SMEs capacity development services are financially supported by different stakeholders. Cooperation arrangements will be made through MOUs to be entered.

Target 2: 12 billion raised by the end of June 2017

Different development partners will support interventions to be directed to SMEs development.

4.6.8 Internal control, legal and procurement services provided

4.6.8.1 Strengthen internal control system

Observance of established policies, procedures and limits is an integral part of the internal control system. Variation from the set benchmarks and performance indicators are captured and reported accordingly with recommendation of remedies to be taken. All risk areas are identified, mitigation measures provided for and systems of tracking application of mitigations are put in place.

4.6.8.2 Conduct Internal Audit

Internal audit provide an independent, objective assurance and consulting services designed to add value and improve the Organization's operations. It helps SIDO to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management control, and governance processes. The scope of work of the internal auditing unit is to determine whether SIDO's network of risk management, control and governance processes, as designed and represented by Management, is adequate and functioning.

Target 1: Internal audit manual reviewed by end of June 2015.

Target 2: Conduct 264 internal audits by the end of June 2017

4.6.8.3 Provide Legal services

Legal services will be provided to at organizational level (Headquarters and regional Offices projects) and staff of SIDO (labor laws) and will include rendering effective legal assistance in the preparation of legal opinions, studies, reports and correspondence, as required from time to time , providing of appropriate legal advice on a diverse range of substantive and procedural questions of law arising in administrative functioning of SIDO including advice in arbitration matters, to firmly secure the interest of SIDO as required by the operational departments.

Also included in the legal services is supervising and overseeing the review, negotiation and drafting of contracts, tender documents and other legal documents, as required by the operational departments and apprising the operational departments of emerging legal trends from court decision and tendering advice to avoid unnecessary litigation, etc.

The legal services will also include supervising and monitoring the contesting of the cases in various courts of law and advising in the matter of preferring of appeals in superior courts and in the matter of taking recourse to other legal remedies.

The legal services will also include providing knowledge to SMEs on intellectual property protection of their products and investment

Target 1: 1,500 legal advices provided by the end of June 2017

Target 2: All contracts and MoU prepared and signed by the end of June 2017.

Target 3: Updated register of all legal documents (Contracts, MoUs, and Cases) by the end of June 2017.

4.6.8.4 Provide Procurement Services efficiently

SIDO procurement services are guided by Regulation 34 of the Public Procurement Act 2004. Provision of procurement services providing technical assistance and support services in the area of procurement and supplies management at Headquarters, regional Offices and Projects. Services that will be provided include Procurement of goods and services; Management of inventories and Maintenance of records pertaining to procurement and inventory Management.

Target 1: 3 annual procurement plans prepared by the end of June 2017.

Target 2: 3 annual procurement performance reports developed by the end of June 2017.

4.7 TRANSFORMATION COST

4.7.1 Budget

Financing of all the planned activities will be mobilized and appropriately channeled through the focused implementation areas. The strategic areas to be covered are: technology innovation and technical services; SMEs' capacities enhancement for growth and competitiveness; marketing and information technology services; Financial Advisory and Credit Services; and SIDO's capacity development and strengthening. Annual budget allocation details are shown in table below:

CSP V (2014/15 – 2016/17)**ESTIMATED FINANCIAL REQUIREMENT**

	OBJECTIVE/OUTPUT	Budget (in Tshs.'000')			
		2014/15	2015/16	2016/17	Total
1	TO ENHANCE TECHNOLOGY INNOVATION (DEVELOPMENT & TRANSFER) AND PROVIDE TECHNICAL SERVICES				
i.	SMEs access to technology facilitated	2,700	3,888	5,486	12,074
ii.	Innovative capability of SMEs built	158,600	233,184	341,626	733,410
iii.	Technology transfer facilitated	10,843,836	15,567,702	22,452,074	48,863,612
iv.	SMEs access to infrastructure facilitated	554,000	664,800	797,760	2,016,560
v.	SMEs access to technical services facilitated	1,663,040	2,497,635	3,433,981	7,594,656
2	TO FACILITATE BUSINESS SKILLS DEVELOPMENT FOR SMEs' GROWTH AND COMPETITIVENESS				
i.	Business Skills Development Programmes for SMEs Implemented	1,040,440	1,454,526	1,967,769	4,462,735
ii.	Strengthen capacities of SME Associations	295,285	339,973	407,967	1,043,225
iii.	Enhance capacities of Women and Youth Entrepreneurs	136,934	147,701	166,893	451,528
iv.	Business Consulting Services Provided	154,102	161,694	178,042	493,838
v.	Implement One District One Product (ODOP) Strategy	543,200	544,320	546,168	1,633,688
vi.	Rural Micro, Small and Medium Enterprises programme - "MUVI" implemented	5,130,462	3,853,255	-	8,983,717
3	TO FACILITATE SMES ACCESS TO MARKETS AND INFORMATION				
i.	SMEs products promoted	465,875	564,984	682,366	1,713,225
ii.	SMEs facilitated to fulfill quality and standards	122,500	172,800	192,000	487,300
iii.	Access to information facilitated	284,700	73,920	110,880	469,500
4	TO FACILITATE SMES ACCESS TO FINANCE				
i.	SMEs provided with loans	6,593,407	7,912,088	9,494,505	24,000,000
ii.	SMEs financial management enhanced	-	-	-	-
5	TO ENHANCE OPERATIONAL CAPACITY OF THE ORGANIZATION				
i.	Human Resources Capacity Enhanced	73,800	107,940	144,504	326,244
ii.	SIDO Services Promoted	448,500	355,625	581,120	1,385,245
iii.	Regional Offices Services Delivery Capacity Strengthened	-	-	-	-
iv.	Working environment improved	1,348,400	1,527,456	2,634,048	5,509,904
v.	Enhance Capacity of Monitoring and Evaluation Systems	89,600	91,680	150,451	331,731
vi.	Internal control, legal and procurement services provided	66,000	79,200	95,040	240,240
	TOTAL	30,015,381	36,354,370	44,382,681	110,752,432

4.7.2 Sources and uses of funds

4.7.2.1 Mobilize and secure more sources of income

Financial commitments to support SIDO's development, operations and delivery of services to SMEs rely mostly on government subvention, income from use of assets, interest on loans and grants from other stakeholders. The ever increasing demand for SIDO services calls for increased financial outlays from different sources. The Organization will use different arrangements to access finance from the government and other stakeholders including development partners and the private sector. On the other hand, a system to track loans will be improved, review means and rates used to generate income from assets and services.

Target 1: Increase the share of internal generated income to cover 50% of the total budget by the end of June 2017.

Target 2: Mobilize 5 new external sources from development partners by the end of June 2017

Target 3: Improve annual recovery of income from internal sources by 95%

4.7.2.2 Sources of Funds

It is anticipated that financial resources for the CSP shall be secured from the following sources:-

Internally generated funds and other sources (60%)

Government subventions (40%)

4.7.2.3 Internally generated funds

It is expected that some of SIDO's activities will be financed by income from the day to day operations, particularly from consultancy services, training, technical services, interest from credit portfolio and use of assets especially industrial sheds.

4.7.2.4 Government subventions

The Government will continue to finance personnel emoluments as well as development activities.

4.7.2.5 Stakeholders

Strategic development programme will be facilitated by finance from cooperations and collaborations with different stakeholders. The support from development partners on continuing development programme such as Rural Micro, Small and Medium Enterprise Development Support (MUVI) will continue. Implementation of rural industrial development initiative will be done through the One District One Product (ODOP) strategy to be collaboratively supported the local Government authorities and the private sector. SIDO will team up with potential partners to plan and thereafter implement the programme.

CHAPTER FIVE

5.0 Bridges to successful implementation

The strategic plan implementation will be successful if environmental factors are supportive. The key success factors include:

- Increasing SIDO's capacity in advocacy, public awareness, and self determination so as to strengthen its sustainability, credibility and gain local and international support;
- Enabling policies such as the National SME Development Policy and legal instruments are developed by appropriate government ministries;
- The current positive support and political-will, which is recognizing and addressing SMEs issues at national and international levels will continue;
- The Government, the private sector and development partners provide concrete material and financial support in terms of long-term investment capital to SIDO and the sub sector it serves;
- Socio-economic framework conditions which produce sufficient opportunities for the SME development.

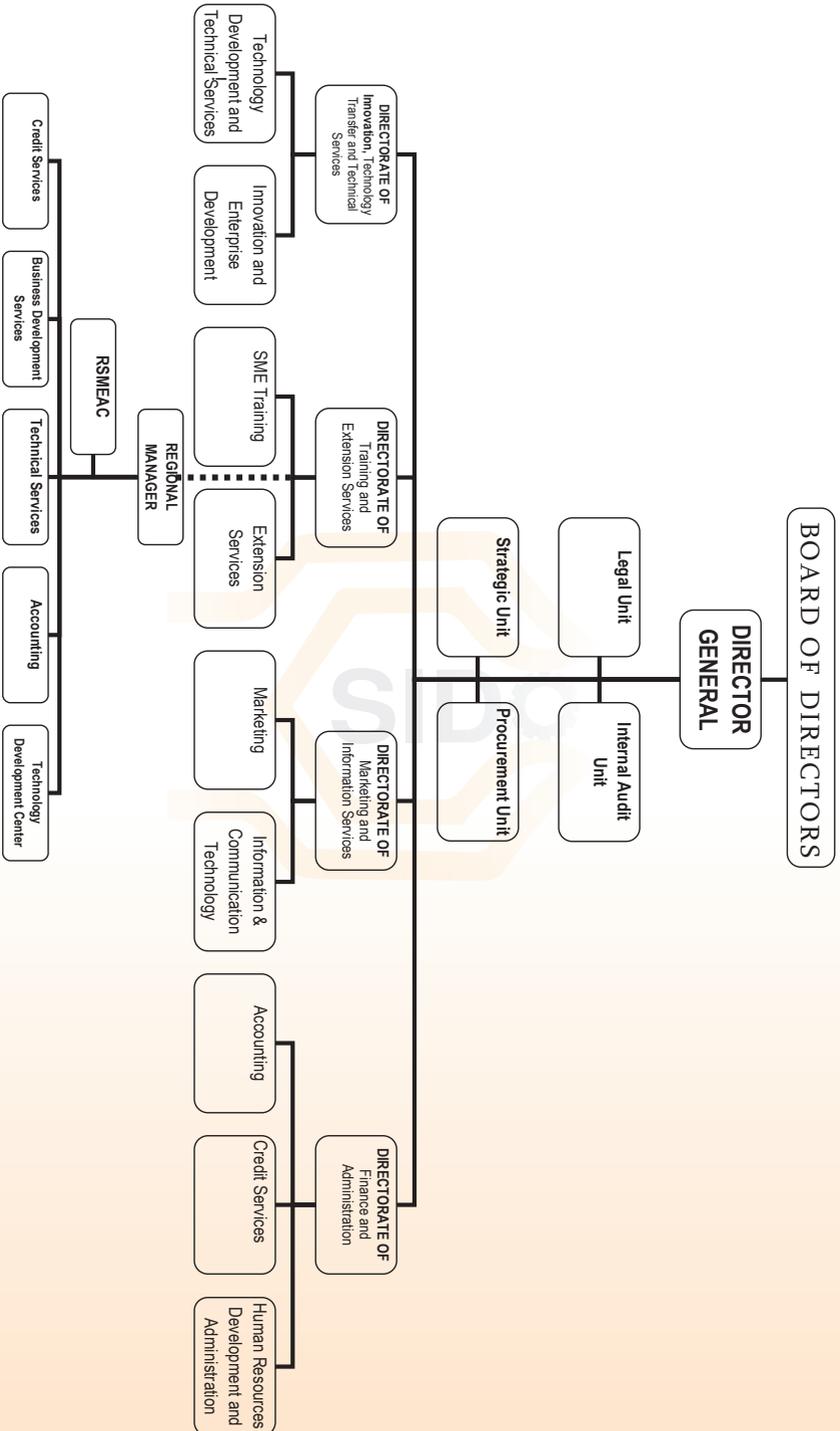
ANNEX 1: SMALL INDUSTRIES DEVELOPMENT ORGANISATION (SIDO)
CORPORATE STRATEGIC PLAN

OBJECTIVES, OUTPUTS, ACTIVITIES AND PERFORMANCE INDICATORS

Planning Period: July 2014 –June 2017

Narrative Summary of the Strategy	Means of Verification			Assumptions		
	2014/15	2015/16	2016/17			
OVERALL DEVELOPMENT OBJECTIVE SIDO aims at contributing to poverty reduction and enterprise development thereby contributing to economic development through provision of demand driven services that will create employment and generate income to the service user.	G.1: Increase in income of SIDO clients	11%	20%	20%	Quarterly Reports Annual Reports Evaluation Reports Specific Reports	
	G.2: Number of jobs created	116,140	143,564	173,824		
PURPOSE OF SIDO Create and sustain indigenous entrepreneurial base through the promotion and support to the development of SME by providing them with Business Development Services and Specific Credit Services on demand	P.1: Increase in number of enterprises created in rural and urban areas	2014/15	2015/16	2016/17	Quarterly Reports Annual Reports	
		35,618	43,454	54,316		
	P.2: Increase in number of clients receiving SIDO services	15%	22%	25%	Evaluation Reports Specific Reports	
		20%	30%	40%		
STRATEGIC OBJECTIVE 1: TO FACILITATE SMES INNOVATIVE CAPACITY, ACCESS TO TECHNOLOGY, INFRASTRUCTURE AND TECHNICAL SERVICES						
Outputs	Time Frame and Targets			BUDGET Tshs. '000'		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
SMEs access to technology facilitated	39	47	55	2,700	3,888	5,486
Innovative capability of SMEs built	37	44	54	158,600	233,184	341,626
Technology transfer facilitated	406	487	587	10,843,836	15,567,702	22,452,074
SMEs access to infrastructure facilitated	25	4	5	554,000	664,800	797,760
SMEs access to technical services facilitated	3,248	3,898	4,678	1,663,040	2,497,635	3,433,981
Sub total				13,222,176	18,967,209	27,090,928
Total Objective 1						59,220,312
STRATEGIC OBJECTIVE 2: TO FACILITATE BUSINESS SKILLS DEVELOPMENT FOR SMES' GROWTH AND COMPETITIVENESS						
Outputs	Time Frame and Targets			BUDGET Tshs. '000'		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
Business Skills Development Programmes for SMEs Implemented	1,496	1,593	1,504	1,040,440	1,454,526	1,967,769
Strengthen capacities of SME Associations	453	544	653	295,285	339,973	407,967
Enhance capacities of Women and Youth Entrepreneurs	43	42	39	136,934	147,701	166,893
Business Consulting Services Provided	27,356	32,620	39,092	1541,02	161,694	178,042
Assumptions						
Entrepreneurs will positively respond to the capacity building initiative. Products that are specific to each district have been identified Availability and willingness of mentors to participate Willingness of SME Associations to respond to SIDO services						

Implement One District One Product (ODO) Strategy	921	1,096	1,309	543,200	544,320	546,168	Experts in value chain analysis and associated services are available
Rural Micro, Small and Medium Enterprises programme - "MUYI" implemented	6,265	4,081	-	51,30,462	3,853,255	0	
Sub total				7,300,423	6,501,468	3,266,839	
Total Objective 2						17,068,731	
STRATEGIC OBJECTIVE 3: TO FACILITATE SMEs ACCESS TO MARKETS AND INFORMATION							
Outputs	Time Frame and Targets			BUDGET Tshs., '000'			
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	Assumptions
SMEs products promoted	1,090	738	805	465,875	564,984	682,366	Existence of products and services to promote
SMEs facilitated to fulfill quality and standards	7	7	8	122,500	172,800	192,000	SME's willingness to use ICT increases
Access to information facilitated	21,539	25,841	31,010	284,700	73,920	110,880	Government and development partners are supportive
Sub total				873,075	811,704	985,246	
Total Objective 3						2,670,025	
IMMEDIATE OBJECTIVE 4: TO FACILITATE SMEs ACCESS TO FINANCE							
Outputs	Time Frame and Targets			BUDGET Tshs., '000'			
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	Assumptions
SMEs provided with loans	9,067	10,880	13,056	6,593,407	7,912,088	9,494,505	Average Loan Size One Million Tanzania Shillings
SMEs financial management enhanced	12,000	14,400	17,280	0	0	0	Supportive Micro Finance and SME Policy/Regulations
Sub total				6,593,407	7,912,088	9,494,505	SMEs will cooperate
Total Objective 4						24,000,000	
IMMEDIATE OBJECTIVE 5: TO ENHANCE OPERATIONAL CAPACITY OF THE ORGANIZATION							
Outputs	Time Frame and Targets			BUDGET Tshs., '000'			
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	Assumptions
Human Resources Capacity Enhanced	78	93	107	73,800	1,07,940	144,504	The required resources will be available for the purpose
SISO Services Promoted	2377	830	832	448,500	355,625	581,120	
Regional Offices Services Delivery Capacity Strengthened	1413	1413	1413	0	0	0	
Working environment improved	135	156	186	1,348,400	1,527,456	2,634,048	
Enhance Capacity of Monitoring and Evaluation Systems	3445	4111	4917	89,600	91,680	150,451	
Internal control, legal and procurement services provided	789	833	885	66,000	79,200	95,040	
Sub total				2,026,300	2,161,901	3,605,163	
Total Objective 5						7,793,364	
TOTAL YEARS				30,015,381	36,354,370	44,382,681	
GRAND TOTAL						110,752,432	



Regional Small and Medium Enterprises Advisory Committee