

TANZANIA SOCIAL ACTION FUND



PRODUCTIVE SOCIAL SAFETY NET III

ECONOMIC INCLUSION IMPLEMENTATION HANDBOOK

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CHAPTER 1: BACKGROUND

1.1 Introduction

The objective of Productive Social Safety Net phase III (PSSN III) is to increase access to social protection and better jobs for targeted poor households and build sustainable, adaptive social protection delivery systems. This objective will be achieved through a series of interventions which includes (i) Productive Cash Transfer (PCT) (ii) Basic Economic Inclusion (BEI) (iii) Enhanced Economic Inclusion (EEI) and (iv) Climate-smart-Public Works (CS -PW). These interventions will be supported highly by modernizing social protection delivery systems and strengthening the institutional and technical support that will enable implementation of Adaptive Social Protection.

Economic Inclusion (EI) is one of the main interventions under Productive Cash Transfer in PSSN III with the aim of supporting better jobs and climate resilience for the poor. The EI will offer two packages including Basic Economic Inclusion focused on Community Savings and Investment Promotion (COMSIP), linkages of beneficiary's households (BHH) to extension service and other institutions for capacity building, financial inclusion training; and an EEI package offering Micro entrepreneurship training, a one-time productive grant supported by coaching and mentorship. Additionally, PSSN III will offer a modified EEI package designed for youth. This package aims to support skills development and self-employment by connecting young people to formal Technical and Vocational Education Training (TVET) institutions for short-term training programs. After completing the training, youth will receive small start-up capital in the form of productive grants to help them purchase inputs needed to start a small business, such as sewing machines, tools box and other relevant equipment.

Economic Inclusion will use a graduation model that has proven to be effective in boosting income and creating better jobs through coaching and mentorship, promoting diversified self-employment, building climate change resilience, and providing small productive grants. The new phase will explore technical partnerships with private sector and NGOs to strengthen the quality of training and coaching.

1.2 Objectives

The main objective of EI is to enable extremely poor individuals and households to increase their incomes and assets, access better jobs, and strengthen their resilience, thereby creating sustainable pathways out of poverty. More specifically, the component is intended to:

- Enhanced self-employment opportunity by supporting individuals to start or expand their own businesses, often through capital grants, skills training, and coaching.
- To increase financial inclusion by facilitating access to savings, credit, insurance, and other financial services, which are critical for investment, risk management, and resilience.



- To strengthen social inclusion by promoting the integration of marginalized groups into economic and social life, reducing exclusion based on gender, disability, displacement, or other factors.
- To enhance the empowerment of women and youth by tackling gender-specific barriers and fostering greater economic participation, decision-making authority, and social standing for women.
- To improve the productive capacity of individuals and households, often through access to technology, training, and market linkages.
- To strengthen the capacity of households and communities to withstand and adapt to climate-related shocks and stresses by promoting income diversification and the development of multiple, resilient sources of livelihood, thereby reducing vulnerability to external shocks.

1.3 Economic Inclusion Packages

Economic inclusion will be implemented through two packages which include Basic Economic Inclusion and Enhanced Economic Inclusion.

1.3.1 Basic Economic Inclusion

The Basic Economic Inclusion package is designed to strengthen the financial resilience and economic opportunities of beneficiaries by focusing on Community Savings and Investment Promotion (COMSIP), financial inclusion training, and establishing linkages to beneficiaries with local extension services and other stakeholders. Through the formation of COMSI groups, beneficiaries can access collective resources, helping them avoid negative coping strategies such as selling assets when faced with shocks, including those caused by climate-related events like droughts or floods. BEI will be provided to all 500,000 PCT beneficiary household.

1.3.2 Enhanced Economic Inclusion

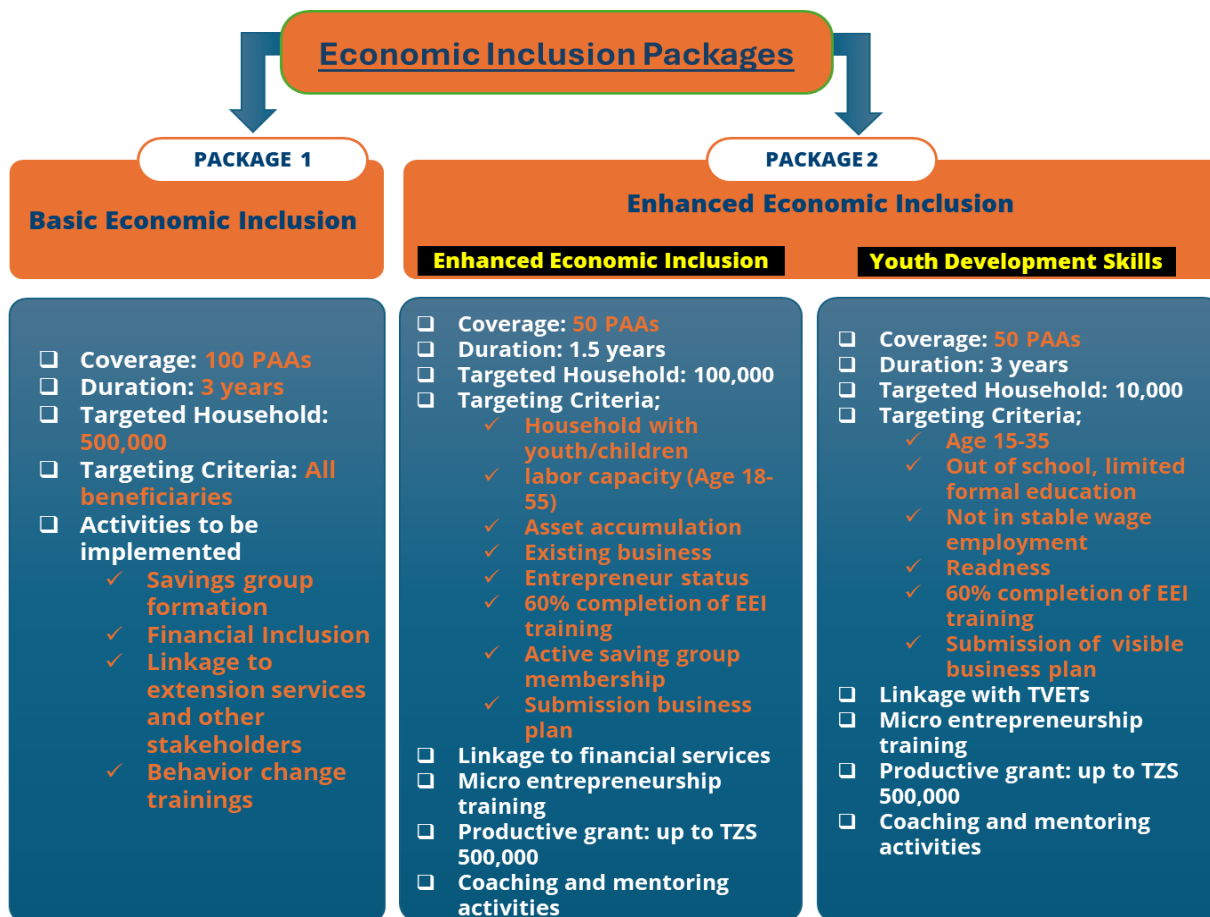
Enhanced Economic inclusion (EEI) will provide support to households participating in BEI with demonstrated commitment to project goals. The intervention provides a one-off productive grant of up to TZS 500,000 to 100,000 eligible households, including 10,000 youth, selected in accordance with established eligibility criteria. Livelihood support activities will be introduced gradually throughout the PSSN III implementation period. Support will be directed toward households with labor capacity, defined as having at least one member between 18 and 55 years old. PAAs selected for inclusion in a specific year will be notified before the implementation period begins and will receive assistance from the national livelihoods team to plan these activities in detail.

1.3.3 Youth Economic Inclusion Package

PSSN III offers a tailored EI package for youth, targeting 10,000 beneficiaries through two modalities:

- a) **Standard Model:** Provision of basic skills training, productive grant of up to TZS 500,000, ongoing coaching, mentorship, and technical training.
- b) **Skill Development:** Strengthen youth artisanal skills by linking to vocational training institutions for short-term courses, followed by provision of Productive grants as a startup capital for small businesses. **Figure 1** describes the activities within the Basic and Enhanced Economic Inclusion packages.

Figure 1: Parts of the Productive Inclusion Component



1.4 Drivers for achievement when implementing EI

For successful implementation of EI packages, the following drivers should be adhered to:

- i. **Economic inclusion activities should focus on four pathways**
 - **Off-farm pathway:** This is the engagement of beneficiaries to non- farm activities such as Petty trading, Tailoring, Carpentry, Masonry and Weaving.
 - **On-farm pathway:** This pathway engages beneficiaries in the implementation of crop and livestock-related income-generating activities, such as ox fattening, fruit seedling production, vegetable production, poultry, and beekeeping. Emphasizing climate-smart

approaches, these activities incorporate sustainable agricultural practices that enhance resilience to climate change. For example, beneficiaries are encouraged to adopt drought-tolerant crop varieties, practice water-efficient irrigation, integrate agroforestry, and use improved livestock management techniques.

- **Labor/ Wage Employment pathway;** This pathway focuses on linking beneficiaries to meaningful employment and job opportunities across sectors such as textiles, farm casual labor, and construction. To advance the Better Jobs agenda, it is essential to go beyond job placement by investing in technical and vocational skills training. By utilizing grant resources to support skills development, beneficiaries can acquire market-relevant competencies that improve their employability, enable access to higher-quality and more stable wage employment, and foster upward mobility. This approach not only addresses immediate income needs but also empowers households to secure decent work, adapt to changing labor market demands, and build long-term economic resilience.
 - **Diversified activity;** This is a combination of two or more income generating activities; beneficiaries are advised to plan their growth carefully and implement their main livelihood activity alongside other potential economic activities that can accelerate income growth. Diversification is expected to be introduced gradually, one activity at a time, as beneficiaries' capacity grows, incomes increase, and earnings are reinvested to strengthen and expand their livelihoods.
- ii. **Tailored Technical Assistance for each EI Pathways;** Tailored technical assistance will be prepared and provided by Extension officers who will supervise the implementation of the different pathways. Extension staff and CMC will ensure that tailored support to households is provided according to their capacity and needs.
- iii. **Coordination and Synergy with Other Complementary Initiatives:** Economic inclusion activities will be planned, coordinated and complimented by other initiatives /programs implemented in the specified PAA including CS- PW. Beneficiaries may wish to have a productive investment which will benefit from CS-PW intervention. At national level, the program may liaise with PAAs to identify economic development investments that can benefit beneficiaries through greater access to inputs and/or markets. Discussion platforms with key stakeholders help identify local economic and productive investments opportunities.
- iv. **Careful Sequencing and Tracking of Livelihoods Interventions;** PSSN beneficiaries will receive a carefully sequenced combination of technical and financial support, beginning with receipt of safety net transfers which include the Productive Cash Transfers followed by skills and awareness raising trainings, savings activities, productive grant and continue coaching to

enable them run their income generating activities (IGAs) in the required quality and quantity hence earning high profits.

- v. **Dynamism of Identified Opportunities and Technological Innovations;** This is to ensure that technical support is continually provided to ward extension officers with new information on recent market trends, local and more distant market opportunities, competition, and evolving supporting market services. Innovations will be applied by leveraging digital technologies to enhance the delivery of EI activities. This includes introducing mobile platforms and tablets for group-based training, enabling beneficiaries to access information, support, and resources remotely which will improve efficiency, expand outreach, and ensure timely communication with participants.
- vi. **Simplicity of Business Plans;** Extension staff will assist beneficiaries in developing simplified, context-specific business plans, that they can own it and implement as plan and achieve better results. They will guide and support the process to ensure the plans are clear, practical, and tailored to the technical capacity and opportunities available to each household.
- vii. **Harmonization of Economic Inclusion Supports with Government /Other Actors;** The Economic Inclusion interventions consider lessons learned from Livelihoods Enhancement (under PSSN II) related activities and use training materials developed by government as well as other related programs. In addition, DPs that align their activities and approaches with the PSSN Economic Inclusion support and abide by the provisions of PSSN under the Donor Support Mechanism will play a role in supporting implementation of the two components of Economic Inclusion.
- viii. **Strong Focus on Learning and Knowledge Management;** The EI support promotes learning through different modes to ensure required knowledge and skills are imparted to beneficiaries. Learning can be in different modes such as in class, through demonstrations as well as exchange visits and sharing of lessons learned with key stakeholders. In addition, economic inclusion support will promote peer-to-peer learning and dialogue between beneficiaries through participation in livelihoods activities. The training will also use innovations such as tablets through installed Digital Learning Application which will be used at group level.

CHAPTER 2: IMPLEMENTATION OF ECONOMIC INCLUSION

2.1 Planning activities

The implementation of EI will begin with a planning phase which will ensure alignment with EI objective of enabling poor and vulnerable individuals and households to increase their incomes and assets, access better jobs, and strengthen their resilience. The planning activities will include conducting a situation analysis to assess current conditions and needs. This initial assessment such as economic opportunities, market and value chain analysis and financial inclusion assessment will precede the rollout of EI interventions. The findings from these analyses will guide the preparation and delivery of both Basic and Enhanced EI packages, ensuring that implementation is tailored to local contexts and effectively addresses identified challenges. Additionally, the planning phase will involve revising EI guidelines and raising awareness among implementers about the EI packages. After the completion of planning activities, the following packages will be implemented.

2.2 Basic Economic Inclusion Support

BEI aims to foster productive self-employments for all 500,000 PCT beneficiaries, encompassing both agricultural and non-agricultural livelihoods, and to enhance household income and asset management. Key activities include creation and support of savings groups, financial and digital literacy training, establishing linkages to beneficiaries with local extension services and other stakeholders and awareness-raising sessions on climate adaptation and mitigation. Under PSSN III, there will be a stronger emphasis on connecting beneficiaries to local extension services, formalizing savings group registration, and building partnerships with relevant stakeholders, such as skills training providers. For instance, the program will explore collaboration with the Small Industries Development Organization (SIDO), Vocational Education and Training Authority (VETA), Vocational Training Centers (VTCs), Focal Development Centres (FDCs) and Non-Governmental Organizations (NGOs) to offer decentralized group training on specific technical skills in selected locations for interested beneficiaries.

2.2.1 Training of National Facilitators

A reasonable number of competent people, approximately 60 staff (TMU staff and selected TMOs) will be selected to form a national team of facilitators for BEI support. The team will then be trained by experienced TMU staff (Master Trainers). Whenever necessary, TMU will also engage a consultant support in the development of content and training of national facilitators. A national TOT will be conducted for 5 days.

2.2.2 Sensitization of BEI activities at PAA

Sensitization is vital for the success of BEI activities, as it ensures stakeholders at all levels understand the objectives and benefits. The process is carefully sequenced, starting with a one-day



awareness session on saving group activities led by the National facilitators for the District Commissioner and Council Management Team (CMT) to secure leadership support and ownership of the exercise at the PAA level. Next, PAA facilitators are sensitized during their training, preparing them to further disseminate information. Finally, at the community level, PAAF conducts awareness sessions during group identification meetings to engage and inform community members. This systematic approach builds a strong foundation for the effective adoption and sustainability of BEI interventions.

2.2.3 Training of PAA Facilitators

To ensure effective delivery of BEI activities at the village level, a rigorous selection process will be implemented for extension officers to serve as trainers. Specifically, an average of 20 PAAF will be chosen at the PAA level, with a clear preference for candidates who are currently serving as ward or village extension officers. Priority will be given to community development officers at the ward/village level, recognizing their expertise and direct engagement with local communities. Selected PAAF must demonstrate strong facilitation skills, a proven track record in community mobilization, and a commitment to promoting economic inclusion. These trainers will undergo an intensive 5-day training program conducted by national facilitators, equipping them with the necessary knowledge and practical skills to effectively lead EI initiatives at the village level.

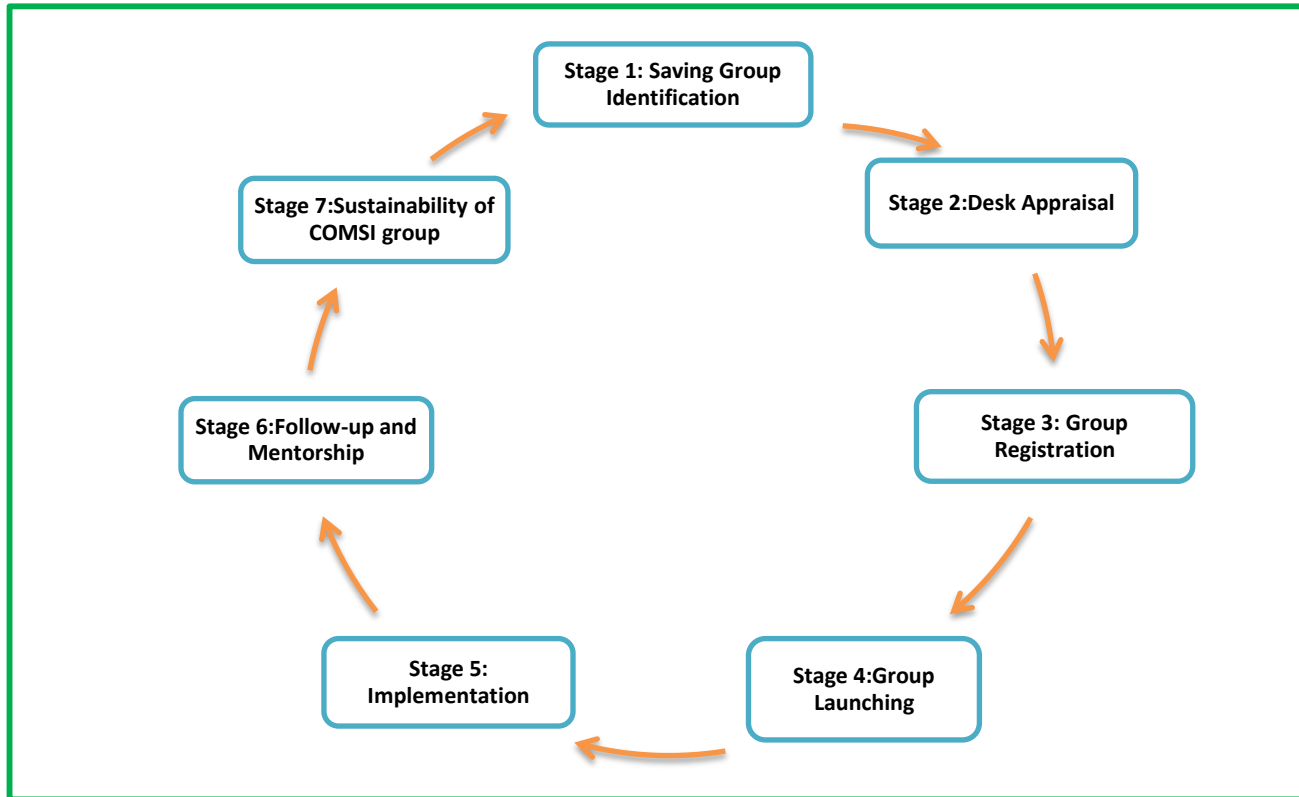
2.2.4 Training of Community Management Committee

The Community Management Committee (CMC) will serve as an essential connection in the implementation of BEI. A two-day training will be provided to 2 CMCs selected from each village, to equip them with the necessarily skills required to deliver both group and individual coaching and mentorship to beneficiaries, monitoring the progress of businesses established by beneficiaries, and assessing group performance. This training will be led by trained PAAF at the ward level.

2.2.5 Community Savings and Investment Promotion

Savings Promotion activities are made with the purpose of increasing the ability of program beneficiaries to save for future needs and investments. COMSI group are self-forming entities which remain independent, self-managing, and establishing their own rules to implement savings activities. It focuses on the promotion of savings through group savings methodology, financial literacy training, and group capacity building. Once groups are established, they meet regularly for the purpose of savings but may also choose to meet for social reasons to discuss other issues of common concern. The implementation arrangements of COMSIP activities will be guided by seven stages shown in figure 2:

Figure 2: COMSIP IMPLEMENTATION CYCLE



Stage 1: COMSI group identification and Formation

- This stage begins with sensitization activities that introduce local leaders and community beneficiaries to the COMSI activities. The objectives, procedures, and benefits of forming savings groups are explained.
- Interested households then form groups of 10–15 members based on shared interests and commitment to regular contributions. Each household selects a representative to join the group.
- Group members elect their leaders, including a Chairperson, Vice Chairperson, Secretary, and Treasurer. They receive two days of training on group management, constitution preparation, savings and loan systems, record keeping, and basic business management. Essential materials such as ledgers and passbooks are also provided.
- With support from PAA facilitators, each group prepares its own constitution to guide the management of savings and loan activities.

Stage 2: Desk Appraisal

- After the constitution is formed, each PAAF will collect and review all application forms and constitutions, checking for accuracy and completeness of the submitted documents. The PAAF will also ensure that all submissions comply with the Bank of Tanzania (BoT)

Community Microfinance Groups Regulations of 2018. All applications will then be appraised and approved by the Program Coordinator at the PAA level.

Stage 3: Group Registration

- At this stage, groups are registered with both the Bank of Tanzania (BoT) system and the TASAF management information system. The PAAF also ensures that all groups are digitized by registering them with financial institutions such as M-KOBA and banks, thereby facilitating access to digital financial services in Tanzania.

Stage 4: Group Launching

- This stage involves officially presenting the BoT certificate and providing essential stationery to the group, including passbooks, secretary books, and cash books. Once these materials are distributed, the group is permitted to begin savings activities. Additionally, the PAAF will conduct refresher training for group leaders, focusing on management, conflict resolution, and record keeping.

Stage 5: Implementation

- This stage focuses on mobilizing savings from group members in accordance with the group constitution. Groups will hold weekly meetings on predetermined dates to facilitate this process. Once sufficient savings have been accumulated, as outlined in the constitution, the group may begin lending funds to its members.
- At the end of savings cycle, profits will be shared among group members in proportion to member's savings during annual general meeting. The group will discuss and agree about new cycle, election of group leaders and any amendments to be made in the constitution.
- For COMSI groups, particularly those that have demonstrated strong performance will receive tailored skills training from Small Industry Development Organization (SIDO) or any other institution such as Vocational Education and Training Authority (VETA) and financial institutions. This training is designed to support the establishment and growth of small industries, thereby enhancing the groups' income-generating potential. In cases where individuals express similar needs, and where there is sufficient demand, skills training may also be extended to individuals.

Stage 6: Follow-up, Coaching and Mentorship

- This stage centres on ongoing support and capacity building for group members. PAAF/CMC will conduct regular visits to monitor savings activities and record-keeping, while providing technical assistance where necessary. To foster peer learning and strengthen group performance, PAAF/CMC will facilitate knowledge exchange sessions between different groups. Additionally, based on the evolving needs of each group, PAAF

will help establish linkages with external services and stakeholders—including SIDO, financial inclusion initiatives, and other organizations—ensuring that groups have access to a broad range of resources and support to advance their economic empowerment and sustainability.

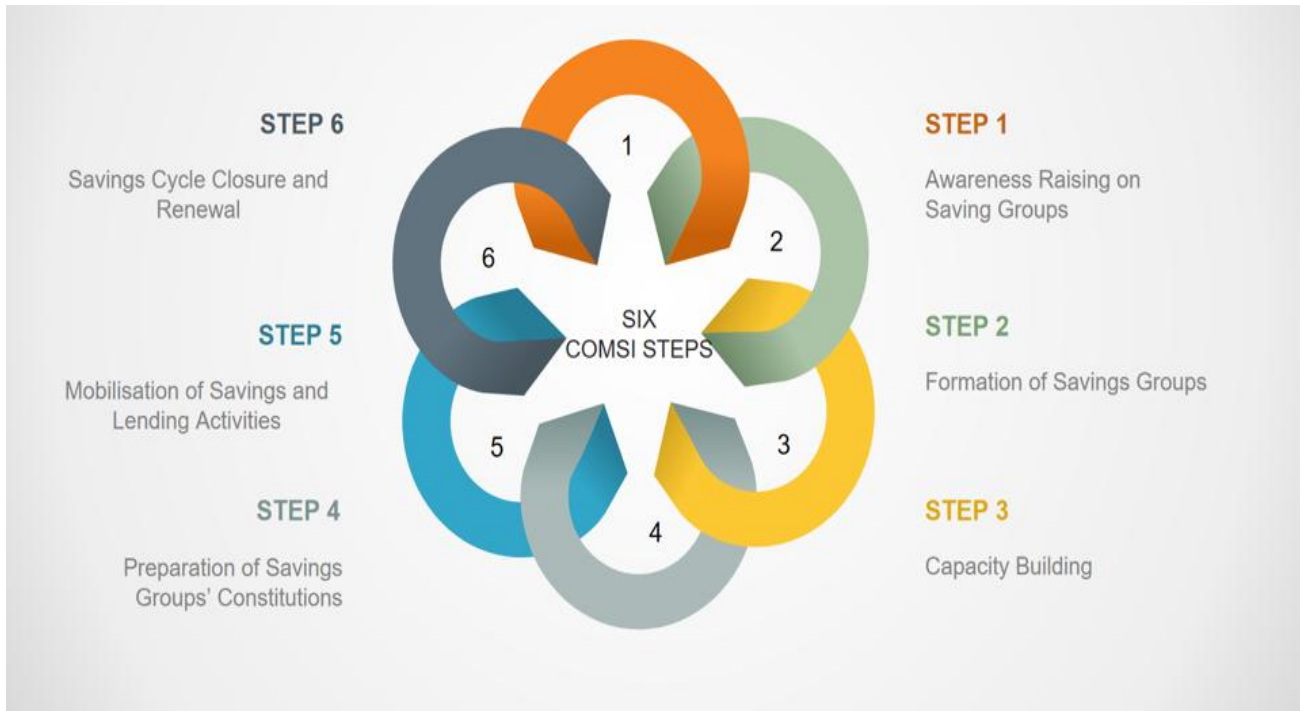
- To strengthen the engagement and capacity of savings group members, dedicated life skills training sessions will be integrated into their regular weekly meetings. These sessions will focus on content designed to foster personal transformation and positive behaviour change. Topics will include strategies for shifting attitudes, overcoming limiting mindsets, challenging taboos, and replacing outdated beliefs with constructive perspectives. Comprehensive modules and training guides will be developed to support these life skills sessions, and their delivery will be carefully planned and coordinated by the PAAFs to ensure maximum impact for all group members.
- Where feasible, savings group members will also receive foundational business and entrepreneurship training. This will include guidance on identifying viable business opportunities within their local environment, as well as instruction in basic business management skills. The aim is to equip savings group members with practical knowledge and tools to initiate and sustain successful income-generating activities, thereby enhancing their economic resilience and promoting sustainable livelihoods.

Stage 7: Sustainability COMSI group beyond PSSN III

- This stage involve group being self-managed, accountable and sustainable without external dependency making saving and investment in profitable manner. This is when group are enjoying the services and other benefits from financial institutions and can also form their own association and later on community bank. Figure 3 represents COMSI group cycle.

At the end of each savings cycle, **profits are shared** among members in proportion to their savings during the **annual general meeting (AGM)**. During the AGM, the group reviews the previous cycle, elects new leaders, and agrees on any amendments to the constitution before starting a new cycle.

Figure 3: COMSI Group Cycle



2.2.6 Linkages and Capacity Building to COMSI groups

Extension staff will develop comprehensive work plans and activity calendars to provide systematic support to savings groups. Savings groups will be clustered according to similar IGAs such as agricultural, livestock, or off-farm activities with specialized extension staff assigned to each cluster. This approach ensures that savings groups receive targeted technical support and guidance relevant to their collective activities. Demonstration plots will be established as practical learning sites, where savings group members can convene to observe and participate in different stages of project implementation. This experiential learning method will help savings groups adopt best practices and improve their project outcomes.

To ensure value addition to COMSI groups' IGA under PSSN III, twenty (20) savings groups in each of the twenty PAAs will further benefit from tailored training in basic entrepreneurial skills, enabling them to manage their IGAs more profitably. Skills development will be further enhanced through collaboration with the Small Industries Development Organization (SIDO) and Technical and Vocational Education and Training (TVET) centers. SIDO will offer training in small business management, product development, and value addition, while TVET centers will provide vocational skills aligned with the savings groups' IGAs. These partnerships will empower not only savings groups but also individual members to acquire practical skills, boost productivity, and strengthen their capacity to generate income, thereby advancing economic inclusion and resilience.

2.2.7 Eligibility of COMSI groups on skill development;

COMSI groups which will be eligible for receiving skill development from government institutions and other stakeholders must have the following criteria.

- i. The group must demonstrate a clear demand for skills development, as evidenced by their request for support.
- ii. The group must have a minimum level of savings, indicating their commitment and capacity to benefit from further investment.
- iii. Individuals must express a demand for capacity support, with a focus on those who share similar interests or business aspirations.
- iv. A minimum number of individual requests will be required to form a viable training cohort, ensuring cost-effectiveness and peer learning.

2.3 Enhanced Economic Inclusion Package

With limited wage employment options for poor rural households, the EEI package supports profitable self-employment by improving basic skills and providing start-up capital through grants to 100,000 PCT households. Beneficiaries will identify alternative livelihoods based on market analysis to access higher income opportunities. This package has been revised based on lessons from PSSN II and global evidence, incorporating updates such as a revised timeline, the introduction of climate-focused activities to enhance resilience, and the customization of modules for the target group with digital content.

The core components of EEI remain intact, including the provision of micro-entrepreneurship training, the development of simple, climate-resilient business plans, coaching and mentorship, and community outreach to influence social norms, aspirations, and life skills. It also includes strengthening of COMSI groups and asset management strategies tailored to low literacy and numeracy levels, alongside discussions on market access, potential markets, value chains, input procurement and linkages to financial services. Finally, each beneficiary will receive a one-time productive grant of up to TZS 500,000 (approximately US\$189) to the targeted households that have at least one working-age member (18–55 years) across 50 PAAs. The following activities will be implemented under EEI.

2.4 Basic Skills Training in Economic Activities

Basic skills training activities play a pivotal role in equipping beneficiaries with the practical knowledge and skills needed to engage in income-generating activities. Through targeted training sessions, selected participants learn essential skills such as transformation, micro-entrepreneurship, financial literacy and technical know-how relevant to agriculture, small business, and other local economic opportunities. This foundational support not only enhances individual capacity but also fosters broader community resilience and economic growth. Selected beneficiaries

will receive business skills training, enabling them to generate business ideas and prepare simple business plans, which will be used to apply for productive grants.

The basic skills training will create awareness on enhanced economic opportunities and tailor-made training which will be provided depending on the types of livelihoods pathway chosen and will focus on simplicity and use of technology. Additionally, market and value chain analysis reports will guide the PAA in identifying viable and locally appropriate market opportunities for implementation. The **Table 1** below represents Basic Skills training Modules for Economic Activities.

Table 1: Basic Skills Training Modules

Module	Who	When	Where	How Long	Tools
Transformation-Refresher Session ➤ Self-awareness ➤ Life Planning ➤ Mindset change	PAAF will train CMC and selected beneficiaries eligible for EEI.	First week of the EEI training	Village level	1-day intensive course, followed by regular refreshers.	➤ Short Videos ➤ Stories ➤ Ice Breaker ➤ Group Discussion through moderator
Micro entrepreneurship training. ➤ Basic business Skills ➤ Basic accounting ➤ Market search ➤ Savings & Investment	PAAF will train CMC and selected beneficiaries eligible for EEI.	After attending group Saving (possible after 6- 7 months)	Village level- a small number of beneficiaries, not more than 40 per class	2 days	➤ Short Videos to be projected in the classroom ➤ Stories
Generate your business ➤ analyze and select the best and viable business idea	PAAF will train CMC and selected beneficiaries eligible for EEI.	After attending group Saving (possible after 7 months)	Village level-(40 beneficiaries per class)	2 days	➤ Training Video, ➤ games (coconut game)
Simple Business Plan ➤ service & production plan, ➤ marketing plan, ➤ financial plan, ➤ operation plan & risk assessment.	PAAF will train CMC and selected beneficiaries eligible for EEI.	After attending group Saving (possible after 7 months)	Village level-(40 beneficiaries per class)	2 days	➤ Simplified business plan template ➤ Digital business plan template
Market Search ➤ capacity to conduct market research & develop marketing strategies to increase sales	PAAF will train CMC and selected beneficiaries eligible for EEI.	After attending group Saving (possible after 7 months)	Village level-(40 beneficiaries per class)	1 day	➤ Short Videos to be projected in the classroom ➤ Stories
Business record keeping ➤ using simple cash book to record daily cash sales, purchases and expenses	PAAF will train CMC and selected beneficiaries eligible for EEI.	After attending group Saving (possible after 7 months)	Village level-(40 beneficiaries per class)	2 days	➤ Template showing how to record business information
Productive grant ➤ eligibility criteria, ➤ how to apply, ➤ how to access the grant, ➤ verification	PAAF will train selected beneficiaries & CMCs based on the agreed criteria	After attending group Saving (possible after 7 months)	Village level-(40 beneficiaries per class)	1 day	
Technical training ➤ Technical guidance on each pathway (on farm, off-farm, wage employment and diversification)	PAAF will train CMC and selected beneficiaries eligible for EEI.	After receiving PG (possible after 18 months)	Village level-(40 beneficiaries per class)	2-3 days	



<ul style="list-style-type: none"> ➤ Tailored support, ➤ Establish demo plot 					
Coaching and Mentorship	PAAF and CMCs trained to support selected BHH	After attending group Saving and before and after receiving PG (possible after 7 months)	Village level-(40 beneficiaries per class)		

2.5 Technical skills Training

To ensure the successful implementation of beneficiaries' income generating activities, the program in collaboration with other implementing partners/local service provider will provide technical support tailored to individual needs, such as guidance on improved farming methods, animal vaccination, and feeding practices. Both local extension officers and CMCs will play a crucial role in delivering the necessary technical assistance, tracking the progress of newly established businesses, and monitoring overall performance.

2.6 Productive Grant (PG)

Households that meet the established criteria will be provided with a Productive Grant to finance their income-generating activities (enterprises). The amount of the Productive Grant will depend on the selected activity but will not exceed TZS 500,000.

2.6.1 *The objectives of the productive grant*

- a) Stimulating Business Growth and Direct Job Creation:
 - ✓ *Grants enable MSMEs and entrepreneurs to expand operations and hire more workers.*
- b) Enhance Skills and Entrepreneurial Capacity:
 - ✓ *Encourage beneficiaries to participate in training and capacity-building activities, improving their business management, financial literacy, and technical skills to maximize the impact of the grant.*
- c) Promote Sustainable Livelihoods and Poverty Reduction:
 - ✓ *Support beneficiaries in establishing viable enterprises that generate regular income, contributing to their graduation out of poverty and fostering long-term economic self-reliance.*
- d) Foster Social and Economic Inclusion:
 - ✓ *Reduce barriers to economic participation for vulnerable groups, promoting equity and inclusion in local markets and ensuring that the benefits of growth reach those most in need.*

2.6.2 *Eligibility criteria for Productive Grant*

Beneficiary households become eligible to apply for the Productive Grant, if it meets the following eligibility criteria:

- i. Household with youth
- ii. Participation in at least 70% of EEI training sessions
- iii. Being an active member of the savings group
- iv. Asset accumulation and engagement in an existing business
- v. Demonstrated labor capacity and positive community perception
- vi. Submission of a viable business plan consisting of own beneficiaries' ideas.

2.6.3 Process for Productive Grants Disbursement

The process for productive grants disbursement outlines the systematic steps required to allocate funds efficiently to eligible recipients. It ensures transparency, accountability, and alignment with program objectives. By digitizing the grant application process, efficiency is further enhanced through streamlined submission, verification, and tracking of applications. This approach maximizes the impact of grants on targeted development outcomes while reducing administrative burdens and minimizing errors

2.6.3.1 Grant Application

Households seeking productive grants are required to complete a comprehensive application package, which includes the official application form (EI Form No.1), a simple business plan, and verification forms at both the Village/Mtaa/Shehia and PAA levels. Verification committees at each level will fill out the relevant forms according to established criteria and sector norms. The finalized application package, containing all necessary documents, must be submitted in duplicate to the Village/Mtaa/Shehia for further processing.

2.6.3.2 Verification and Approval

Verification process will be done at village and PAA level by the relevant committee that will be formed for this purpose.

2.6.3.2.1 At village level

Upon receipt of application package from PAAF, two copies of the application package are signed and stamped by the Village/Mtaa/Shehia leadership. A dedicated verification committee—comprising the Chairman, Executive Officer (serving as secretary), three VC representatives, and one Extension Officer is formed and trained to assess the appropriateness of submissions. The committee verifies each applicant's eligibility, including PSSN beneficiary status, and completes the required verification forms. Applications meeting the initial criteria are forwarded to the PSSN coordinator at the PAA level. The committee is responsible for filling out the following forms: List of beneficiaries applied (EI Form No.2), Productive Grant verification form (EI Form No.3(a)), List of qualified beneficiaries (EI Form No.3(a1)), List of non-qualified beneficiaries (EI Form No.3(a2)), and Results Summary (EI Form No.3(b)).

2.6.3.2.2 At PAA level

The complete Productive Application package, including all verified forms, will be received at the PAA level. The PSSN Coordinator is responsible for receiving and signing off on verified and qualified Productive Applications from the Village/Mtaa/Shehia level, ensuring they meet the established criteria. At the PAA level a reviewed team of 10 members comprised of Agriculture Officers, Livestock Officer, Fisheries Officer, Trade Officers, Community Development Officer, Environmental Officer, Planning Officer, and Natural Resources Officer will be formed. This team will evaluate the appropriateness and viability of beneficiaries' proposals according to sector norms and will make recommendations regarding which applications should be approved.

The team is required to use the guidelines provided for each respective IGA during the appraisal process, taking into account relevant issues such as climate changes and safeguards. Additionally, the team will oversee the implementation progress of beneficiaries' IGAs and provide ongoing technical support as needed. Applications recommended by the team will be presented to the Council Management Team (CMT) and subsequently to the Finance Committee for approval. All beneficiaries, whether successful or unsuccessful, will be notified in writing of the outcome of their application, including the reasons for their success or failure.

The EEI Committee at the PAA level will complete the following verification forms:

- i. Productive Grant Verification Form -EEI – Form No. 4(a)
- ii. List of Beneficiaries Qualified for Productive Grant- EEI Form No. 4(b1)
- iii. List of Beneficiaries Not Qualified for Productive Grant - EEI Form No. 4(b2)
- iv. Summary of IGAs by Number and Sex at each Village/Mtaa/Shehia - EEI Form No. 4(c)
- v. Summary of IGAs by Number and Sex for the entire PAA - EEI Form No. 5(a)
- vi. Summary of Productive Grant Verification Results at PAA - EEI Form No. 5(b)

2.6.3.3 Approval and documentation at TMU Level

Once all the processes at PAA level are completed, a cover letter, along with an attached list of approved applications and their respective amount, will then be sent to TMU for funding. TMU will ensure that all the grant applications and approvals are properly documented in the MIS system and ultimately, the payment will be made from the system. The documentation will commence during the basic skills training and throughout the different approval levels until the final confirmation is given for the beneficiaries' households that will receive the grant. For the HHs that will not be approved for the grant, the reasons will be properly captured in the system for documentation purposes.

2.6.3.4 Grant Disbursement

Beneficiaries' households will receive a one-time PG of up to TZS 500,000. The beneficiaries will be guided during business plan processes to ensure that the proposed businesses absorb this amount. The grant disbursement process is designed to ensure transparent, efficient, and accountable

transfer of funds to eligible beneficiaries. After approval of grants at TMU, PAA will enter into a formal Grant Agreement with each beneficiary, outlining the terms and conditions for grant use, as indicated in the business plan.

Payment generation will be done through TASAF MIS and disbursed through secure digital financial services, such as direct bank transfers or mobile money, leveraging government-to-person (G2P) payment platforms to enhance transparency and reduce leakage. Beneficiaries are required to use the grant exclusively for eligible expenditures, maintain adequate records, and participate in accompanying measures such as training or coaching. TMU retains the right to audit records, request information, and suspend or terminate disbursement in cases of non-compliance or fraud. The process is further supported by digital tools for monitoring, communication, and reporting, enabling timely updates and effective oversight.

2.7 Coaching and Mentorship

Coaching and mentoring are cornerstone to PG interventions for economic inclusion, guiding beneficiaries toward sustainable livelihoods. PAAFs and CMCs will be the main coaches and will deliver individual and group coaching through regular meetings and follow-up visits to address participants' constraints.

2.7.1 Objective of the Coaching and Mentoring Activities

The objective is to support poor and vulnerable individuals in building sustainable livelihoods by increasing their incomes, assets, and resilience. Coaches and mentors provide personalized guidance to help beneficiaries overcome barriers, set goals, develop business plans, and access markets and services. This holistic approach fosters autonomy, reinforces learning, and gives special attention to youth and women, empowering participants to graduate from poverty and achieve long-term well-being. Coaching and mentorship will be delivered through the following pathways.

2.7.2 Individual Coaching

Individual coaching provides beneficiaries with personalized guidance and support tailored to their unique needs and circumstances. Delivered through regular one-on-one sessions, extension officer/CMCs help participants identify and overcome specific constraints in starting or growing their IGAs, such as business planning, financial management, and market access. This approach allows for deeper engagement, enabling coaches to address psychosocial barriers, boost self-confidence, and reinforce training concepts. Individual coaching is especially valuable during the initial stages of business setup, as it helps beneficiaries navigate challenges, adapt strategies, and build resilience. Coaches may also facilitate linkages to relevant services, inputs, and networks, ensuring beneficiaries can fully utilize program resources

2.7.3 Specific Group Coaching

Specific group coaching delivers tailored technical support to beneficiaries operating similar income-generating activities (IGAs) by forming specialized groups of up to 15 members. Led by extension officers or sector experts, these sessions focus on practical skills, production methods, business management, and market access relevant to each IGA, such as agriculture, retail, or services. Coaching includes hands-on demonstrations, advice on best practices, and connections to suppliers and buyers, with content adapted to local contexts and evolving needs. Regular meetings and follow-ups will ensure continuous support, while feedback mechanisms help refine the approach. Integrated with other program components, this targeted coaching strengthens technical capacity, productivity, and resilience, enabling beneficiaries to overcome sector-specific challenges and achieve sustainable economic inclusion.

2.7.4 General Group Coaching

This coaching is provided to all members of the formed savings groups, typically comprising 15–20 participants. The group coaching process is designed to foster collective learning, build social capital, and empower beneficiaries to overcome multidimensional barriers to economic advancement. The coaching session will be facilitated by extension officers/CMCs and will be held weekly or biweekly coinciding with savings group meetings to maximize participation and reinforce learning. The curriculum for group coaching is multidimensional and tailored to the needs of the participants. Key topics include Life Skills, Financial Literacy and Savings, Micro-Entrepreneurship, Access to Markets and Health, Nutrition, and Social Issues.

Both methodologies will involve the extension worker in a face-to-face relationship with the beneficiary, and this relationship should be one of mutual confidence and respect.

2.7.5 Coaching and mentoring implementation

The coaching and mentoring approach will be implemented through the following steps:

- i. Develop clear guidelines outlining the roles, goals, and rules for coaches to support savings and investment activities.
- ii. Conduct workshops to train supervisors at all levels including TMU, TMOs, Regional and PAA PSSN Coordinators, CMTs, village leaders, and CMCs on the coaching and mentoring approach.
- iii. Provide awareness training to beneficiaries to foster positive attitudes and readiness for change.
- iv. Cluster beneficiaries according to their chosen livelihood or IGAs and assign extension staff to each cluster for targeted coaching.
- v. Align CMCs with beneficiary clusters to support coaching and follow-up activities.
- vi. Coaches will prepare coaching plans and timetables and deliver training sessions on specific IGAs
- vii. Maintain record books for each beneficiary to document progress and recommendations.
- viii. Ensure ongoing support and supervision, addressing challenges as they arise.

- ix. Regularly measure and share the impact of mentoring services, disseminating lessons learned.
- x. Submit reports according to the established schedule.

2.7.6 Roles of Coaches

Extension officers and CMCs will be coaches and are expected to provide beneficiaries with practical advice, information and encouragement, serve as a sounding board for beneficiary’s ideas, help beneficiaries build their network and share know-how and act as a role model. Extension workers will be supported by CMC in the provision of coaching and mentoring activities. Their primary role will be regular interaction with beneficiaries and assume all extension functions, other roles includes.

Table 2: Roles for Extension Officers and CMCs

Extension Officer	Community Management Committee
To train CMC who will be responsible for making follow up to beneficiaries.	To receive training and conduct follow ups
Creating coaching and mentoring schedules with beneficiaries, including follow-up visit dates and activities.	Creating coaching and mentoring schedules with beneficiaries, including follow-up visit dates and activities.
Provide technical support to beneficiaries as per plan.	Provide General advice support to beneficiaries as per plan.
Agree with beneficiaries assisting them to diagnose problems related to EEI activities management and propose appropriate solutions.	Report problems related to IGA management to extension officers
Conducting plot demonstrations to stimulate beneficiaries to adopt improved farming technologies.	Facilitate knowledge exchange through site visit within the village.
Assessing beneficiaries’ progress and achievement through scheduled continuous visits and sessions.	Assessing beneficiaries’ progress and achievement through scheduled continuous visits and sessions.
Making integration of coaching and mentoring with specialized technical support and capacity building to beneficiaries.	
Undertake data collection at community level such as number of field visits, on-farm demonstrations, etc. and report on the progress of EEI activities.	Undertake data collection at community level such as number of field visits, on-farm demonstrations, etc. and report to extension officer on the progress of EEI activities.
Linking beneficiaries with other stakeholders for more support and opportunities.	Follow up to beneficiaries and report to PAAF incase of any challenges

2.8 Enhanced Economic Inclusion Package for Youth

PSSN III seeks to strengthen youth employment outcomes by supporting 10,000 young people drawn from the 100,000 BHH eligible under the EEI. The intervention is designed to enhance employability and self-employment through targeted skills development and catalytic start-up support. Implementation will follow two complementary pathways. Under the first pathway, selected youth will receive the standard EEI package, comprising foundational skills training, structured coaching and mentorship, technical assistance, and a start-up grant of up to TZS 500,000. The second pathway will link youth beneficiaries to accredited technical and vocational training institutions including SIDO, FDCs, and VETA for short-term, market-responsive training aligned with local labor demand. Upon successful completion of training, beneficiaries will be provided with start-up grants of up to TZS 500,000 to finance essential tools, equipment, or productive assets required to operationalize their acquired skills, such as sewing machines or trade-specific equipment.

2.8.1 Target and Eligibility

Under PSSN III, youth from PCT beneficiary households are given priority for participation through the TASAF social registry and MIS. The focus is specifically on the 100,000 BHHEEI selected to receive package. This approach ensures alignment with PSSN III's economic inclusion targeting, maximizing the impact of interventions aimed at improving youth employment outcomes. By utilizing the TASAF social registry and MIS, the program systematically identifies eligible youth within PCT beneficiary households, prioritizing those most in need and best positioned to benefit from the EEI support.

2.8.1.1 Targeting pathway (MIS-driven)

- ✓ **Step 1:** Pre-identification. TASAF registry/MIS queries flag youth (15–35) in PSSN households in selected PAAs, prioritizing households selected to receive EEI package.
- ✓ **Step 2:** Pre-identification: TASAF registry/MIS queries flag Household representative who are youth (18–35) in PSSN households in selected PAAs, prioritizing households selected for receiving EEI package. If the number is not enough, individual youth from those household will be prioritised.
- ✓ **Step 3:** Community validation. Ward/village meetings verify interest and availability; sensitize on program offer and safeguards (SEP/GRM).
- ✓ **Step 4:** Profiling and triage. Short tool screens motivation, constraints, and preference for self-employment vs apprenticeship/wage track.

2.8.1.2 Eligibility criteria

- i. Household representative or member of PCT beneficiary household under EEI
- ii. Age: 15–35

- iii. Out of school or limited formal education; not in stable wage employment.
- iv. Prioritize young women/caregivers and youth with disabilities (reasonable accommodations).
- v. Commitment to attend training session (at least 70%) and submission of viable business plan
- vi. Demonstrated demand of a certain skill and positive community perception
- vii. Being an active member of the savings group (if is a representative of BHH); and
- viii. Asset accumulation and engagement in an existing business.

Note: Where the household designates one youth “champion” to participate, ensure intra-household fairness, women’s participation, and alignment with PSSN guidance on enhanced livelihoods.

2.8.2 Intervention Package

2.8.2.1 Entrepreneurship Development

- ✓ Business basics: transformation, market analysis, product/service definition, basic bookkeeping, pricing, marketing, cash-flow management, and digital payments.
- ✓ Business plan preparation: Simple business plan templates; local review panels approve plans for grant eligibility.
- ✓ Coaching and mentorship: At least 6 months post training, delivered by PAA level coaches with provider inputs.
- ✓ **Start-up grant:** Up to TZS 500,000 per youth, one-off, disbursed via e-payments upon Vocational skill training completion, with post-purchase verification (tools/equipment/inputs).

2.8.2.2 Skills development training (market-relevant)

- ✓ Short-term technical and vocational skills aligned with local demand: carpentry, welding, tailoring, mechanics, hospitality, construction, agri-processing, renewable energy/solar installation, and basic digital skills.
- ✓ Modularity: Two-week practical modules (may vary by trade); competency-based assessment and certification where feasible.
- ✓ Delivery through accredited providers (e.g., VETA, VTCs), SIDO, FDCs, and qualified private providers; competency-based, practical, and modular design, with assessment and certification where feasible.
- ✓ Start-up grant of up to TZS 500,000 per youth, one-off, disbursed via e-payments upon Basic skill training completion and approved business plan; and
- ✓ Soft skills and financial capability integrated: communication, teamwork, problem solving, work readiness, customer service, OSH, and basic financial literacy (builds on PSSN II livelihoods content)

- ✓ Participation support: Transport stipends; where needed, modest childcare support for off-site training attendance.
- ✓ Coaching and mentorship: At least 6 months post training, delivered by PAA level coaches with provider inputs.

CHAPTER 3: CROSS-CUTTING ISSUES

The implementation of the Enhanced Economic Inclusion Package will mainstream critical cross-cutting issues such as Climate Change, Safeguards, Gender, Nutrition, and Grievance Redressal to ensure that interventions are inclusive, sustainable, and responsive to the needs of extremely poor households. Addressing these dimensions is essential for achieving lasting improvements in livelihoods, resilience, and well-being.

3.1 Safeguards

Economic inclusion programs often involve activities that can impact land, environment, and vulnerable groups. To ensure responsible implementation, all necessary safeguard policies will be observed as per safeguard handbook.

3.2 Climate Change Linkages

Enhanced Economic Inclusion activities will be selected to promote climate resilience, such as climate-smart agriculture and sustainable livelihoods, especially for poor households facing climate-related challenges. The policies will be observed in EEI activities that may require lands for cultivation, type of farming mechanisms which will play role in land conservation (crop rotation, intercropping and mixed crops) and IGAs that will contribute positively to environmental conservation and sanitation. The environmental and social impact assessment on each individual sub-project will be done based on ESMF and RPF.

3.3 Gender Mainstreaming

Women are often the primary recipients and drivers of economic inclusion benefits, yet face unique barriers including time poverty, limited access to productive assets, and restrictive social norms. The program will ensure gender equity and maximize impact, through:

- ✓ **Inclusive Participation:** Both men and women will be encouraged to participate equally in savings groups and training sessions, with deliberate efforts to enable women to engage in non-traditional and higher-return activities.
- ✓ **Tailored Support:** Productive grants will be accessible for women to acquire equipment and inputs beyond traditional female activities, such as business tools and agricultural machinery.

- ✓ **Empowerment and Rights:** Training will cover entrepreneurship, savings, use of digital payments, skills training and rights for women and children. Training will serve as platforms to strengthen financial inclusion, build entrepreneurial and employability skills, and expand access to productive assets and markets. Additionally, sensitization sessions will address adverse gender norms, promote shared household decision-making, and prevent gender-based violence.
- ✓ **Reducing Burden:** Program design will avoid overburdening women by considering their time constraints and providing support including transferring grants digitally, provisions for transport or childcare stipends for youth as well as organizing flexible training schedules.
- ✓ **Leadership and Agency:** Women will be supported as household representatives and empowered to lead EEI activities, strengthening their control over resources and decision-making.

3.4 Nutrition

Malnutrition is a persistent challenge among extremely poor households, affecting health, productivity, and long-term development. Economic inclusion interventions will sensitize nutrition aspects by:

- ✓ **Integrated Messaging:** Nutrition education will be embedded in mobilization and awareness sessions, encouraging improved infant and young child feeding practices.
- ✓ **Promoting Nutritious IGAs:** Beneficiaries will be sensitized to start IGAs that improve access to nutritious foods and diversify diets, such as home gardening, livestock, and food processing.
- ✓ **Pathways to Nutrition:** Support will be provided for both farm-based (crop and livestock production) and non-farm (business, small industries, food vending) livelihood options to enhance food security and dietary diversity.

3.5 Grievance reporting system

A robust grievance redress system is essential to ensure transparency, accountability, and responsiveness to beneficiary concerns:

- ✓ **Accessible Reporting:** All grievances are registered at the village level in dedicated registers, with clear referral pathways to responsible authorities.
- ✓ **Group-Level Resolution:** Issues within savings groups are addressed according to group constitutions, while community-level grievances are handled by local leaders and committees.

- ✓ **Service Provider Accountability:** Complaints related to extension services or program staff are escalated to higher administrative levels (PAA, DED, TASAF-TMU), with hotlines and call centers available for direct beneficiary feedback.
- ✓ **Timely Response:** All grievances are responded to in writing, ensuring that beneficiaries receive clear communication and resolutions.

CHAPTER 4: MONITORING AND EVALUATION

4.1 Introduction

PSSN III is committed to implementing a robust Monitoring and Evaluation (M&E) framework for its Economic Inclusion interventions. The aim is to ensure that interventions are effectively implemented, resources are used efficiently, program goals are achieved, outcomes are rigorously measured, and adaptive learning is embedded throughout the program cycle.

To enhance data quality and real-time supervision, PSSN III will develop a structured digital reporting system. This system will incorporate time stamps and GPS coordinates, enabling supervisors at various levels (such as PAAF and CMC) to track activities with precision. The use of digital tools for M&E has been shown to increase transparency, reduce errors, and facilitate timely decision-making.

Feedback and adaptive learning are also central to effective M&E. PSSN III will establish a robust reporting and feedback mechanism, allowing CMCs and other stakeholders to provide real-time feedback on implementation challenges and successes. This two-way communication channel supports continuous learning and program adaptation, as seen in the multi-country impact evaluations conducted in the Sahel, where process evaluations and beneficiary feedback informed program adjustments.

4.2 Monitoring

Monitoring involves the routine collection, analysis, and reporting of data to track progress against pre-defined targets and objectives. It helps identify trends, implementation bottlenecks, and areas for adjustment, ensuring that activities are carried out as planned and that management can respond proactively to challenges. A key feature of leading economic inclusion programs worldwide is the use of multi-channel, multi-level monitoring systems. For PSSN III, this will involve regular spot checks by both the TMU M&E and the PAA team to ensure that program standards are consistently upheld. PSSN III will integrate the recognition and incentive mechanisms for frontline staff, mentors, and coaches, by providing incentives and acknowledging their contributions to sustain high levels of motivation and performance.

4.2.1 Roles and Responsibilities

- ✓ **National Level (TMU):** TMU staff conduct regular spot checks at the PAA and community levels, providing technical support and oversight for Economic Inclusion activities.
- ✓ **Local Level (PAA):** PAA staff are responsible for ongoing monitoring and supervision at the community level, tracking progress of both BEI and EEI interventions.
- ✓ **Community Level:** CMC members and selected village/mtaa/shehia representatives oversee day-to-day monitoring and supervision of Economic Inclusion activities, guided by assigned extension staff.

4.2.2 Monitoring Tools and Systems

- ✓ **TASAF MIS:** Data on economic inclusion activities, beneficiary participation, and outcomes are captured in a centralized MIS, enabling real-time tracking and reporting.
- ✓ **Field Visits and Spot Checks:** Regular field visits and spot checks by TMU and PAA staff ensure that implementation of economic inclusion activities is on track and provide opportunities for technical support and troubleshooting.
- ✓ **Community Feedback:** Beneficiary feedback is collected through digital surveys, focus groups, and grievance redress mechanisms, informing program adjustments and enhancing accountability

4.2.3 Key performance indicators (KPIs)

Monitoring will be guided by a set of Key Performance Indicators (KPIs) for the EI as outlined in the Result Framework. These indicators track progress toward achieving the objectives of EI and are reported on a quarterly or bi-annual basis. A set of indicators for the EI is summarized in Table 2 below:

Table 3 3: Performance indicators (PIs) for the Economic Inclusion

To increase access to social protection and better jobs for targeted poor households	
Beneficiaries of economic inclusion programs (Number of people) ^{CR1}	
Description	This measures the number of beneficiaries of the PSSN III economic inclusion programs, both basic and enhanced, who are provided with a combination of interventions that include productive grants, training, mentorship, coaching, market linkages, and referrals to external services. Since the enhanced program is a subset of the basic, only beneficiaries of enhanced economic inclusion programming will be counted under this indicator.
Frequency	Quarterly
Data source	MIS Reports
Methodology for Data Collection	Regular Monitoring
Responsibility for Data Collection	TASAF
End Target	380,000
➤ Beneficiaries of economic inclusion programs - Female (Number of people) ^{CR1}	
Description	This measures the number of females as a share of all individuals benefitting from a combination of interventions that include productive grants, training, mentorship, coaching, market linkages, and referrals to external services.



End Target	194,000
➤ Beneficiaries of economic inclusion programs - Youth (Number of people) ^{CRI}	
Description	This indicator measures the number of youth, with youth being defined as individuals aged 15-35 per Tanzania's definition, as a share of all individuals benefitting from a combination of interventions that include productive grants, basic training, mentorship, coaching, market linkages, and referrals to external services.
End Target	133,000
Economic inclusion beneficiary households reporting increased income 6 months after receiving productive grants (Number)	
Description	This measures the number of beneficiaries (households) that remain successfully engaged in income-generating activities six months after receiving productive grants, and derive a higher income as a result of these activities.
Frequency	Semi-annual
Data source	MIS Reports and spot check reports
Methodology for Data Collection	Regular Monitoring and spot checks
Responsibility for Data Collection	TASAF
End Target	85,000
➤ Economic inclusion beneficiary households reporting increased income 6 months after receiving productive grants-- female (Percentage)	
Description	This indicator measures the number of direct female recipients of economic inclusion activities that report increased income 6 months after receiving a productive grant.
End Target	80
Youth from beneficiary households linked with skills development or income generating opportunities (Number)	
Description	This indicator tracks the number of youth beneficiaries that are either linked to formal skills training or participate in the traditional enhanced economic inclusion activity.
Frequency	Semi-annual
Data source	MIS reports
Methodology for Data Collection	Regular Monitoring
Responsibility for Data Collection	TASAF
End Target	10,000
➤ Youths from beneficiary household linked with skills development or income generating opportunities- Female (Percentage)	
Description	This indicator tracks the number of female youth beneficiaries that are either linked to formal skills training or participate in the traditional enhanced economic inclusion activity, including productive grants, coaching and mentorship.
End Target	50
Beneficiary household representatives participating in functional savings groups at project closing (Percentage)	
Description	This indicator measures how many households that participate in basic economic inclusion activities under the PCT program are still participating in functional savings groups at the close of the project. Information will be collected through spot checks and exit surveys.
Frequency	Semi-annual
Data source	MIS reports
Methodology for Data Collection	Regular Monitoring, spot checks, exit survey
Responsibility for Data Collection	TASAF
End Target	70
➤ Of which female (Percentage)	
Description	This indicator seeks to measure what percentage of female beneficiaries still participate in

	functional savings groups.
End Target	85
Direct beneficiaries receiving economic inclusion support including basic and skills training (Number)	
Description	This measures the number of households that participate in basic and enhanced economic inclusion activities. Since the latter are a subset of the former, the measure will only count those which participate in basic economic inclusion activities.
Frequency	Quarterly
Data source	MIS reports
Methodology for Data Collection	Regular Monitoring
Responsibility for Data Collection	TASAF
End Target	500,000
➤ Of which females (Percentage)	
Description	This sub-indicator seeks to measure the number of females that participate in economic inclusion activities. The target corresponds to the number of direct female recipients of the PCT program.
End Target	85
Project implementers sensitized and trained on gender aspects related to program activities (Percentage)	
Description	This indicator measures the proportion of program implementers (e.g., staff, community facilitators) who have received training or sensitization on gender-related issues that are relevant to the design, implementation, and impact of the program.
Frequency	Semi-annually
Data source	MIS Reports
Methodology for Data Collection	Regular Monitoring
Responsibility for Data Collection	TASAF
End Target	90

4.3 Evaluation

Evaluation is the systematic process of measuring the outcomes, impacts, and effectiveness of the program, with the primary aim of determining whether its goals and objectives are being achieved. The overarching purpose of monitoring and evaluation is to verify that activities are being implemented as planned and to assess the intervention’s progress against established targets and objectives. This process seeks to answer key questions such as;

- a) Is the program operating efficiently and effectively?
- b) Is it generating positive changes in the lives of beneficiaries?

Monitoring and Evaluation empower implementers at all levels national, regional, PAA, ward, and community and across all stakeholders to understand whether plans are working as intended. M&E generates evidence that serves to:

- ✓ Improve Economic Inclusion activities at every level of implementation.
- ✓ Enhance transparency and accountability, ensuring that resources are used for their intended purposes;

- ✓ Draw lessons from experience to refine the approach to implementing Economic Inclusion activities for the benefit of PSSN beneficiaries;
- ✓ Demonstrate the efficient and effective use of resources.

A suite of M&E digital tools will be developed to track and capture information on the performance of Economic Inclusion activities at each implementation level. These tools include monitoring report formats, digital data collection forms, questionnaires, checklists, attendance forms, and reporting templates.

4.3.1 Assessments

The following assessments will be undertaken:

- i. **Periodic process assessments:** Key processes of EI will be reviewed to verify whether they are being followed as planned or if deviations have occurred. Assessment of KPI will also be conducted to know if we have achieved or not.
- ii. **Impact assessments:** After two years of implementation, impact assessments will be carried out to evaluate the performance of Economic Inclusion activities and their effects on beneficiaries.

4.4 Reporting

Reporting is a critical function, designed to ensure that:

- (i) implementation progress is documented and shared with relevant stakeholders.
- (ii) information on resource utilization is provided, and
- (iii) lessons learned are recorded to inform improvements in practice. Reporting occurs at four levels:

(a) Community Level

At the community level, CMC members will prepare quarterly progress reports using prescribed templates. These reports document beneficiaries' participation in financial literacy training, savings activities, and livelihood pathways. CMCs submit their reports regularly to the extension officer. Extension workers will consolidate and analyze the reports received from the CMCs and submit them to the PSSN Coordinator during the agreed review period.

(b) PAA Level

At the PAA level, all relevant information is captured in the EI MIS Module at the District Level. The PAA Coordinator prepares quarterly progress reports using system-generated data, supplemented by paper-based narrative reports from communities, covering beneficiaries' participation in financial literacy training, savings activities, and livelihood pathways. Reports are prepared using the TASAF prescribed format and submitted to TASAF not later than eight days after the reporting period ends.

**(c) Regional Level**

Regional offices consolidate reports from PAAs within their jurisdiction and prepare quarterly progress implementation reports using the TASAF format, including a dedicated section on Economic Inclusion. These reports are submitted to TASAF not later than twelve days after the end of the reporting period.

(d) TMU Level

The EI team will consolidate reports from Regions and PAAs that will be used to produce an overall quarterly progress implementation report on Economic Inclusion activities. This report is submitted to the TASAF M&E team not later than thirty days after the end of each reporting quarter.

CHAPTER 5: EXIT FROM THE PROGRAM

5.1 The Concept

Graduation and exit from an economic inclusion program refer to the point at which beneficiaries have developed the capacity to meet their basic needs and sustain progress independently, without continued program support. The goal is not a temporary escape from poverty, but a lasting transformation where households possess the skills, assets, and confidence to maintain and build upon their livelihoods. Graduation is achieved when beneficiaries demonstrate resilience, economic independence, and social inclusion, and can manage shocks and setbacks without falling back into extreme poverty.

5.2 Objectives of Graduation and Exit

The primary objective is to ensure that program support leads to sustainable improvements in beneficiaries' lives. Specifically, the program aims to:

- ✓ Enable households to transition from food poverty to the basic needs' poverty line and beyond.
- ✓ Equip beneficiaries with productive, financial, human, and social capital to manage risks and pursue development on their own terms.
- ✓ Foster economic independence, social inclusion, and the ability to contribute to the broader economy.
- ✓ Ensure that graduation is a process of empowerment, not just a procedural exit

5.3 Best Practices and Lessons Learnt

Drawing on global experience, several key practices have emerged for successful graduation and exit strategies. Interventions and criteria should be adapted to the specific local context, taking into account market realities, vulnerabilities, and available opportunities. Programs are most effective when interventions are delivered in a time bound and thoughtful sequence starting with addressing immediate needs, then focusing on skill and asset development, and finally promoting financial inclusion and coaching. Embedding graduation approaches into national social protection and poverty reduction agendas enhances sustainability and reach. Strong systems for monitoring, evaluation, and learning are essential to track progress, refine strategies, and disseminate insights. Building beneficiaries' confidence, agency, and sense of inclusion is as important as improving their financial well-being. Finally, ongoing support and strong connections to local services after program exit help ensure long-term success and reduce the risk of households falling back into poverty. Following the above global practice and lessons learned from the PSSN II, the PSSN III graduation and exit strategy will implement the following;

5.4 Program Exit Arrangement

Graduation is a journey, supported by a sequenced package of interventions before and after exit. These are grouped into Pre-Exit and Post-Exit activities.

5.4.1 Pre-Exit Interventions

Economic inclusion programs use a graduation model that bundles support tailored to the economic and vulnerability profiles of poor households. Key interventions include:

- **Integrated, Time-Bound Support:** Interventions are sequenced and time-bound, typically 36 months, to build capacity and reduce dependency.
- **Cash Transfer Support:** Cash transfers will be provided to 500,000 households to ensure minimum consumption, build resilience to shocks, and encourage human capital investments in children.
- **Economic Inclusion Support:** 500,000 BHH sensitized on saving and investment, life skills, climate resilience and mitigation. Approximately 100,000 beneficiaries are provided with micro entrepreneurship training, coaching, and productive grants of up to TZS 500,000 to start or expand income-generating activities.
 - **Financial Inclusion:** Savings promotion through BEI, financial literacy, and linkages to local extension services help households build assets and manage finances.
 - **Coaching and Mentorship:** Regular coaching and mentoring build self-confidence, address psychosocial barriers, and support beneficiaries through challenges

5.4.2 Graduation Criteria

Graduation will be assessed using clear, context-specific indicators, often aligned with national poverty surveys and social registries. Criteria may include:

Enrollment Status	Expected Graduation Status
Unable to obtain 3 meals/day	Able to obtain 3 meals/day
Under-five children not attending clinics	Under-five children attend clinics
Eligible children in/out of school	Eligible children attend school with all basic requirement
No/small income-generating activities	Active and expanded/ diversified income-generating activities
No productive assets	Accumulated assets (house, land, livestock)

5.4.3 Post-Exit Activities

Post-graduation support is essential to prevent relapse into poverty and to reinforce gains:

- **Handover to Local Authorities:** Graduated households are officially handed over to local government (PAAs) for continued follow-up and support, including supervision of income-generating activities and integration into local development plans. Despite limited resources, PAAs are tasked with ensuring PSSN interventions are well supervised and fostering a sense of ownership of public assets by integrating these values into early education curricula, i.e., nursery schools.
- **Social Support Networks:** Beneficiaries are encouraged to remain in savings groups, cooperatives, or self-help associations, fostering peer support, knowledge sharing, and resilience. Groups transition to self-management, accountability, and sustainability.
- **Database Maintenance:** Maintaining a database of graduated beneficiaries enables tracking, targeted support, and linkage to new opportunities (e.g., education, financial services).
- **Post-Evaluation:** Regular follow-up and evaluation of graduated households document challenges, successes, and lessons learned, informing future program design.

5.5 Self-Graduation

Self-graduation occurs when a household voluntarily withdraws from the program, having determined that their needs are met and their livelihoods have improved. This process must be entirely voluntary, without pressure from program officials, and is recognized as a legitimate pathway to exit.