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YOUTHSTART GLOBAL

INCEPTION PHASE — YOUTH ECONOMIC OPPORTUNITY ECOSYSTEM ANALYSIS

TANZANIA COUNTRY REPORT

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Dalberg

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DEFINITIONS, ABBREVIATIONS, AND ACRONYMS

The government of Tanzania defines “youth” as persons aged 15 to 35 years old. This aligns with the African Union’s strategic framework for youth empowerment and development: The African Youth Charter. However, the UNCDF YouthStart Global (YSG) program uses the United Nations (UN) definition, which is persons aged 15 to 24 years old. Wherever possible, the UN definition is used. In most cases, information or data were only available for youth aged 15 to 35, and thus the government’s definition was used.

The term ‘SME’ (Small and Medium-Sized Enterprise), is defined by the Ministry of Industry and Trade under the Small and Medium Enterprise Development Policy (2003) as firms that: 1) employ between 4 to 99 people, and 2) have capital investments between Tanzanian Shillings (TZS) 5 million to 800 million.

Conversion from TZS to USD is done at TZS 2154 to USD 1.

AKDN	Aga Khan Development Network
DTBi	Dar Teknohama Business Incubator
FSDT	Financial Sector Deepening Trust
FSP	Financial Service Providers
GDP	Gross Domestic Product
ICT	Information and Communications Technology
KYC	Know Your Customer
LNG	Liquefied natural gas
MFI	Microfinance Institution
MDG	Millennium Development Goals
MM	Mobile Money
MSME	Micro Small and Medium Enterprises
NMB	National Microfinance Bank
NEEC	National Economic Empowerment Council
NSGRP	National strategy for growth and reduction of poverty
OYE	Opportunities for Youth Employment
SACCO	Savings and Credit Co-operative Organization
SIDA	Swedish International Co-operation Agency
SIDO	Small Industries Development Organization
SME	Small and Medium Enterprises
SNV	Stichting Nederlandse Vrijwilligers (Foundation of Netherlands Volunteers)
STRYDE	Strengthening Rural Youth Development through Enterprise
TAYOA	Tanzanian Youth Alliance
TECC	Tanzania Entrepreneurship and Competitiveness Centre
TVET	Technical and Vocational Training
UN	United Nations
UNCDF	United Nations Capital Development Fund

USD	United States Dollar
VICOBA	Village Community Banks
VSLA	Village Savings and Loans Associations
VETA	Vocational Education and Training Authority
YDF	Youth Development Fund
YEO	Youth Economic Opportunities
YOSEFO	Youth Self-Employment Foundation
YSG	Youth Start Global

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EXECUTIVE SUMMARY

Tanzania's economy has experienced steady growth over the last three years and is projected to continue on this trajectory over the next five years. Agriculture remains the mainstay of the economy and employs the majority of the workforce. Despite the positive macroeconomic achievements, growth is not sufficiently broad based and poverty levels remain high.¹ Real GDP growth for Tanzania is forecasted to be 6.9% in 2015 and to average 6.8% in the period 2016-2020. Agriculture will remain the main driver of the economy, particularly in rural areas, although it is likely to continue to be constrained by low productivity, inadequate infrastructure and weather-related shocks.²

Economic growth in Tanzania is not translating into jobs although more youth are entering the labour market. While Tanzania is seeing a rapid rise in the number of non-farm enterprises, these enterprises are remaining in the micro category (employing two or less employees) and are unable to absorb the number of new entrants into the labour market. As a result, the youth unemployment rate remains higher (14.9%) than the national unemployment rate (10.7%).³

Unemployed youth face a number of challenges in Tanzania, the most prevalent being the few available opportunities and lack of necessary skills. In the rural areas, where the greatest number of young people live, there are few paid opportunities for employment which has led to high rural-urban migration, although there are limited opportunities in urban areas as well. Challenges are even greater for women who outnumber unemployed men by 33%.⁴ Youth feel that they lack the skills and opportunities to start and sustain businesses and are highly constrained in their ability to access finance.

The government is aware of the growing youth unemployment challenge, and has a number of both policies and interventions in place to address them.⁵ These policies include the National Youth Policy. The policy is instrumental in defining the concept of youth, the rights of youth which include: entrepreneurship skills training, empowerment, education, and gender and equity programs. It also highlights the roles of various government ministries such as the Ministry of Education and the Ministry of Commerce in contributing to the national youth agenda. The interventions that the government is currently implementing include the Kijana Jiajiri Program, which is focused on equipping young entrepreneurs with the skills and tools they need to be successful. However, the program is still in its early stages and is not yet operating at scale.

1 African Economic outlook "Tanzania country note" (2015).

2 Economist Intelligence Unit "Country Report Tanzania" (2015).

3 Tanzania National Bureau of Statistics "Integrated labour force survey" (2014).

4 Restless Development "State of the youth in Tanzania" (2011).

5 Stakeholder interviews.

While the policies appear sound and can have major impact, implementation is a major hindrance to development and better economic opportunities for youth.⁶ This is often a result of a reluctance to leverage and engage with the ecosystem of potential execution partners who may be better positioned to implement these policies.⁷

KEY FINDINGS

Finding 1: The Tanzanian labour market is extremely demand constrained, which means that entrepreneurship and self-employment needs to be a viable option for youth:

- There are ~800,000 new entrants to the labour market per annum⁸ and only 5.7%⁹ of them are able to secure employment in the formal sector. The economy is not growing fast enough to employ an increasing work force.
- Of those youth in active employment, agriculture employs the largest share of formal and informal youth; about 75%.¹⁰ However, the services sector absorbs the greatest number of new entrants annually.
- Despite the lack of opportunities, youth still do not consider entrepreneurship a viable alternative except as a last resort. While there were a variety of rationales for this, including the remnants of a socialist system, stakeholders, including youth themselves agreed that employment was their first choice.
- For those youth who were in entrepreneurial activities, these remained survivalist enterprises as youth do not always have the requisite business skills and acumen to expand their businesses.

Finding 2: Access to finance is a constraint to growing youth enterprises. Although financial services providers recognize that youth are an important segment to serve, there are some regulatory and practical challenges to doing so.

- Up to 70% of Tanzanians use informal financial services. Only ~4% of 15-24 year olds have active bank accounts and 64% of this age group have neither a bank account nor a mobile money account.¹¹
- The requirement that youth provide collateral before they can access loans is a barrier as many of them do not own enough to meet this requirement. Financial services providers need to, and are in the process of, finding innovative ways around this requirement, for example using household goods and retail stock as collateral.
- The unbanked are often unable to physically access financial services providers because of underdeveloped road and electricity networks and serving these clients will not necessarily mean a return on investment for the financial service provider.

6 Ibid.

7 Ibid.

8 Tanzania National Bureau of Statistics "Integrated labour force survey" (2014).

9 Simon Peter "Nature of urban youth unemployment in Tanzania: Challenges and consequences" (2013).

10 Mahjabeen Haji, IDRC "Youth Employment in Tanzania" (2015).

11 Intermedia "Financial inclusion insights Tanzania" (2014).

Finding 3: Four sectors appeared to offer the most promising economic opportunities for youth employment and entrepreneurship

- Agriculture; as it currently employs the majority of the Tanzanian workforce and there are increasing opportunities for value addition.
- Tourism; which remains a labour intensive sector with a multiplier effect on other sectors.
- Building and construction; which is a fast growing sector given the focus on large infrastructure and development projects.
- ICT; which shows promise for tech enabled solutions given increasing mobile phone penetration.

Finding 4: There are a number of effective programs focused on expanding youth economic opportunities in Tanzania; however, they need to scale up and partner to achieve widespread impact.

- There are a great number of youth interventions in Tanzania, engaged in a variety of activities required along the “employment value-chain”; however, these are concentrated in parts of the country with higher population densities and often are not at scale.
- A number of the interventions also concentrate on the supply side of the value chain and not enough are taking a comprehensive approach to their interventions (including a demand side element).

Overall, should actors in the Tanzanian youth empowerment and employment space partner and leverage on each other’s strengths, this would significantly impact and address many of the constraints that youth are facing in both finding employment and starting their own successful enterprises.

INTRODUCTION AND CONTEXT

The United Nations Capital Development Fund (UNCDF) has a unique financial mandate within the United Nations (UN) system, and a proven track record and expertise in inclusive finance and local development finance, with a primary focus on least-developed countries. **In 2010, UNCDF in partnership with The MasterCard Foundation launched the YouthStart Program**, Building Youth Inclusive Financial Sectors in Sub-Saharan Africa, as a regional pilot.

For the past five years, the YouthStart program has worked with over ten financial services providers in eight countries to provide access to savings for over 624,000 youth, access to loans to 85,763 young entrepreneurs, as well as financial literacy and other non-financial services to 703,444 youth. UNCDF has learned from the different approaches in which financial inclusion can help address the youth employment challenge through its regional pilot but also found that, to have a greater and long-lasting impact on youth, the YouthStart program must go beyond financial inclusion. Indeed, while young people need access to relevant and affordable access to financial services, they also require access to entrepreneurship training, mentoring, apprenticeships, and other relevant non-financial services that can support their transition from school to work at the right time, and allow them to secure and sustain decent jobs and/or start and sustain successful enterprises.

UNCDF aims to leverage the lessons learned from the regional pilot for its new program, YouthStart Global (YSG). YSG will be implemented in three phases: 1) an inception phase that entails an analysis of youth economic opportunities in 10 to 15 countries, including Tanzania, 2) a first phase that consists of selecting the right partners to work with in each country, 3) a second phase that involves supporting selected partners to develop, test and scale-up relevant, accessible and affordable services to youth.

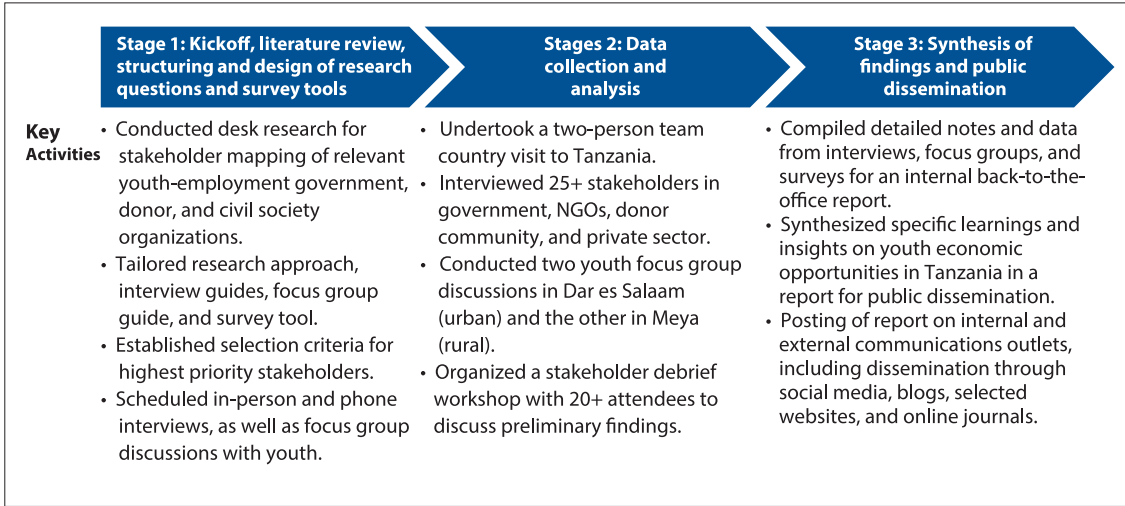
This report is the key output of an assessment implemented in Tanzania, as part of YSG's inception phase. The assessment was conducted in three stages—as outlined in the Methodology section below: 1) literature review, structuring and design of research questions and tools, 2) data collection and analysis during a two-week visit in Tanzania, and 3) final synthesis of findings for the report.

The report aims to capture a complete picture of youth economic opportunities in Tanzania, by providing an economic overview of the employment challenge and demand for financial services, a comprehensive analysis of the demand for and the supply of labor, and identifying high potential opportunities for youth (Chapter 1). It also provides an overview and mapping of the current youth intervention landscape, the supply of financial services, and an assessment of key gaps for each of the high potential opportunities for youth (Chapter 2).

METHODOLOGY

Figure 1 outlines the methodology for this assessment of youth economic opportunities in Tanzania. This study was undertaken in three stages: 1) literature review, structuring and design of research questions and tools, 2) data collection and analysis during a two-week visit in Tanzania, and 3) final synthesis of findings. This report is the product of a number of activities including desk research, stakeholder interviews, focus group discussions and surveys, as well as a participative workshop with key stakeholders.

Figure 1
Study methodology



The research approach was structured across five principal elements (Figure 2).

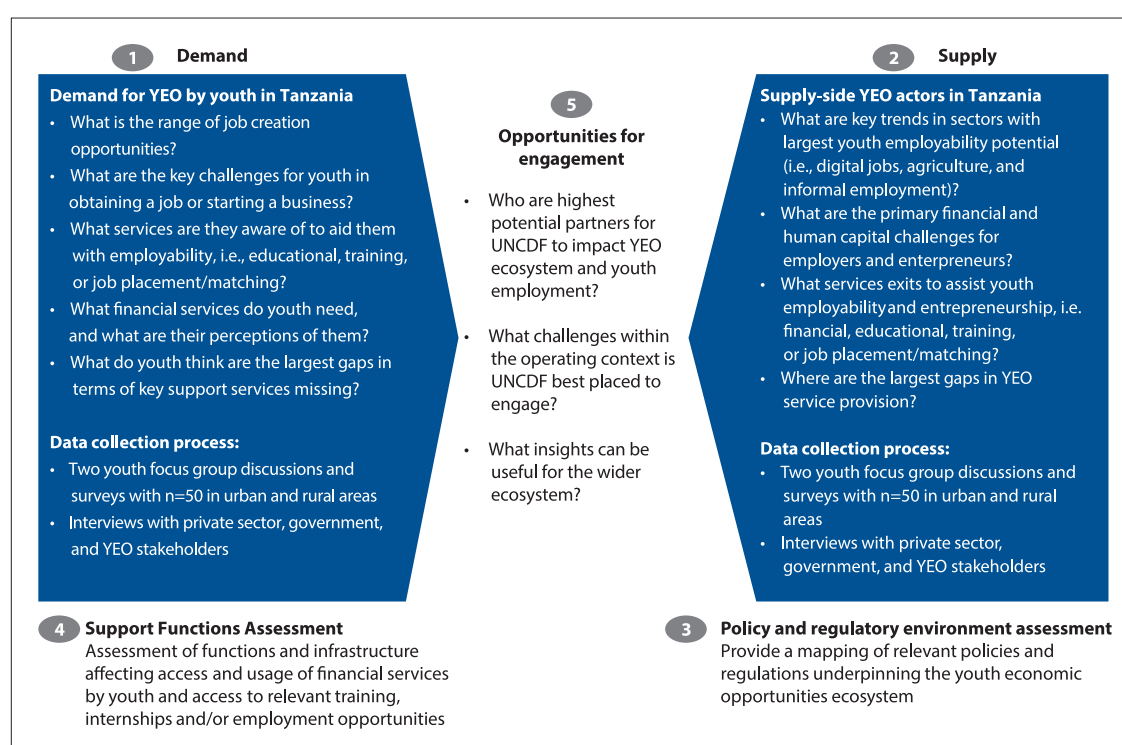
- **Demand-side analysis**, which sought to understand, from the perspective of youth, the principal concerns, challenges, and aspirations with regard to seizing economic opportunities in Tanzania. The focus group discussions and surveys were the primary instrument for collecting data for this analysis, supplemented by secondary research and interviews with relevant stakeholders.
- **Supply-side analysis** focused on support for youth to create economic opportunities (e.g. vocational and technical training, access to finance, etc.):
 - A landscaping assessment comprised of interviews with key stakeholders including government actors, training or employment matchmaker services, and youth organizations, as well as a gap analysis of programmatic opportunities based on the needs identified by youth and stakeholders.

- A macroeconomic analysis of highest-potential sectors. Quantitative sector growth and employment data were used to initially identify sectors that have a large potential for creating economic opportunities, and/or are employing large sections of the youth population. Qualitative insights were used to identify particular opportunities within each sector that are attractive and accessible to youth.

- **Policy and regulatory environment assessment** driven by desk research covering national policy documents and external policy analysis reports, and interviews with government agencies and external stakeholders.
- **Support functions assessment** focused on access and usage of financial services and training, internships, and employment opportunities.
- **Opportunities for engagement** aiming to identify the set of partners and opportunity areas with which UNCDF YSG should engage to maximize impact.

Figure 2

Analytical framework



CHAPTER ONE

YOUTH ECONOMIC OPPORTUNITIES AND CHALLENGES



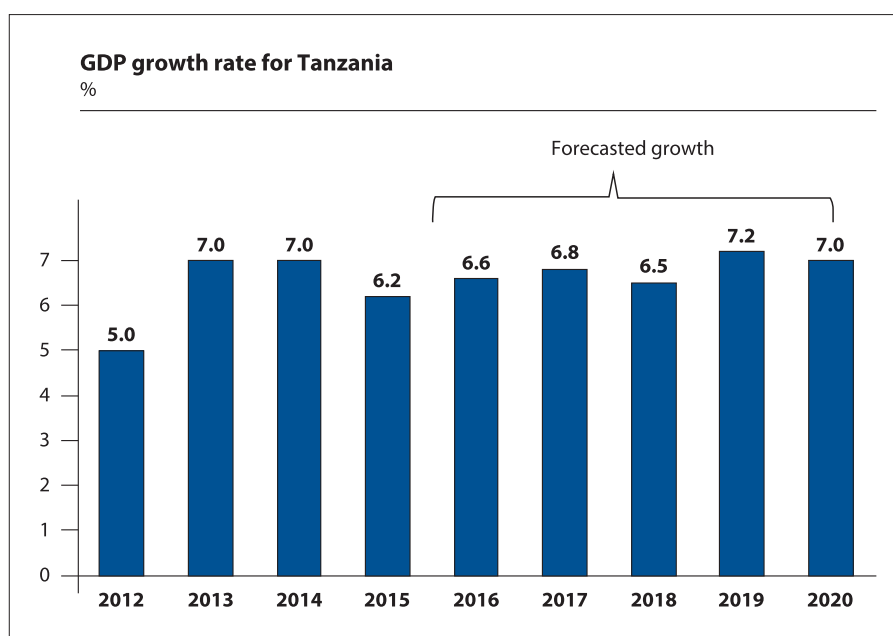
SECTION 1 – ECONOMIC OVERVIEW AND YOUTH UNEMPLOYMENT CHALLENGE

Tanzania’s economy has experienced steady growth over the last three years and is projected to continue on the same path over the next five years. The Tanzanian economy has historically been driven by agriculture, information and communications, construction and manufacturing.¹² Agriculture remains the mainstay of the economy and employs the majority of the workforce. Despite the positive macroeconomic achievements, growth is not sufficiently broad based and poverty levels remain high.¹³ According to a 2011/2012 household survey, 28.2% of Tanzanians live below the poverty line and poverty is more prevalent in rural areas (33%) versus in urban areas (21.7%).¹⁴

Real GDP growth for Tanzania is forecasted to be 6.9% in 2015¹⁵ and to average 6.8% in the period 2016-2020.¹⁶ This reflects an expected rise in private consumption and strong growth in construction, telecommunications and port services. Manufacturing is also expected to expand, as a boost is given to local processing. However, the sector will remain dominated by low-skilled, resource-based manufacturing, due to the lack of skilled labour to ensure progress up the value chain. Agriculture will remain the main driver of the economy particularly in rural areas, although it is likely to continue to be constrained by low productivity, inadequate infrastructure and weather-related shocks.¹⁷

Figure 3

GDP growth rate for Tanzania (%)



Source: Economist Intelligence Unit “Country Report Tanzania” (2015); African Economic Outlook “Tanzania country note” (2015).

12 African Economic Outlook “Tanzania country note” (2015).

13 Ibid.

14 Ibid.

15 Economist Intelligence Unit ‘Country Report Tanzania’ (2015).

16 Ibid.

17 Ibid.

Tanzania remains predominately agricultural but has not succeeded in raising productivity over the past decade (growth remains at ~4% p.a.)¹⁸ despite the fact that agriculture employs ~80% of the labour force. Agriculture as a sector is still the most significant contributor to Tanzania's GDP at 26.5%.¹⁹ The sector has played a significant role in contributing to a general decline in poverty as the country has fertile arable land, diverse climatic zones, and plenty of natural water sources. However, even with these favorable conditions only 24% of the total of 44 million hectares of arable land is currently being utilized.²⁰ Growth in the agricultural industry remains constrained by infrastructure gaps, including poor road transport especially in rural areas and inadequate storage facilities. Although this sector employs nearly 80% of Tanzania's labour force, this accounts primarily for smallholder farmers and there is not as much activity further up the various value chains especially in the way of processing and packaging.

Tourism is a big driver of the economy bringing in USD 1.5 billion in foreign exchange earnings annually and attracting ~1 million tourists every year.²¹ In addition, tourism remains a labour intensive sector with a multiplier effect on other sectors. Tanzania is a prime tourist destination with some of the most pristine and untouched national parks, six world heritage sites and white sand beaches both on the mainland and in Zanzibar. The sector is forecasted to continue to grow at 6.2% p.a. between 2015 and 2025.²² There will be an additional (estimated) USD 1.7 billion invested into the sector by 2025.²³ In 2015 tourism contributed an estimated 1.2 million jobs including jobs indirectly supported by the sector. As tourism is inherently labour intensive and as the sector is forecasted to keep growing, it is expected that the sector's ability to create jobs will grow in correlation as well.

The building and construction sector in Tanzania is currently experiencing a period of growth that is being driven by developments in roadworks, housing and mining. The sector currently contributes 9% to GDP and will continue to boom and the government has shown its commitment to the improvement of infrastructure – development expenditure was the second largest expenditure item with ~USD 2.9 billion allocated in the 2014/2015 fiscal year.²⁴ There are large construction projects being undertaken such as the port in Bagamoyo and expansion of the roads in Dar es Salaam. It is estimated that the housing deficit of 3 million units p.a. alone could contribute an additional 200,000 direct jobs and 500,000 indirect jobs.²⁵ There is space within the sector to absorb the full range of skills from unskilled, semi-skilled, and skilled labour.

18 Ministry of Foreign Affairs Denmark 'Future and current challenges and opportunities in Tanzania' <http://um.dk/en/danida-en/goals/country-policies/tanzania/current-and-future-challenges-and-opportunities-in-tanzania/>.

19 African Economic Outlook "Tanzania country note" (2015).

20 Tanzania Invest "Tanzania Agriculture" accessed 16 December 2015 <http://www.tanzaniainvest.com/agriculture>.

21 World travel and tourism council "Travel & Tourism Economic Impact 2015 Tanzania" (2015).

22 Ibid.

23 Ibid.

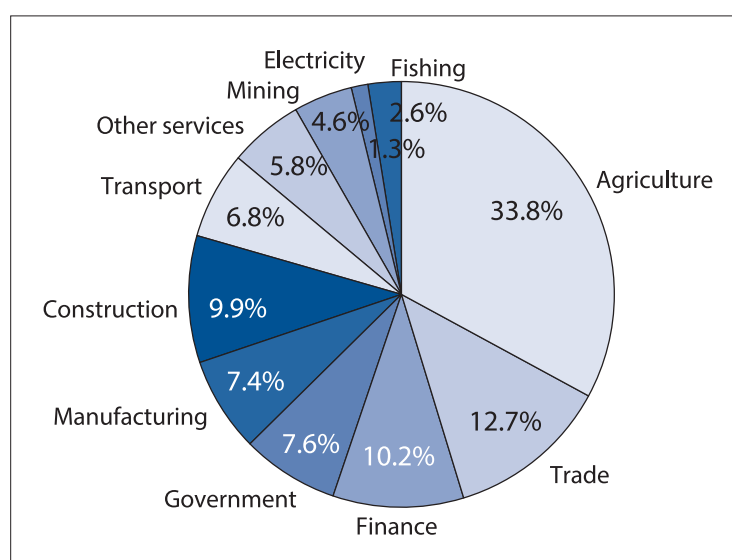
24 UNESCO National Commission of the Republic of Tanzania "Construction: a vibrant sector" (2012).

25 Ibid.

While ICT remains a nascent sector in Tanzania, it shows great promise in helping develop young entrepreneurs and promoting a number of tech-enabled enterprises. ICT is emerging as an independent sector from telecommunications which contributes upwards of ~21.9% to GDP.²⁶ With the increasing penetration of mobile phones (rose by 16% in 2014 to 31.86 million subscribers)²⁷ and as a result there are an increasing number of Tanzanians who can now access the internet (estimated 11.5% of the population).²⁸ As the number of people with access to the internet increases so will the demand for local content and tech-enabled solutions that cater to Tanzania's context. There is an incredible opportunity within ICT for young entrepreneurs as the barriers to entry into the market are relatively low. The sector is currently being nurtured by a number of technology incubators and incubation spaces that are being supported by the Tanzania Commission for Science and Technology.

Figure 4

GDP by origin of sector (%)



Source: Africa Economic Outlook.

While the economy shows real potential for growth, this growth does not necessarily translate into jobs as there are increasing number of new entrants to the labour market. There are approximately 25.5 million people in the Tanzanian labour market with approximately 30% (7.8 million) of those being youth with an additional 800,000 joining the labour market every year²⁹ (See Figure 5). There are only ~5 million non-farm enterprises in Tanzania and although this number is rapidly increasing at 10%-15% p.a., driven by rapid urbanization and lack of other employment opportunities, they remain micro-enterprises often employing only two or less employees.³⁰ These businesses cannot absorb the numbers of young people who are joining the labour force and as a result the youth unemployment rate is notably higher (14.9%) than the national rate (10.7%).³¹

26 Materu-Behitsa and D. Diyamett "Tanzania ICT sector performance review 2009/2010 (2010).

27 IT Web Africa accessed on 27th October <http://www.itwebafrica.com/telecommunications/327tanzania/234681-tanzania-agrees-to-buy-airtels-stake-in-state-telco>.

28 Ibid.

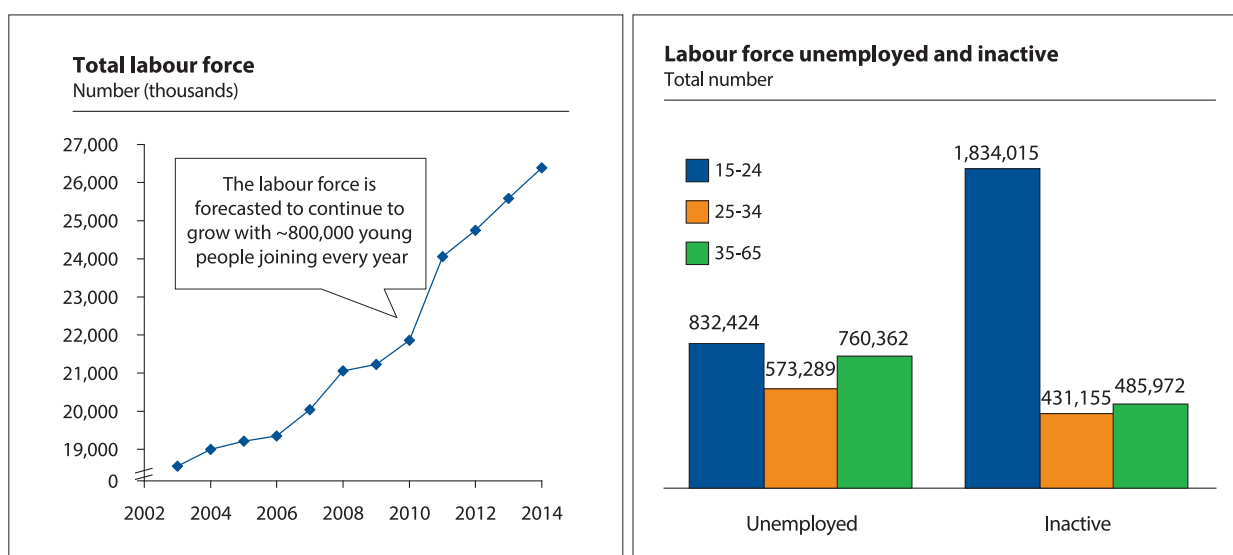
29 World Bank "Productive jobs wanted" (2014).

30 Ibid.

31 Tanzania Bureau of Statistics (2015).

Figure 5

Tanzania's labour market and youth unemployment figures



Source: Tanzania National Bureau of Statistics "Integrated labour force survey" (2014).

Unemployed youth face a number of challenges in Tanzania that are shaped by their context and are as a result of few opportunities and lack of necessary skills. Restless Development, a global youth-led development agency also working in Tanzania, conducted research to understand the state of Tanzanian youth.³² Their key findings included:

- Agriculture in Tanzania is primarily at production stages and this farming is often only for subsistence and not income generating. What little money is generated from selling surplus is expected to go back to elders. Rural young people are considered the "working poor".
- There are limited paid opportunities in rural areas which has resulted in increasing rural-urban migration for young people. However, there are not enough jobs in the urban areas either, leading to high numbers of unemployed urban youth.
- Young women face the same challenges; however unemployed women outnumber unemployed men by 33% and earn lower incomes when they are employed. In addition, they often face more hostile conditions when seeking employment, with employers continuing to uphold outdated and negative stereotypes about working women.
- Young people feel as though they have very few opportunities to learn skills to help them start and sustain businesses.
- Access to finance is very low with only 4% of young people able having access to micro-credit. Reasons for this trend are discussed in Chapter 2.

32 Restless Development, "State of the youth in Tanzania" pg. 5, (2011).

SECTION 2 – OVERVIEW OF YOUTH POLICY LANDSCAPE

The Tanzanian government has a large number of policies that are meant to have a direct influence on youth and their welfare. There are currently two ministries responsible for youth policy and affairs these are 1) the Ministry of Labour, Employment and Youth Development and 2) the Ministry of Information, Culture, Youth and Sports. The major policies that directly impact the youth are discussed below:

- **National Youth Development Policy** (Ministry of Labour and Youth Development): Published in 2007, this policy updates the 1996 edition and places youth employment at the very center of its mission which is to “create an enabling environment for youth empowerment and enhancement of employment opportunities and security.”³³ The policy states that the government and the private sector need to collaborate to “create an enabling environment for establishment of employment opportunities” and that, in partnership with private organizations, civil society, youth organizations and the business community, the government will “promote the culture of entrepreneurship by creating enabling environment for youth enterprise development.”³⁴ In addition, the policy aims to strengthen entrepreneurial education which should be introduced in “training and higher learning institutions in order to inculcate enterprise culture among the youth.”³⁵ With regards to financial services for young entrepreneurs, the policy underscores the lack of coordination – and effectiveness – in the sector. Given this, the policy calls for a “mechanism to promote the establishment of youth friendly credit support services and empower youth on credit management.”³⁶ In addition, recognizing that “youth activities have been implemented in a fragmented manner, without any forum or national body where they could discuss matters of concern to them”, and that the impact of such an approach “stifles the youth participation in the national development process”, the policy includes the creation of the National Youth Council and the establishment a regulatory framework for the functioning of the Council.³⁷ This regulatory framework is to be implemented by the “central government in collaboration with local government authorities and community based organizations ... to ensure smooth and efficient participatory approach operation of youth activities.”³⁸ In order to help with this issue as well as the coordination of youth activities from the national level to district level, the policy includes a provision for the ministry responsible for local government in collaboration with other relevant ministries to put hire Youth Development Officers to coordinate youth issues at the district level.

33 National Youth Development Policy, (then) Ministry of Labour, Employment and Youth Development, (2007).

34 Ibid.

35 Ibid.

36 Ibid.

37 Ibid.

38 Ibid.

- **National Employment Policy** (Ministry of Labour and Youth Development): Launched in 2008 to support the Tanzania Development Vision 2025, this policy aims to “stimulate national productivity, to attain full, gainful and freely chosen productive employment, in order to reduce unemployment, underemployment rates and enhance labour productivity”.³⁹ With regards to youth employment, the policy recognizes that they have specific needs and that youth employment issues vary according to gender and geographic location. The policy states that youth employment is a priority and offers four main measures to address this issue, including the improving vocational guidance and counselling, providing business development and financial services for business start-up and improvement.⁴⁰ When it comes to entrepreneurship training programs, the policy states that young people will be prioritized.⁴¹ As it was the case of the National Youth Development Policy, it seems that the National Employment Policy falls short on concrete implementation steps.
- **Education Sector Development Programme:** Published in 2008 as another policy supporting Tanzania’s Development Vision 2025, this document aims to improve access, quality, management and delivery of secondary education in Tanzania. Its goal is to achieve a total transformation of the education sector into an efficient, effective, outcome/output based system. The policy includes a target regarding youth entrepreneurship skills, including for out of school youth.⁴² Surprisingly, little space is given to Technical and Vocational Education and Training other than mentioning the need to develop a “3-year rolling plan for the TVET Sub-Sector and a few other points to be addressed within this rolling plan.”⁴³ A key challenge faced by the Tanzanian education sector are lack of coordination among key actors. Given this, the policy calls for the creation of a large Management Committee and an Education Sector Management Performance System to monitor educational outputs and outcomes.⁴⁴ While the policy includes a large number of insightful recommendations, it seems to keep a somewhat traditional approach to education.

39 National Employment Policy, (then) Ministry of Labour, Employment and Youth Development, (2008).

40 National Employment Policy, (then) Ministry of Labour, Employment and Youth Development (2008).

41 Ibid.

42 Education Sector Development Programme, (2008).

43 Ibid.

44 Ibid.

- **Technical and Vocational Education and Training Development Programme** (Ministry of Education and Vocational Training); Launched in 2013, this policy recognizes early on that the privatization of TVET in Tanzania “always resulted into challenges towards development of the national strategy as well as effective monitoring of the subsector”.⁴⁵ This might explain the five years gap since the call for a TVET policy in the 2008 Education Sector Development Programme. This exhaustive policy includes 4 priority areas as follows: 1) Access and equity in TVET; 2) Quality of outputs; 3) Capacity to provide quality TVET; and 4) Monitoring and Evaluation of TVET. The policy outlines 61 strategies and 150 major activities to reach objectives in these four priority areas. It is also interesting to note that the document includes the budget needed to implement all elements of the policy. The document also states, under the prioritization section, that “it is important to recognize the potential social challenges that can be attributable to increasing population of unemployed youths. The same need to be complimented with clarification on what should start or be given more weight between creation of more employment opportunities for youths, on one hand and their skills development. Definitely, emphasis need to be given on the later, but with enhanced coordination to ensure skills development is linked to employment opportunities with a view to ensuring maintenance of harmony, peace and stability”.⁴⁶ Of particular interest is the establishment of the Vocational Educational and Training Authority (VETA) charged coordination, regulation, financing, promotion and provision of TVET in Tanzania. As part of the VETA are nine Regional Boards which oversees TVET in particular zones of the country.
- **National Financial Education Framework (N-FEF):** This new framework (to be implemented from 2016 to 2020) recognizes that “despite major strides in the overall levels of financial inclusion in Tanzania over the past decade, 27.4% of the adult population remains completely excluded from any formal or informal financial services” and that “the benefits of improved financial capability have an impact beyond the individual, the household or the financial sector.”⁴⁷ It has far-reaching benefits for society and the economy as a whole. Financial education is in the public domain and impact on a national level will only be achieved if the government, private sector and civil society support the initiative and work together.”⁴⁸ The importance of this partnership between the government, the private sector and civil society in the implementation of a successful financial education program is reflected in the structure created to support the N-FEF. A four-pronged coordinating framework includes bodies representing the government, experts and interest groups. One of these bodies is the Financial Inclusion National Council which is responsible for providing strategic direction and overseeing the National Financial Education Secretariat (N-FES).

45 Technical and Vocational Education and Training Development Programme, Ministry of Education and Vocational Training, (2008).

46 Ibid.

47 National Financial Education Framework (2016).

48 Ibid.

The document states that recent and rapid developments in the offer of financial services “have left the youth without mentors to educate them on these market developments”⁴⁹. After having aptly identified the various segments of the youth population it wants to target (which includes youth in school, youth in tertiary institutions and youth out-of-school), the N-FEF identifies various partners and interest groups it would like to work with in order to build the capacity of the youth target groups, i.e. schools, youth clubs, radio, television, magazines, as well as NGOs and civil society organizations with youth programs such as Tanzania youth Coalition, AIESEC and Twaweza. While there are not many details on the nature and content of the capacity building activities aiming to build youth financial literacy, the strategy mentions that in order to measure its impact, it will test the financial literacy level of young people every four or five years. Lastly, of particular interest is the recommendation that “government funds disbursed to the public, such as the Youth Funds, should require the end recipient to engage in financial education.”⁵⁰

- **National Population Policy** (Ministry of Planning, Economy and Empowerment): Published in 2006, this document offers guidelines for addressing population issues in an integrated manner. It recognizes the linkages between population dynamics and quality of life as well as specific needs of young people. Of particular interest is the fact that the policy seeks to facilitate youth self-reliance and access to resources, as well as advance their participation in decision-making processes and the recognition of their rights.⁵¹
- **Agricultural Sector Development Program:** Launched in 2006, this document acts as a catalyst for implementation of the Agriculture Sector Development Strategy as well as to accelerate implementation and achievement of MDG targets and objectives, with a strong emphasis on pro-poor growth. It also outlines various ways that national coordination of resources, proper planning and accountability can lead to effective implementation of agricultural transformation. Particularly, as part of its task to institute mechanisms for effective utilization of science and technology. Plans to develop incentive programs to attract, train and retain youth in agriculture are outlined in the document.

49 Ibid.

50 Ibid.

51 National Population Policy, Ministry of Planning, Economy and Empowerment (2006).

While the policies are sound and can have major impact, implementation is a major hindrance to development and better economic opportunities for youth. During the in-country visits, a number of stakeholders mentioned that Tanzanian policy and legislation is sound, however implementation and execution of those policies is challenging for the government. This is often a result of a reluctance to leverage and engage with the ecosystem of potential execution partners who may be better positioned to implement these policies.⁵² One example is with the Youth Development Fund (YDF) which the government has recently started disbursing, however there are not enough mechanisms and resources to ensure that funds are disbursed to the original applicant-the youth groups. The YDF adopted a new distribution model in 2014 where they would lend money to SACCOs (Savings and Credit Cooperation Organization), in the hopes of better reaching their targeted segment- the youth. The YDF hopes to impact at least 3.3 million youth annually with this revolving fund, so far they have been able to fund 666 youth projects with approximately TZS 4.1 billion (USD1.8 million).⁵³

There is significant opportunity cost of inaction to address youth unemployment. Failing to empower a young person to become more engaged in the economy and to pursue a decent livelihood increases their vulnerability to poverty. Inability to secure employment during the early years of entry into the job market can not only permanently damage a young person's productive potential and employment chances, but can also have a significant negative effect on his/her lifetime earnings.⁵⁴ In Tanzania, as remnants of socialism remain, there is a mind-set shift that needs to take place to address the lack of innovation among youth who struggle to identify opportunities and ways to utilize the resources that they do have available to them.⁵⁵

In addition, increased youth dissatisfaction with economic opportunities can lead to increased social unrest, political instability, and crime. In the youth focus group held in Dar es Salaam, a number of young people appeared to be struggling with varying addiction issues.⁵⁶ Lastly, high levels of youth unemployment represent a considerable economic loss to the state. Wasted capacity from unrealized human resources and talent, especially as the education system is not preparing young people for the demands of the workplace and a lot of foreign talent is being deployed as a result. In addition, revenues and foregone returns on fiscal costs such as government-financed education all contribute to creating a heavy tax burden in the future years.

52 Stakeholder interviews.

53 Stakeholder interviews; Tanzania Bureau of Statistics.

54 African Economic Outlook "Promoting youth employment" (2012).

55 Stakeholder interviews and youth focus groups.

56 World Bank "Youth employment in sub-Saharan Africa" (2014).

SECTION 3 – OVERVIEW OF THE DEMAND FOR FINANCIAL SERVICES

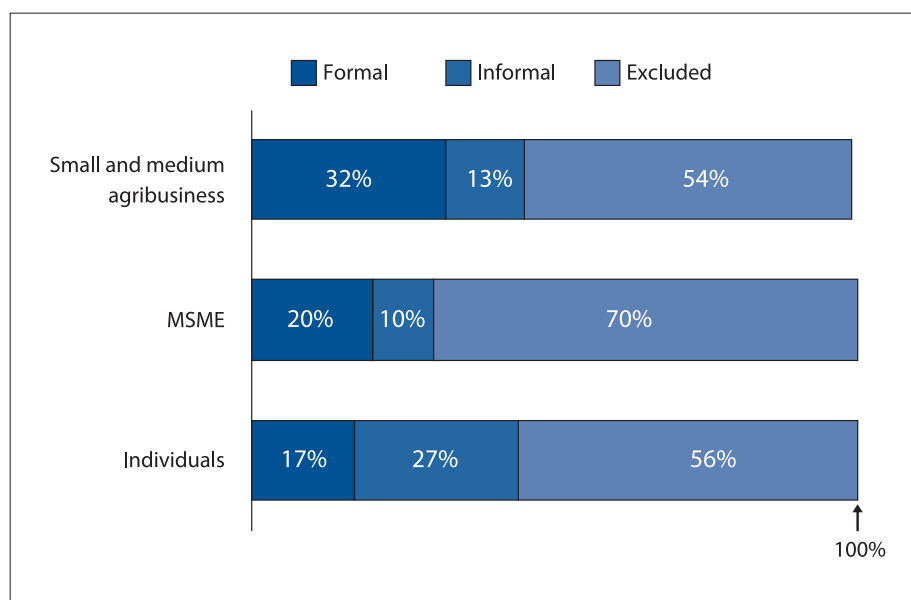
In a Financial Sector Deepening Trust (FSDT) report, Tanzanian entrepreneurs reported that some of the greatest challenges to running a small enterprise were, firstly, insufficient working capital and secondly, access to markets.⁵⁷ It is estimated that less than ~20% of Tanzania's working population have access to mainstream banking services.⁵⁸ Access to types of financial services is segmented as follows:

- **Formal:** Access to and use of financial services from regulated and registered financial institutions. Semi-formal institutions such as village community banks (VICOBA's) would fall under this category.
- **Informal:** Access to and use of financial services from non-formal financial institutions (e.g. informal loans and savings groups).
- **Excluded:** Complete lack of access to any financial services.

As can be seen in Figure 6, over half of agribusinesses, MSME owners and even individuals have been financially excluded as they do not have access to any kind of Financial Service Provider (FSP).

Figure 6

Formality of financial services utilized by different actors



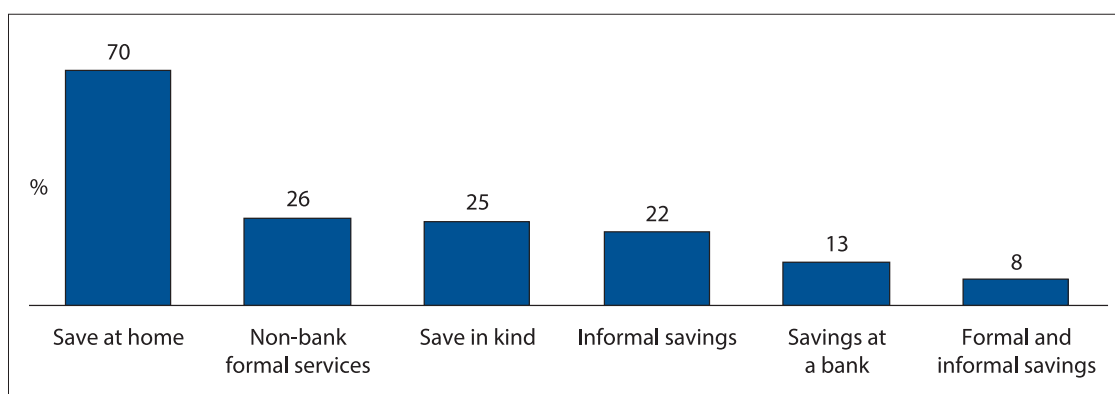
Source: Tanzania National Council for Financial Inclusion "National Financial Inclusion framework (2014-2016)".

57 FSDT "National Baseline Survey Report Micro, Small and Medium Enterprises in Tanzania" (2012).

58 Microfinance Transparency "Country Survey: Tanzania" (2011).

Figure 7

Saving preferences of Tanzanian adults

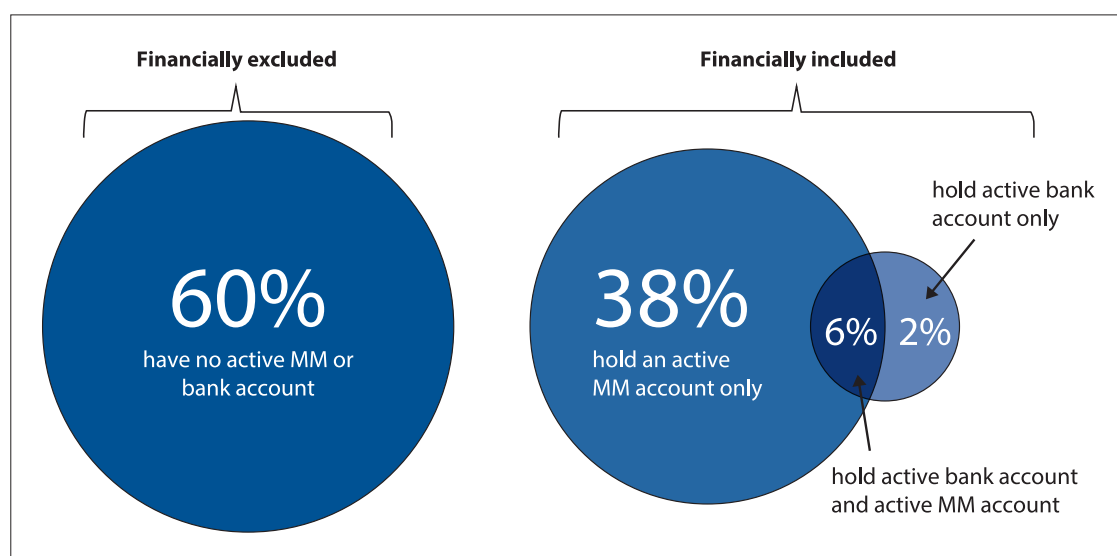


Source: Intermedia “Financial inclusion insights Tanzania” (2014)

While a high number of Tanzanians save (nearly 80%), the majority (~70%) of them do so through informal means (see Figure 7).⁵⁹ Most Tanzanians prefer to save at home while non-bank formal services being a distant second. However, a number of subsistence farmers claim they earn too little to save. For those who do manage to save, quick access to one’s savings was one of the major reasons for using informal saving mechanisms (particularly saving at home). Stakeholders mentioned that bank transactional and administrative charges made Tanzanians, particularly in the rural areas, very apprehensive about using formalized services. Most opt to have a Mobile Money (MM) account as opposed to a traditional bank account. Figure 8 illustrates that over a third of Tanzanian adults are active MM account holders and MM accounts are five times more prevalent than bank accounts. However, 60% of Tanzanian adults have neither a MM account nor a bank account.

Figure 8

Percentage of adults with active mobile money accounts vs bank accounts

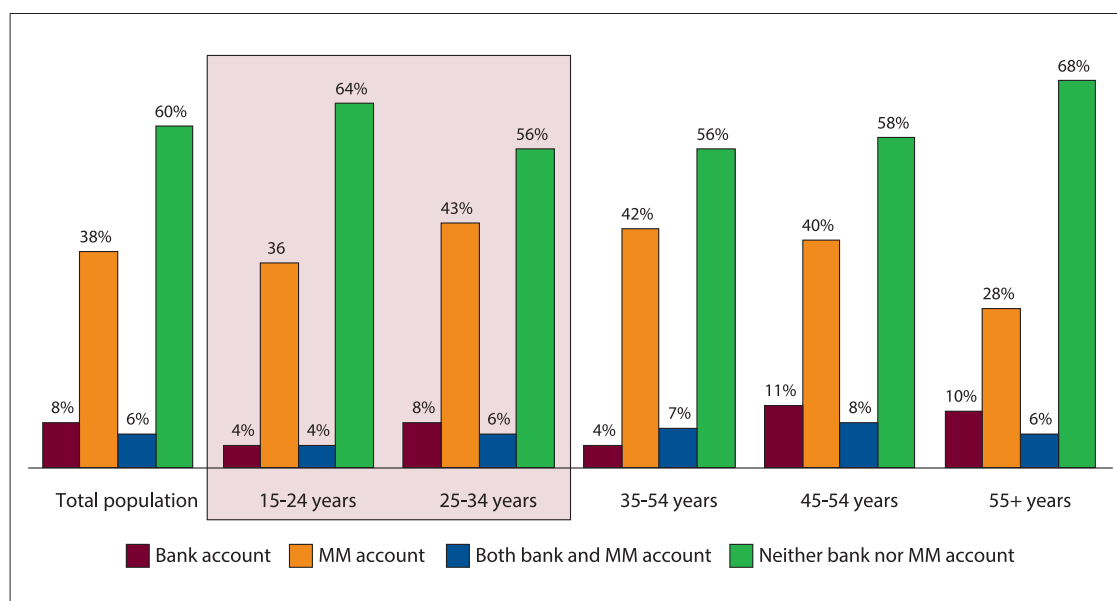


Source: Intermedia “Financial inclusion insights Tanzania” (2014).

These numbers remain consistent among the youth population as well. As seen in Figure 9 below, 15-24 year olds are the least likely to have bank accounts with only 4% of that population having an active bank account. The percentages of the same age group who do not have either an active bank account nor a MM account (64%) are comparable to the 55+ years age group (68%). The 25-34 year olds are likely to be more financially included in comparison to the total population- while 60% of the total population does not have either a bank account nor a MM account only 56% of 25-34 year olds will not have either of these. All in all, youth are no more financially included than any other Tanzanian adult.

Figure 9

Account types by age group




Source: Intermedia "Financial inclusion insights Tanzania" (2014).

Low education levels affect financial literacy which contributes to low trust of financial services.

Through stakeholder interviews and youth focus groups, it became apparent that there were misconceptions among the unbanked about what financial services are available to them. Youth had an assumption that they could not access finance as they needed collateral, instead opting to borrow money from family and friends. These informal ways of saving and accessing credit make them feel safer as they understand the terms and conditions under which they are taking the loan which is not always the case with banks. However these informal lending mechanisms can be incredibly expensive charging up to 300% interest.⁶⁰ One of the only youth microfinance institutions (in that their primary clients are between the ages of 18-35), Yetu, found that it was easier to lend to those youth that they have already worked with and offered financial training. In this way they have managed to build a trusted relationship with their clients as there is an understanding of how each of the products they offer works and in addition their loan officers are young people who are easy to relate to and are a part of their communities.

60 Financial inclusion insights; Dalberg analysis.

 <p>Yetu Microfinance PLC</p> <p>"A company dedicated to providing financial services to the unbanked and under banked people of Tanzania"</p>	<ul style="list-style-type: none"> • Yetu was the brainchild of the Youth Self Employment Foundation (YOSEFO); however YOSEFO decided to branch out the microfinance business into its own, while YOSEF acts as an umbrella body that co-ordinates the training aspect.⁶¹ • Yetu clearly states in its mission that they have set out "to help in improving access to finance, provide exceptional value to [their] clients and expand economic opportunities for the people of Tanzania". • Yetu currently serves ~40,000 clients.⁶² • Yetu provides a range of products from saving products (which are compulsory to provide collateral for loans products), loan products (both group and individual), mobile banking and ATM services. • Currently in the process of designing additional products (e.g. housing loans). • Recognizing their roots working with youth, when Yetu went public they reserved shares specifically for youth and had their loans officers train on the concept of shareholding and investments. Today 31% of Yetu is owned by youth.⁶³
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While financial services providers recognize that youth are an important segment to serve, there are some regulatory and practical challenges to doing so. The Central Bank of Tanzania has set a regulation that in order to issue a loan, the bank must be able to collect collateral. This is often difficult for young people at the beginning of their careers or just starting out their businesses. However, some microfinance institutions such as Access Bank Tanzania are finding creative ways around this regulation to ensure that they are able to lend to a range of clients using alternative sources of collateral. At Access Bank Tanzania when lending to MSME's, the bank requires that each applicant have a guarantor and take the business' inventory or even household items as collateral. In this way they are able to lend to a number of clients usually locked out of formal financial services. On the other hand, accessing youth, especially in rural areas can be logistically difficult particularly if banks are using traditional banking channels. During interviews, stakeholders pointed out that it is difficult for financial institutions to trace and track individual rural youth, especially when considering the costs versus the benefits. As a result, FSP's may require the youth to organize themselves into groups before they can lend to them and open savings accounts on behalf of the group. The government's YDF administered by the Ministry of Information, Youth, Sports and Culture uses this method to disburse its funds as well where loans are channeled through youth-owned SACCOs. However, there have been numerous requests from young people to apply as individuals or as individual businesses. Once again, Access Bank Tanzania is one of the leading service providers in individual rural lending and is currently one on the only banks' lending to individual farmers, demonstrating that while providing financial services to previously excluded clients might be difficult it is not impossible.⁶⁴

61 Stakeholder interviews.

62 Stakeholder interviews.

63 Ibid.

64 Stakeholder interviews.

SECTION 4 – ASSESSMENT OF THE DEMAND AND SUPPLY OF LABOUR

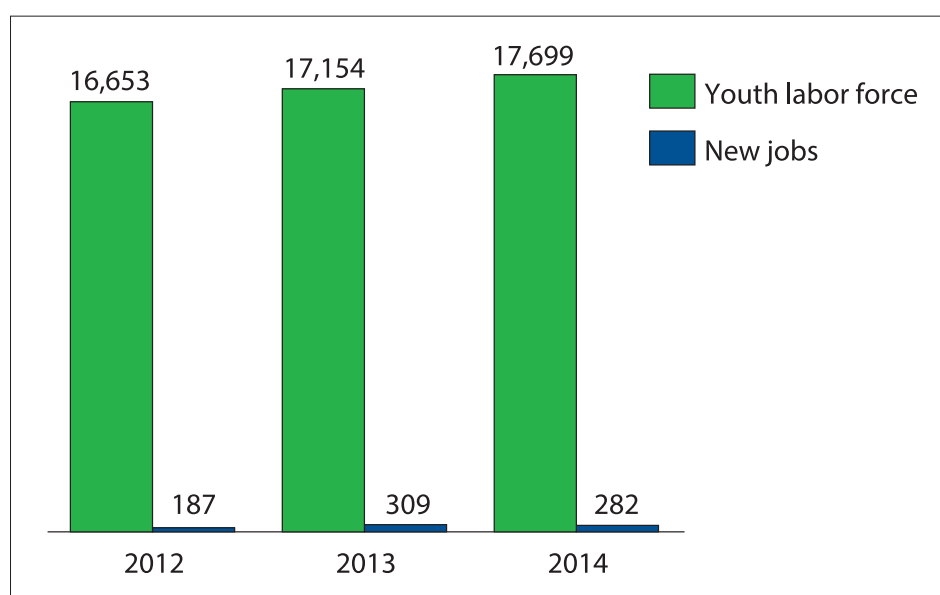
This section discusses the demand for and supply of labor and derives key gaps and implications for youth. The demand for labor focuses on initiatives that are directly skewed to enable unemployed youth to be absorbed into the labour market as seamlessly and efficiently as possible; while supply deals with the programs and policies that are initiated to make the labor force more competitive in the market.

DEMAND FOR LABOR

The labor market in Tanzania is demand-constrained: Despite Tanzania's economy growing by 7% in the past year, the rate of youth unemployment has been rising steadily over the past decade and as of 2014 is at 11.7%.⁶⁵ These figures point to a growing economy that cannot efficiently and quickly absorb its young people into the workforce, and statistics show that they constitute 60% of the unemployed population.⁶⁶ Annually, there are around 800,000 graduates entering the labor market but only 5.7% of those are able to find jobs in the formal sector.⁶⁷ Unemployment is more prevalent in urban areas where additionally, the youth unemployment rate is highest among those with post-secondary education.⁶⁸

Figure 10

Tanzania youth labor force vs new jobs ('000)



Source: Dalberg analysis, World Bank Data.

⁶⁵ Tanzania National Bureau of Statistics (2015).

⁶⁶ Policy Research for Development "Nature of Urban Youth Unemployment in Tanzania: Challenges and Consequences" (2013).

⁶⁷ Ibid.

⁶⁸ International Labor Office "Labour market transitions of young men and women in the United Republic of Tanzania" (2014).

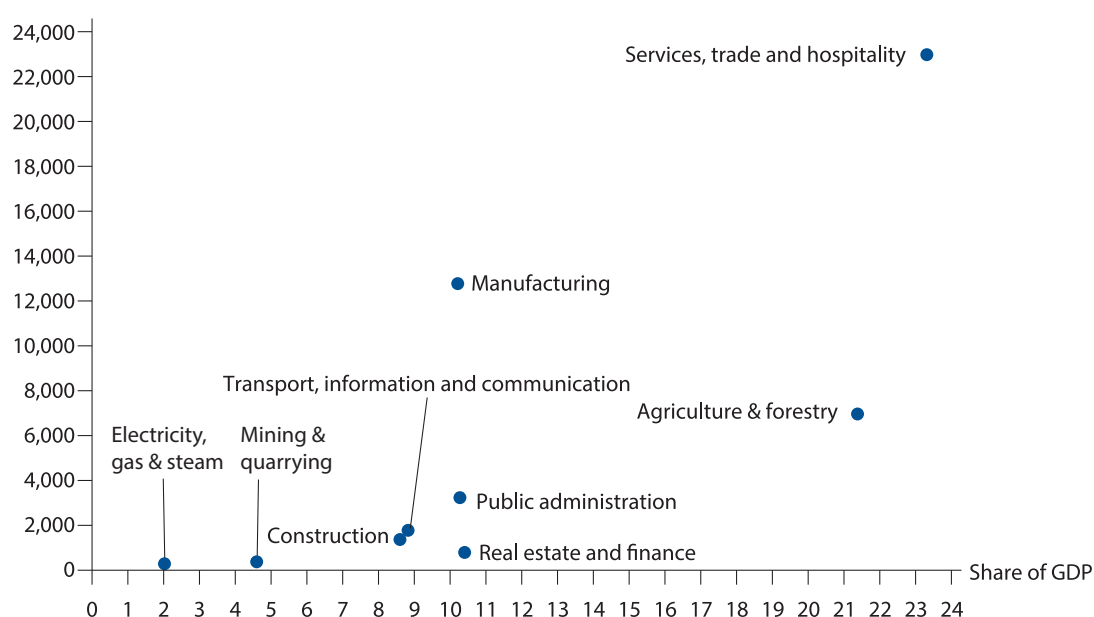
The main sectors that employ young people are: services, agriculture and manufacturing.⁶⁹

Of those in active employment, agriculture employs the largest share of formal and informal youth; about 75%.⁷⁰ Regarding formal employment, the private sector employs more than half (69.9%) young people compared to the public sector (30.1).⁷¹ The sectors that annually absorb young people fastest in Tanzania, both formally and informally are the services sector, which includes accommodation and education, and the agriculture sector. For example, in 2014, most of the young people entering the labour force were employed in the services sector (57.6%) and the agricultural sector (22.9%).⁷²

Figure 11

Youth employment by sector and GDP growth

Number of youth employed



Source: Dalberg analysis, World Bank Data (2014) Tanzania National Bureau of Statistics (2015).

The total proportion of people employed in the private sector increased slightly while the total population of employees in the public sector decreased; an expected change considering that the government of Tanzania is encouraging the private sector to be the main driver of employment in the country, by creating as enabling an environment as possible. The National Economic Empowerment Council (NEEC) is a government entity that has been commissioned with empowering young people specifically into entrepreneurship. Currently, it spearheads the Kijana Jiajiri program which provides mentorship, training, funding to under-served entrepreneurs across Tanzania. In Tanzania, the private sector employs about 70% of the young people in formal employment, and with the push towards entrepreneurship, this figure is likely to increase over the years.⁷³

69 Tanzania National Bureau of Statistics (2015).


70 Ibid.

71 National Bureau of Statistics "Formal Sector Employment and Earning Survey 2014" (2015).

72 Tanzania National Bureau of Statistics (2015).

73 National Bureau of Statistics "Formal Sector Employment and Earning Survey 2014" (2015).

Some of the biggest employers in the formal sector in Tanzania are commercial banks and telecoms companies; but many young people face challenges finding employment in these two sectors. This is because there is a skills gap such as inadequate theoretical and practical knowledge of financial literacy as well as ICT skills. Despite the high unemployment rates especially among young graduates, there are still a significant number of vacant jobs in those particular industries.⁷⁴ This is due to the current national education system and various tertiary training institutions that do not match theoretical knowledge provided with practical skills. In addition, there is a lack of information about available opportunities. Many employment services are not known by young people or are not as effective in marketing themselves to the youth of Tanzania. Most young people find out about opportunities through close networks or through advertisements in the papers particularly with public service jobs. A notable example of an employment matching services is Zoom Tanzania.

	<ul style="list-style-type: none"> • Zoom Tanzania is a job portal that advertises employment opportunities on their website as well as providing matching services. • The company hosts organizations that have vacant positions on their website for a fee and allows young people nationwide to access their site in search of suitable employment. • In addition, they provide matching services by certifying employability of applicants on behalf of potential hiring organizations through the AMCAT (Aspiring Minds Computer Adaptive Test) certification. • AMCAT is an internationally recognized employability assessment that tests for cognition of new knowledge, language skills, behavioral interaction and vocational knowledge. <p>The application process works as follows:</p> <ul style="list-style-type: none"> • Assessment: Applicants are able to assess their skills on the site and are ranked against their peers. • Connection: Applicants are entered into a database of certified professionals where they are able to connect with potential employers. • Join the Network: Applicants are constantly informed by HR agencies on job announcements and opportunities.
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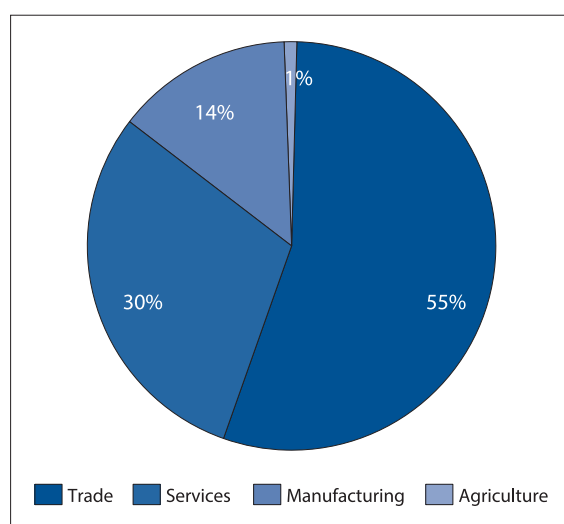
Despite manufacturing being one of the major employers for young people, its contribution to GDP is declining due to the collapse of numerous industries in various sectors. Cheap imports, high capital to start and run industries as well as lagging policies are some of the reasons that industries in Tanzania are stagnant and hence cannot absorb adequate numbers of workers. The current bureaucratic nature in the country to start and grow a business is a big hindrance on the development of industry. In addition, the manufacturing industry is not vibrant enough to absorb the rising number of unemployed youth in Tanzania at its current rate. Currently, due to a skills gap in the market, industries find themselves having to hire foreigners who are more qualified. Despite this, they still face considerable hurdles dealing with Tanzania's strict labor laws that discourage hiring of foreigners.

74 Stakeholder interviews.

Small and medium enterprises (SMEs) account for a third of the national GDP and are a large source of formal and informal employment for young people; however, their capacity to grow and create more jobs is limited because of ecosystem challenges. The inability of SMEs in Tanzania to grow sufficiently is due to lack of proper training at the initial stages of business formation for most SMEs. A study carried out by FSDT found that only about 30% of SME owners have some sort of business or technical training to run their business. In addition, less than 10% are formally registered hindering their ability to access financial services. Additionally, their informality renders it hard for government to regulate, collect tax or assist in growing the sector.⁷⁵ Currently SMEs in the country are governed under the Small and Medium Enterprise Development Policy (2003) which has not been updated to reflect the significant rise in informal SMEs in the country.

Figure 12

SME composition in Tanzania by sector



Source: Dalberg analysis, FSDT National Baseline Study (2012).

Lack of quality education creates skills gaps, which are limiting the opportunities that youth can engage in for employment. According to private sector stakeholders, there is an acute shortage of technicians and professionals within the labour market. There is a skills mismatch where the private sector doesn't believe that university graduates are trained well enough to be employable upon graduation. Despite this, Tanzania has over 40 universities and colleges due to the rise in demand for higher education in the country; yet the job market is unable to absorb 700 graduates each year.⁷⁶ Additionally, many young people in the market are not aware of the skills required in particular jobs, prior to applying, mostly due to poor dissemination of information. This is mostly the case in urban areas. Young people in rural areas are informally employed in subsistence agriculture including fishing as well as community based enterprises such as basic trade, handicraft etc. There is limited opportunity for skills development especially as agriculture is often a choice made for survival. These young people lack sufficient education or skills to find formal employment. The number of school dropouts in both rural and urban areas is significant- of the approximately 900,000 youth who entered the labor market in 2010/11, 14% did not complete primary school, 44% completed primary but did not transition to secondary school, and 38% went to secondary but did not complete the full cycle.⁷⁷

75 FSDT "Micro, Small and Medium Enterprises in Tanzania" (2012).

76 Policy Research for Development "Nature of Urban Youth Unemployment in Tanzania: Challenges and Consequences" (2013).

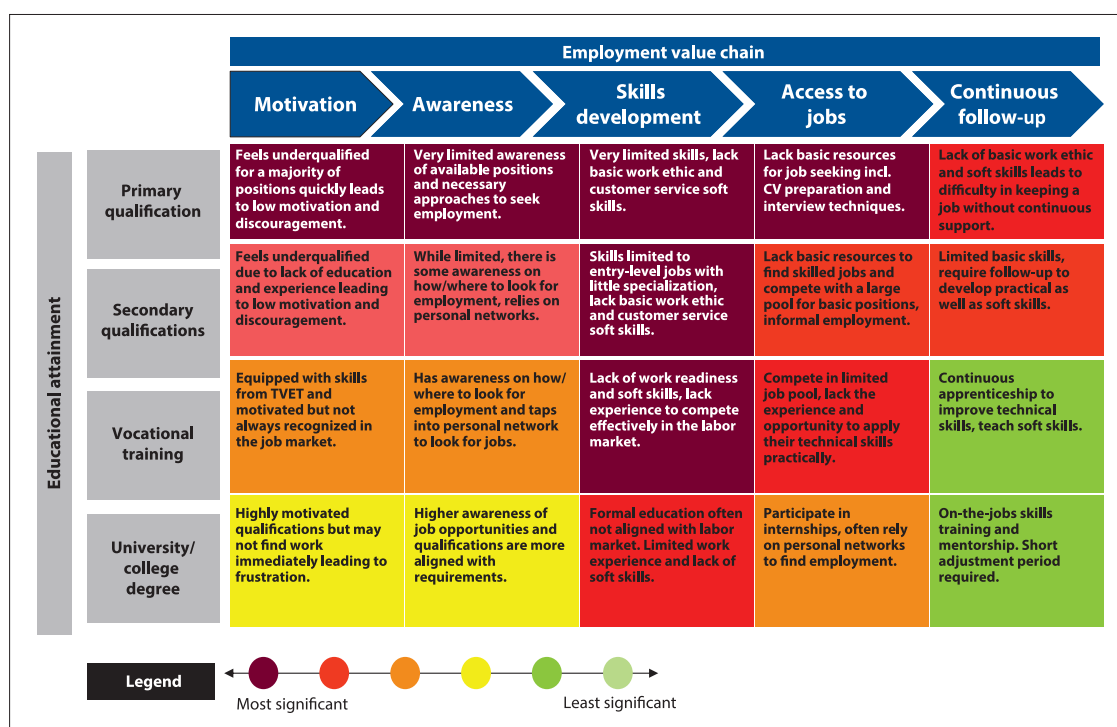
77 International Labor Office "Labour market transitions of young men and women in the United Republic of Tanzania" (2014).

SUPPLY OF LABOR

While demand does significantly constrain youth's access to economic opportunities, supply is a major road block in ensuring that young people in Tanzania are sufficiently prepared to access existing opportunities. These include drivers such as lack of training, insufficient motivation or information among young people to pursue their interest, access jobs and develop capabilities.

Figure 13

Intervention vs. opportunity for youth



Source: Youth focus groups, Dalberg analysis.

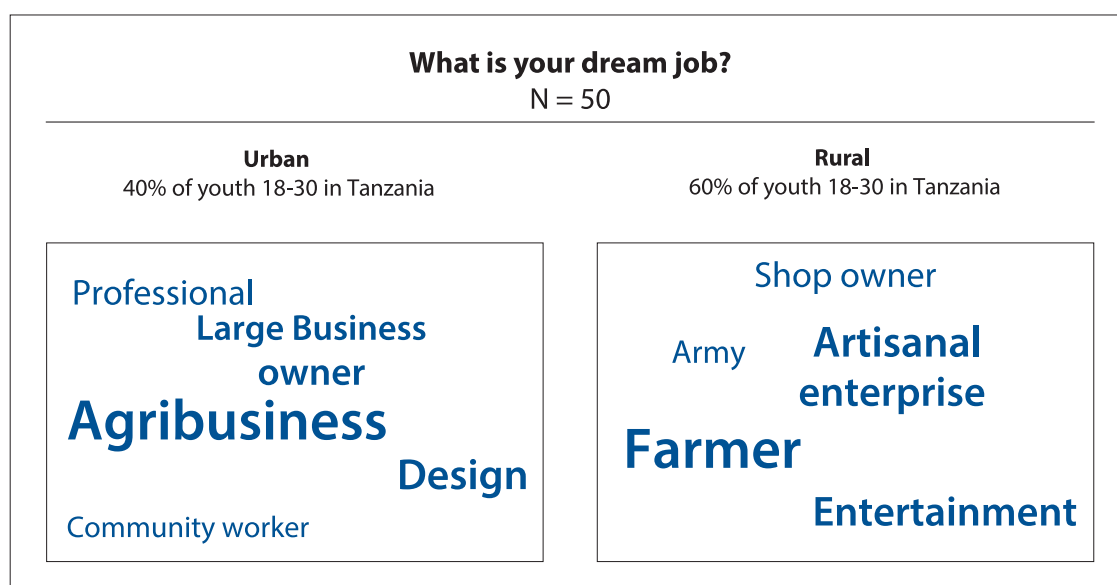
MOTIVATION AND AWARENESS

Youth awareness about the number and types of economic opportunities is low and largely determined by their experience and environment. Youth with primary school education or no qualifications often lack the networks to learn about job opportunities and their aspirations are often driven by what they perceive to be successful within their immediate community. During youth focus groups, it was evident that urban youth had a clearer vision which careers they wanted to pursue, perhaps due to the fact that they have had more exposure (training, mentorship, media) to different opportunities. In contrast, rural youth, mainly mentioned what their friends or family wanted them to do and in addition, did not know how to pursue those aspirations.

According to a study by the International Labour Office, the majority (63.4%) of young people in Tanzania wish to work for the public sector as it is considered a stable and secure employment.⁷⁸ However, the sector cannot not absorb as many people as there are in the current labor force. The second area of interest for young Tanzanians is working for a private firm (21.7%) while few expressed interest in setting up their own enterprise (12.6%).⁷⁹ The remnants of a socialist system means that there is a lingering negative image of business and entrepreneurship. For those engaged in self-employment, some of the challenges listed include the high cost of start-up materials and equipment, competition in the domestic market from established businesses and access to finance. Over 40% of the young people in Tanzania engaged in self-employment do so because they cannot find paid employment, as a last resort. Self-employment is not the first option for many young people. Despite agriculture providing the greatest number of jobs to young people in the country either directly or indirectly, there is still a negative perception of farming as being labor-intensive back breaking work and youth tend to move from rural to urban areas in order to avoid it.

The figure below outlines the distinctions between rural and urban Tanzanian youth on their career aspirations.

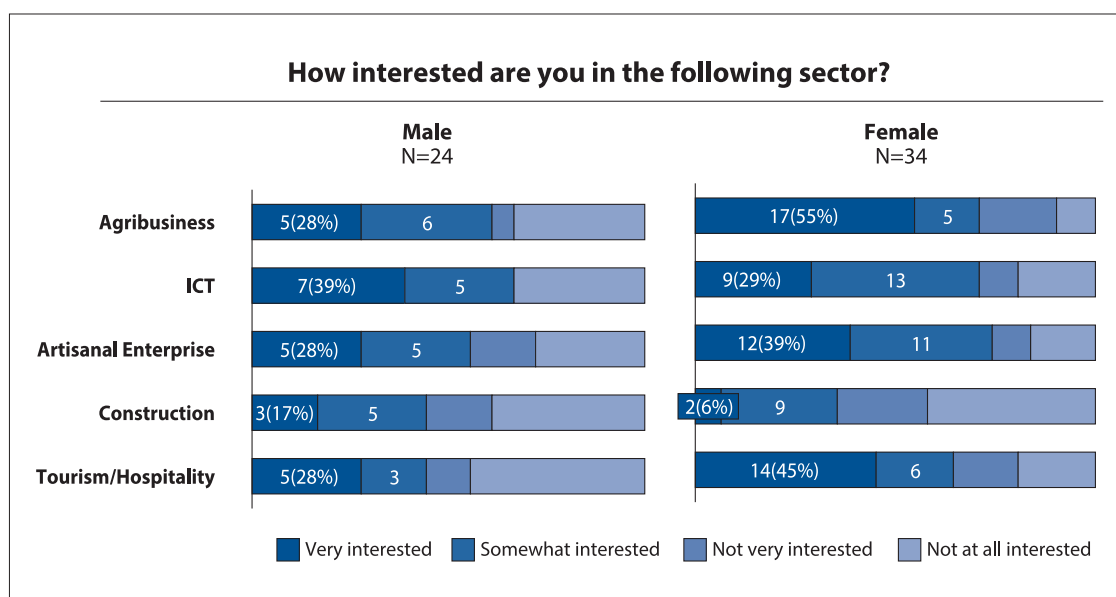
Figure 14
Youth aspirations⁸⁰



78 International Labor Office "Labour market transitions of young men and women in the United Republic of Tanzania" (2014).

79 Ibid.

80 "Higher Education and Skills for the Labor Market in Cambodia", HR Inc., 2010.



Source: Youth focus group discussions and survey; Dalberg analysis.

In rural areas, youth are mostly engaged in agricultural production and look to commercialize these processes further. With its ability to absorb a lot of people, many young people are looking to capitalize on agriculture as a source of employment. There are a number of opportunities in value-addition in various value chains as well as in the agriculture support system. Despite the significant potential of these sectors, youth are not well positioned to take advantage of them, lacking the right skills and networks to launch successful enterprises. In addition, the sector lacks in sufficient apprenticeship opportunities that would expose young people to different value chains that they can engage in and create new opportunities for themselves.

Overall, information-sharing on employment or entrepreneurship opportunities, and work experience is limited at all levels. Information sharing on employment opportunities for young people in Tanzania is limited to those in urban areas or highly populated rural areas such as Mbeya and Arusha. National initiatives such as the YDF are characterized by poor uptake of funds due to lack of knowledge of participation procedures by rural youth. However, organizations such as Restless Development, which have a network across the country and whose mandate is to empower young people, can create greater awareness. They are particularly focused on organizing rural youth into youth groups and could in partnership with government institutions facilitate easy access to national youth funds and initiatives. Other programs such as the Youth Self-Employment Foundation (YOSEFO) conduct financial management training for young people in addition to providing them with small loans. Very few young people in Tanzania make use of formal financial services; with very few having acquired a business loan (2.1%), many are using their savings as a source of finance (11.3%), the majority relying on family and friends to finance their business (42.9%).⁸¹

81 "Labour market transitions of young men and women in the United Republic of Tanzania". International Labor Office. 2014.

SKILLS DEVELOPMENT

Lack of soft and technical skills limits access to economic opportunities for youth. The level of education and training among many young people (specifically rural youth) limits the types of job opportunities that they can engage in. Many young people in Tanzania do not fully benefit from the education system; which does not focus on practical skills but rather on theoretical knowledge. Consequently, the national youth literacy rates are still below the global level of 84% at 76%.⁸² The majority of young people have completed secondary school, 44% have primary-level education while 14% drop out at the primary level.⁸³ Stakeholders also asserted that there is a distinct lack of soft skills, especially communication skills, which limits effectiveness in the workplace.

Government initiatives that promote entrepreneurship and innovation, such as the Kijana Jiajiri program, need to be scaled and promoted to ensure young people in the market have sufficient skills. The Kijana Jiajiri program includes a business plan competition that provides the chosen young participants with mentorship and training through the Small Industries Development Association (SIDO) and access to finance as they embark on their entrepreneurship journey (See Figure 19). There has been considerable effort by the Tanzanian government to improve the national employment policy and expand various youth policies in the country that focus on vocational training as well as providing young people with easy access to financial services. Government policies such as the national five-year development plan look to reduce youth unemployment by developing and helping scale small and medium enterprises. Through programs such as the YDF, the government is able to give out zero interest loans to young people across the country looking to start a business through the district councils.

ACCESS TO JOBS

Access to jobs for young people in Tanzania is largely limited by a mismatch of skills. Access to jobs is extremely limited in the formal sector; with lack of appropriate skills and knowledge of opportunities being the biggest barriers. In terms of lack of opportunities; young people are not exposed to the potential opportunities in the market partly due to a lack of mentorship and internship programs in the country that are specifically focused on matching. Multiple tertiary institutions such as the University of Dar es salaam have career fairs; but these need to move beyond the institution and collaborate more with the private sector. Institutions such as the incubator KINU and the various businesses within the Aga Khan Development Network (AKDN) offer internship programs to recent graduates with the aim of absorbing them in the organization or mentoring the participants towards entrepreneurship. Additionally, the Opportunities for Youth Employment (OYE) program by SNV provides on the job training to young people, focused on agricultural industries such as dairy farming, with the expectation that a number of the interns will be absorbed full time at the end of their attachment.

82 World Bank 'National Education Profile' (2014).

83 "Labour market transitions of young men and women in the United Republic of Tanzania". International Labor Office. 2014.

Case Study: SNV Opportunities for Youth Employment (OYE)

SNV has partnered with The MasterCard Foundation (MCF) on a five-year project, started in 2013, that aims to stimulate Opportunities for Youth Employment (OYE) in Tanzania, Rwanda and Mozambique. The OYE project connects rural youth (aged 18-30 years) to growing agri-business and renewable energy sectors, as employees, entrepreneurs and commercial farmers. The strategic OYE approach consists of:

1. Targeting growth oriented and demand driven markets with concrete potential for employment creation (Pull/Demand).
2. Skills and capacity development of youth to capitalize on local market dynamics (Push/Supply).
3. Linking of youth to market opportunities for employment and/or small enterprise development (Match).

SNV works with public and private local partners to provide rural youth with relevant skills combining practical training, ICT based career guidance, access to financial services, small enterprise development coaching, and mentored work placements.⁸⁴

CONTINUOUS FOLLOW-UP

There is a general lack of continuous follow-up for youth as they adjust to new jobs or develop their enterprises after various training and mentorship programs. There is need for programs to be spread along the “employment value chain” either by individual programs but preferably through collaboration. Tanzania has a variety of youth programs that are geared towards motivation and creating awareness (Restless Development), provide skills training (OYE) and provide access to financial services (YOSEFO); but very few operate along the continuous employment value chain. This can be a disadvantage when trying to establish the success of a program or evaluate the effectiveness of the initiative. Technoserve’s Strengthening Rural Youth Development through Enterprise (STRYDE) program has developed a comprehensive follow up program that can be limited due to the financial, time and human resources that they are able to dedicate to this part of the program. In order for young people to attain all the different benefits, such as mentorship, training, funding etc., provided by various youth-focused organization; there needs to increased collaboration in the existing organization and bodies in the execution of programs.

84 SNV Website: www.snvworld.org.

MATCHING OF DEMAND AND SUPPLY

Matching interventions, which facilitate the connection between labor demand and supply, are few and far in between in Tanzania. Most entities operate in silos without adequate bridges between those who are supplying the labour (e.g. training institutions or universities) and those who require the labour (i.e. private sector). One promising initiative is OYE, which uses a model similar to that of Harambee's in South Africa⁸⁵ with demand driven training, and curricula specially developed alongside the organizations who will be providing internships. Included in this curriculum are elements of soft skills and general "life skills". This ensures that graduates of the program are at least given internship opportunities. Such programs are considered comprehensive and with high potential impact, as they are very collaborative and include all the elements of supply, demand and matchmaking of labour.

85 For more information see: www.harambee.co.za.

SECTION 5 – HIGH POTENTIAL OPPORTUNITIES FOR YOUTH

Despite the economic growth that Tanzania has experienced, this has not translated into sufficient jobs for youth. However, there are some sectors of the economy that show high potential to create jobs. Economic opportunities have been identified through looking at a few high growth sectors. Agriculture, given its contribution to GDP and how much of the labour force it already employs, is one such sector, particularly further up the value chain from production. Tourism is another sector that has high potential to employ a number of young people as the sector is a high priority for the government and remains labor-intensive. The below table summarizes high-potential opportunities for youth discussed in the sub-sections that follow.

Table 1
High-potential opportunities for youth

	Opportunities for youth	Possible demand	Barriers to entry	Youth interest
Agriculture	Aggregation and logistics enterprise			
	Processing and packaging of produce			
	Horticulture production			
Tourism	Entry jobs in hospitality			
	Retail of art, curios and souvenirs			
	Tourist activities and attractions			
Building & Construction	Semi and skilled labour on major infrastructure			
	Artisanal enterprises			
ICT	Platforms and application development			
	Basic IT support			
	ICT retail			

Legend

Most significant Least significant

Source: Dalberg analysis.

I. OPPORTUNITIES IN AGRICULTURE

Agriculture remains the biggest contributor to GDP, yet limited value addition is taking place and opportunities for wage employment are limited. Agriculture contributes up to 31.5% to GDP⁸⁶ and employs 80% of the labour force.⁸⁷ However, productivity remains low with very little value addition further upstream in the value chain.

Opportunities for Tanzanian youth lie mostly in agribusiness, particularly as most of them are looking to move away from production. The government recognizes that lack of resources and incentives have made youth look down on farming as a viable opportunity.⁸⁸ There are a number of harmful opinions held by young people including that agriculture has high opportunity costs, barriers to entry, and low returns. While production/ farming may be looked upon as “non-remunerative” by the majority of youth, from the youth focus groups, there was a definite interest in agribusiness recognizing and identifying a number of opportunities especially around getting produce to different markets.

Urban youth in particular are exploring a variety of innovative ways they can both access markets and find opportunities further up the value chain. During the focus group in Dar es Salaam, a number of youth did explain that despite living in urban/ peri urban areas, they were still engaged in agricultural activities. For a number of them helping move produce from the farms into the city using bicycles and boda bodas and selling them for profit is part of the many streams of income that they are using to make ends meet. Access to technology such as Facebook is opening up new opportunities for marketing produce and accessing markets.

// I'm trying to learn how to use Facebook and the internet to help me grow and advertise my banana selling business online.

- Young man, Dar es Salaam //

Although very few, there are opportunities for paid employment in agriculture. Programs such as SNV's are ensuring that those chances are being taken up by youth in those areas. In order to do so SNV have partnered with businesses to develop a tailored training, coupled with soft skills training that allows youth to hit the ground running once they are employed by businesses in those industries. Currently the program is working in dairy and beef processing and biogas, however it can be scaled if there is enough willingness from processors in various agricultural value chains.

86 World Bank statistics.

87 CIA World Fact book “Labour force by occupation”.

88 Tanzania Chamber of Commerce, Industry and Agriculture “Why Tanzanian youth shun farming” Accessed 23 December 2015: <http://www.tccia.com/tccia/?custom2=why-tanzania-youth-shun-farming>.

There are certain value chains that show promise and youth have expressed interest in including horticulture, edible oil (sunflower in particular) and various cereals. Below is a brief overview of potential opportunities in the agriculture sector.

Table 2

Opportunities in agriculture

Employment activities	Description	Why is it an opportunity for youth?
Opportunity 1: Aggregation and logistics enterprise	Youth can provide aggregation, transport and storage support.	<ul style="list-style-type: none"> • Strong demand: Smallholder farmers struggle to access markets often because of poor infrastructure. With appropriate storage facilities they are also able to keep produce until prices are more favorable.
		<ul style="list-style-type: none"> • Medium to low entry barriers: There are start-up costs associated with purchasing/ hiring transport vehicles and rudimentary storage facilities. Youth also need technical training and trade support. Developing market linkages may also present a challenge.
		<ul style="list-style-type: none"> • Medium to high youth interest: Youth have already shown an interest in getting involved in agriculture beyond farming. In Youth focus groups in the urban areas some young people were recognizing the value of making market linkages whether through marketing or providing transport from farm to market.
Opportunity 2: Processing and packaging of various produce particularly oilseeds (sunflower), roots and cereals	Youth could begin rudimentary value addition to sell onto more sophisticated processors or the local market.	<ul style="list-style-type: none"> • Strong demand: 90% of food consumed in Tanzania is "home grown".⁸⁹ With easy substitutions such as cassava flour instead of wheat flour, rudimentary processing could push that percentage upwards.
		<ul style="list-style-type: none"> • High barriers to entry: There is need for technical knowledge as well as high capex costs as youth will need to purchase equipment as well as produce from farmers.
		<ul style="list-style-type: none"> • Medium to high youth interest: With the opportunity to make substantial revenue, this opportunity would be attractive to youth. There is significant value being left on the table when goods are exported in their raw forms. In a comparable example in the cocoa industry it is estimated that the value addition in processing and packaging and other activities (warehousing and other associated logistics) is up to ten times the value of Africa's cocoa exports.⁹⁰

89 New Agriculturist "Tanzania: Country profile" Accessed 23rd December: <http://www.new-ag.info/en/country/profile.php?a=861>.

90 Business & Financial Times Online "Huge youth employment and business opportunities in Africa's cocoa sector" (2015).

Employment activities	Description	Why is it an opportunity for youth?
Opportunity 3: Horticulture production	Youth could farm certain high-value fruits, vegetables and flowers for export.	<ul style="list-style-type: none"> • Strong demand: Consumers globally are willing to pay premiums for “super foods” such as flaxseeds, aloe and chia. In addition, as incomes rise consumers are more willing to pay for “exotic” fruits and vegetables. The country exported over 203,921 metric tons of vegetables in 2014.⁹¹
		<ul style="list-style-type: none"> • High barriers to entry: Horticulture is a more involved process and requires more technical know-how than other agriculture products. Inputs and equipment can be expensive and present a challenge for young farmers.
		<ul style="list-style-type: none"> • Medium to high youth interest: With the opportunity to make substantial revenue this opportunity would be attractive to youth. Horticulture in Tanzania currently exports over USD 447 million worth of horticultural products annually⁹² and it is estimated that one million Tanzanians would directly work in the horticulture industry by 2020 when the global demand for the sub-sector’s products would reach USD 153 billion.⁹³

91 Mellowswan Foundation “Women Entrepreneurs supporting their families through horticulture” (2015).

92 Ibid.

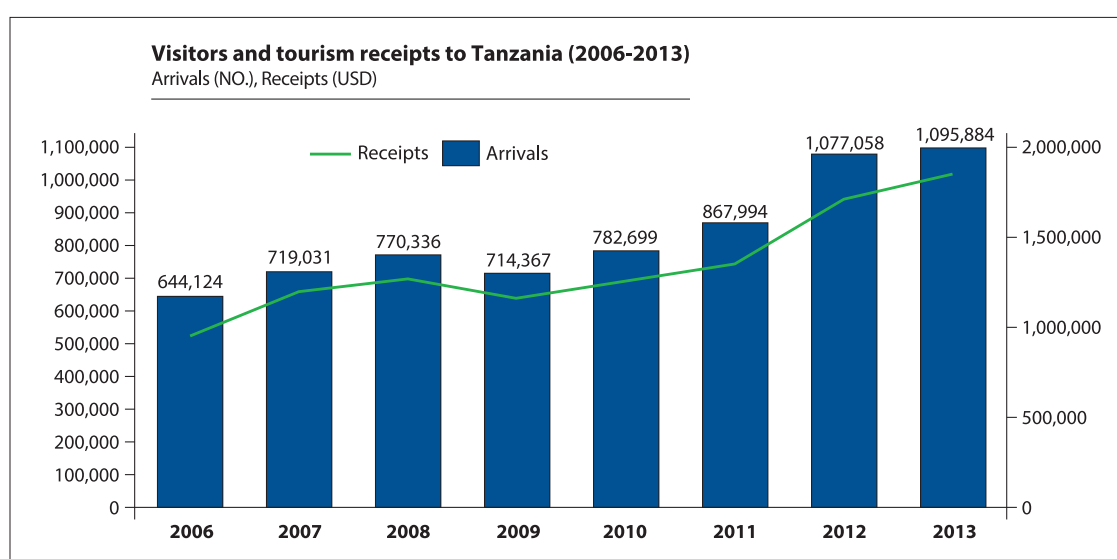
93 The Citizen “Making a name in horticulture” (2015) accessed 26th January: <http://mobile.thecitizen.co.tz/business/Making-a-name-in-horticulture/-/2304484/2590086/-/format/xhtml/-/13e11eoz/-/index.html>.

II. OPPORTUNITIES IN TOURISM

Tourism remains an important source of revenue for Tanzania and in addition is a sector that continues to provide 12.2% of total employment (~1.3 million jobs).⁹⁴ There continue to be opportunities for youth in the tourism sector especially as the government plans to focus on increasing the number of tourists coming into Tanzania annually from ~1.14 million to 2 million.⁹⁵ The tourism sector has the potential to experience this growth with the right policies in place, a well trained workforce, increased investment and collaborative efforts from relevant stakeholders.

Figure 15

Visitors and receipts to Tanzania



Source: Ministry of Natural Resources and Tourism (2014).

Soft skills, particularly a strong command of English and some technical skills are required in order to secure employment in the tourism or hospitality sector. During stakeholder interviews, soft skills were repeatedly brought up as a skills gap with youth which needs to be addressed. A number of youth-focused initiatives and training programs are working to address some of these gaps in terms of work readiness. AKDN has an internship program with its Serena hotels which allows young people to shadow people who are on the job and learn. This has proven to be an effective way to teach relevant and appropriate skills such as customer service and interface and practical technical skills using standard equipment and programs commonly used in the system. The long term solution to this skills gaps issue lies in partnership between industry and training providers.

94 World travel and tourism council "Travel & Tourism Economic Impact 2015 Tanzania" (2015).

95 News article. Accessed 29th December: <http://www.dailynews.co.tz/index.php/home-news/42858-more-tourists-on-magufuli-plan>.

Table 3

Opportunities in tourism

Employment activities	Description	Why is it an opportunity for youth?
Opportunity 1: Entry level jobs in various hospitality establishments	Youth can break into hospitality in low-skill positions: <ul style="list-style-type: none"> - Room attendant - Reception assistant - Porter - Cook - Housekeeping 	<ul style="list-style-type: none"> • Medium to strong demand: As the Tanzanian tourism industry continues to grow there will be increasing demand for reliable people who can join the organization at entry level with the opportunity to move to mid-level supervisor or managerial positions.
		<ul style="list-style-type: none"> • Medium barriers to entry: Soft skills are essential as well as basic hospitality training which many establishments provide.
		<ul style="list-style-type: none"> • Medium youth interest: Youth in Tanzania have strong interest in being employed particularly when there are clear pathways to growth.
Opportunity 2: Retail of art, curios and souvenirs	Souvenirs and curios play an important role in the overall tourist experience, extending the experience once the visitor returns to their home county. Youth can be self-employed as artists and/ or retailers of these artefacts.	<ul style="list-style-type: none"> • Medium to strong demand: As East Africa has such a strong cultural heritage there will be demand from the tourists who are visiting. Popular curios in Tanzania include Maasai attire and <i>Makonde wood carvings</i>.⁹⁶ The types of tourists that Tanzania attracts are those who are looking for new and exotic destinations. For example the number of Chinese tourists increased by nearly 63% in December of 2015 in comparison to the same period last year.⁹⁷ The majority of these tourists are those who are considered middle class (income ranging from USD 6,000 to USD 25,000) with significant purchasing power.⁹⁸
		<ul style="list-style-type: none"> • Medium to low barriers to entry: Developing and producing informal handicrafts does not have intensive capital requirements. Creativity and artistic skills are necessary to actually make the curios. An entrepreneurial spirit and basic business skills are needed to be able to sell them.
		<ul style="list-style-type: none"> • Medium youth interest: This is an opportunity for youth to combine talents and passions and turn them into economic opportunities. There are indications that these options make sense for young women who often have families and homes to look after but can both produce and sell curios on a part time basis.

96 Ministry of Education and Vocational Training "Human Resource needs and skills gaps in the Tourism and Hospitality sector in Tanzania" (2015).

97 Insight Safari Holidays "More Chinese tourists expected in Tanzania" (2016). Accessed 26th January 2016: <http://www.insightsafariholidays.com/blog/more-chinese-tourists-expected-intanzania.html>.

98 Chinese Business Review "Understanding China's middle class" (2009) Accessed 26 January 2016: <http://www.chinabusinessreview.com/understanding-chinas-middle-class/>.

Employment activities	Description	Why is it an opportunity for youth?
Opportunity 3: Tourist activities and attractions	Youth can leverage the influx of tourists by designing activities that they can offer as services to tourists during their stay. Examples of these activities include: <ul style="list-style-type: none"> - Gorge walks in national parks - Zip lining/ bungee jumping - Water sports on the beaches 	<ul style="list-style-type: none"> • Medium to strong demand: According to Imagine Africa, a safari tour operator, the demand for family friendly safaris nearly doubled between 2010 and 2013. The same source asserts that “people are getting more and more adventurous, and want more exciting experiences with their children. Not only parents, but grandparents too”.⁹⁹ With the right kind of marketing and partnerships with hotels and hostels, youth could have thriving businesses offering entertainment services to tourists.
		<ul style="list-style-type: none"> • High barriers to entry: Starting a business of this nature requires an estimated USD 10,000 - USD 50,000¹⁰⁰ which young people in Tanzania are not able to afford or access such large amounts of finance. These activities require specific equipment which are expensive and not readily available locally. In addition specialized training is a requirement to be qualified to be able to offer some of these services.
		<ul style="list-style-type: none"> • Medium to low youth interest: Youth are likely to be interested in the opportunity to be innovative in their service offerings, however the initial requirements of capital and training are likely to discourage youth from pursuing this opportunity.

“ I make soaps and traditional necklaces that I want to sell to tourists in the area. I just don’t know how to take my products to the people. ”

- Young woman, Mbeya

99 Kate Douglas “Increased emerging market tourism to Africa driving new travel demands” (2013). Accessed 26 January: <http://www.howwemadeitinafrica.com/increased-emerging-market-tourism-to-africa-driving-new-travel-demands/>.

100 Startupbiz hub “Starting your own bungee jumping business” Accessed 26th January: <http://www.startupbizhub.com/starting-your-own-bungee-jumping-business.htm>.

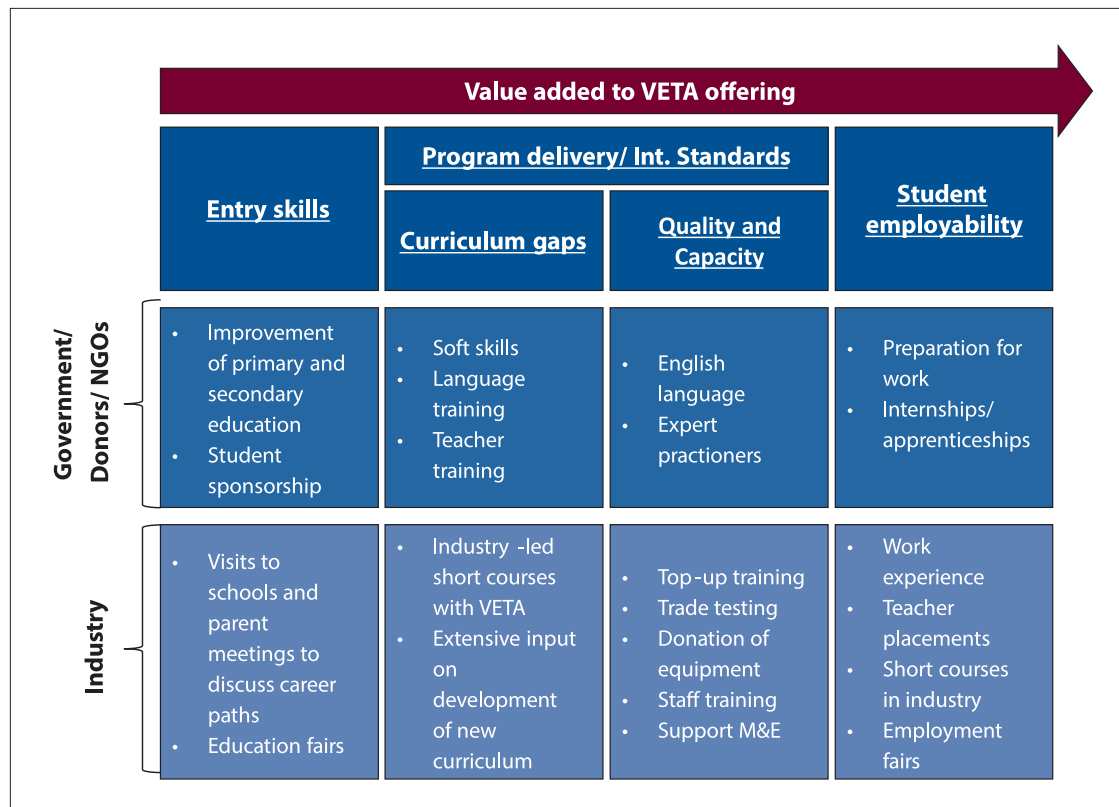
III. OPPORTUNITIES IN BUILDING AND CONSTRUCTION

The construction sector is going to continue to grow in Tanzania as government plans for major infrastructure updates. The government has a number of major construction projects planned, including updating the roads in and around Dar es Salaam and has begun to build what is planned to be the biggest port in East Africa in Bagamoyo.¹⁰¹ In addition, it is estimated that through the housing deficit alone the building and construction sector can add an additional 200,000 direct and 500,000 indirect jobs, to the labour market.¹⁰²

The construction sector offers a number of potential opportunities for employment, particularly for artisans and technicians. The sector is on a strong growth path, and will continue to create a large number of jobs for youth with a wide range of skill levels. However, there is a question about whether those coming out of the vocational training system are meeting industry standards. There is a recognition within the Vocational Education and Training Authority (VETA) that there are large gaps in the training provided as much of the content remains theoretical and outdated with students graduating with wide gaps in their practical knowledge. Partnerships between industry and government is one of the ways that these gaps can begin to be addressed as illustrated in Figure 16.

Figure 16

Government's proposal to address skills gaps in vocational training



Source: Anon "Vocational skills gaps in the Tanzanian oil and gas sector stakeholder's workshop" (2013).

101 BBC News "Bagamoyo port: Tanzania begins construction on mega project" Accessed 30 December <http://www.bbc.com/news/world-africa-34554524>.

102 UNESCO National Commission of the United Republic of Tanzania "Construction: A vibrant sector" (2012).

In addition to traditional artisanal skills required, there is going to be growing demand for skills for the oil and gas sector. Tanzania discovered 46.5 trillion cubic feet of natural gas off shore and there are plans to begin the construction of a liquefied natural gas (LNG) plant scheduled for between 2017 and 2022.¹⁰³ Historically extractive industries have been found to have poor employment potential given their capital intensive nature and the need for highly skilled labour. However, there is an opportunity for the Tanzanian government to create linkages within the economy e.g. in extractive-related construction. A number of steps are being taken to ensure that Tanzanians benefit from this resource through local content requirements as well as a revamp of vocational training through some of the steps outlined above. Many of the skills, which are important for the construction associated with the oil and gas sector, are transferable, allowing for movement to other construction sites. However, it is important to ensure that Tanzanians are also being groomed for managerial and more technical positions as well.

Table 4

Opportunities in building and construction

Employment activities	Description	Why is it an opportunity for youth?
Opportunity 1: Semi and skilled labor on major infrastructure projects	Opportunities for both skilled and semi-skilled laborers in the major infrastructure projects.	<ul style="list-style-type: none"> • High demand: The number of jobs in construction is dependent on the level of investment in construction activities. In growing economies such as Tanzania, construction workers can find employment for much of the year.¹⁰⁴ Construction workers are going to be in increasingly higher demand as different major infrastructure projects come online in the next few years.
		<ul style="list-style-type: none"> • Medium to high entry barriers: Construction workers need to have some vocational training, this is often difficult for school dropouts to access because of the lack of foundational education (literacy, numeracy) as well as an unwillingness to train for something that is not perceived to require a skillset. In addition, skills being taught in vocational training institutions do not always align with market demand.
		<ul style="list-style-type: none"> • Medium to strong youth interest: For those who have the appropriate training these opportunities will be in demand considering the NEEC's plans to enforce local content laws. While interest may be high for those who are trained construction is seen as dirty, difficult and dangerous¹⁰⁵ and not all young people are ready to embrace this type of casual labour.

103 News articles accessed 28th December : <http://allafrica.com/stories/201504030134.html>; <http://africasacountry.com/2015/05/the-oil-giants-are-coming-to-tanzania/>.

104 Jill Wells "Relieving poverty among construction workers" (2011).

105 Ibid.

Employment activities	Description	Why is it an opportunity for youth?
Opportunity 2: Artisanal enterprises	Youth could start their own enterprises as artisans: <ul style="list-style-type: none"> - Plumbers - Carpenters - Electricians 	<ul style="list-style-type: none"> • High demand: There is increasing demand for quality artisans who are affordable and efficient. On average a good plumber in Dar es Salaam can earn upwards of USD 400.¹⁰⁶ Scarcity of quality workmanship drives demand for these services upwards.
		<ul style="list-style-type: none"> • Medium entry barriers: Apprenticeships have been shown to be some of the most effective training mechanisms and ensure that artisans are well trained in a variety of real life situations and do not just understand the theory. However master artisans often charge for these services and young artisans do not always understand the benefits to these types of apprenticeships.¹⁰⁷ However SIDO has its Artisans support programs which offer services such as training development and development of Artisans Associations which is accessible across the country.
		<ul style="list-style-type: none"> • Medium youth interest: Youth are hesitant to spend the full two to three years¹⁰⁸ on an apprenticeship in order to expose them to both technical skills and business acumen required to run their own outfits. The impatience (and need) to earn money quickly means that many are cutting corners and harming perception of the various professions.

// If you want to work in construction you have to go to the city (Dar)...there are no jobs here. //

- Young man, Mbeya

106 Stakeholder interviews, assuming that a plumber earns ~ TSH35,000 (~USD15) for a full day's work.

107 Stakeholder interviews, Dalberg analysis.

108 Stakeholder interviews.

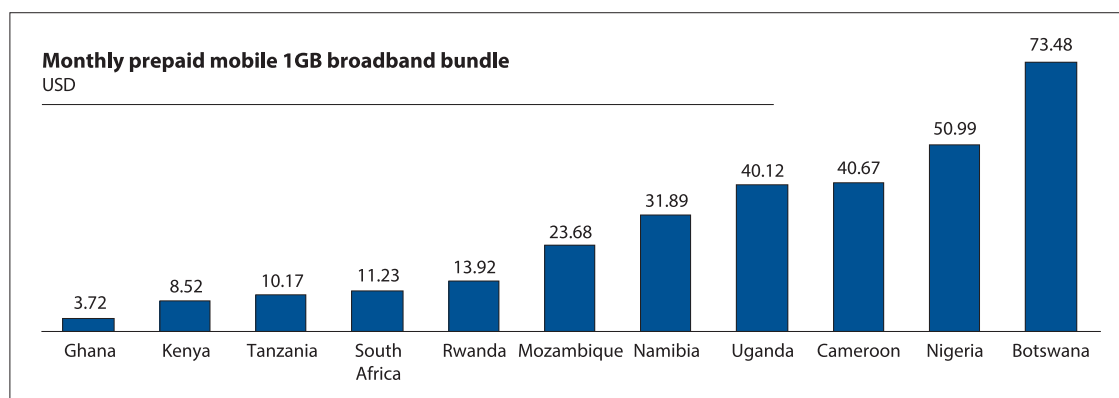
IV. OPPORTUNITIES IN ICT

ICT offers a number of economic opportunities for youth including the retail of ICT products and services, IT support, or ICT platforms and application development. ICT is still a nascent sector in Tanzania but burgeoning at a rapid pace, and will create jobs cross-cutting a number of sectors of the economy as it expands. Although the sector faces a number of challenges including a lack of a national implementation strategy to bring to life the National ICT policy, government is still using ICT for Development. An example of this is the Wananchi portal, an initiative which allows Tanzanians to submit, track and obtain feedback from the government.¹⁰⁹ In addition the government through the Commission for Science and Technology (COSTECH) has dedicated resources to ensuring that there are innovation spaces and is investing in a few of the incubated start-ups.

While ICT is not a labor intensive sector, it is cross-cutting and offers employment opportunities across the labor market, from ICT firms themselves (e.g., telecoms, ICT retail and repair) and most of the services industry (e.g., IT systems in banks, government service delivery etc.), to the agriculture sector and industry (e.g., databases for market prices, inventories, and accounting systems). With the costs of accessing the internet among the lowest in Africa (see Figure 17) the demand for these services is bound to grow. Even though there is an enormous amount of interest from youth, there is still a significant skills gap.

Figure 17

Comparison of costs of mobile broadband across various African countries



Source: Steve Esselaar and Lishan Adam "Understanding what is happening in ICT in Tanzania: A supply- and- demand- side analysis of the ICT sector" (2013).

Incubators and innovation spaces such as Buni, Dar Teknohama (DTBi), and Kinu are working to bridge the skills gap. Each of these spaces is exposing young people to the possibilities that lie within the ICT sector. Along with ideas generation and incubation services, Kinu is certified to offer entrepreneurship training while Buni offers a range of soft skills trainings.¹¹⁰ DTBi offers to make connections for the companies it incubates, which lead to the growth of networks and market linkages. DTBi has already had a number of successes from the businesses they have incubated, such as Maxcom Africa¹¹¹, a technology integration company which provides payment systems and financial solutions to a range of clients including government (Ministry of Energy and Minerals, Temeke Municipal Council) and banks (NMB).¹¹² While developing a solution can cost on average up to USD 15,000,¹¹³ once these businesses are successful they also have the potential to become job creators and spawn additional businesses.

Table 5

Opportunities in ICT

Employment activities	Description	Why is it an opportunity for youth?
Opportunity 1: ICT platforms and application development	While Tanzania's ICT sector is still nascent, youth have the opportunity and resources to develop a number of ICT enterprises such as: <ul style="list-style-type: none"> - Mobile applications both for entertainment and informational purposes. - Mobile content tailored for the Tanzanian market (Kiswahili content). - SMS services to organize boda bodas (a type of Uber). 	<ul style="list-style-type: none"> • Medium to strong demand: As there is continued mobile penetration and more Tanzanians are able to access the internet the demand for mobile and ICT services will only increase. For example over 80% of SME owners across the continent believe that the internet will help them grow their businesses through new ways of reaching customers and new channels of advertisement.¹¹⁴ There will be increasing need for services that are tailored to the local context.
		<ul style="list-style-type: none"> • Medium to high barriers to entry: In order to access the right kinds of training youth need to have a basic proficiency in English. Currently the innovation spaces are only working with University students and graduates. There is a need to develop strong business acumen and an entrepreneurial spirit.
		<ul style="list-style-type: none"> • High youth interest: ICT was one of the highest interest sectors during the focus groups (39% for men and 29% for women) especially looking for innovative ways to use ICT.

¹¹⁰ Stakeholder interviews.

¹¹¹ Maxcom Africa website. Accessed 24 December 2015: <http://www.maxcomafrika.com/>.

¹¹² New articles.

¹¹³ Stakeholder interviews.

¹¹⁴ Dalberg Global development advisors "Impact of the Internet in Africa" (2013).

Employment activities	Description	Why is it an opportunity for youth?
Opportunity 2: Basic IT support	Youth can find employment providing basic IT support. This can be in the form of (telecoms) helpdesks or within large organizations.	<ul style="list-style-type: none"> • Medium demand: Telecoms are always in need of additional staff in their call centers and support staff. In Brazil a country that has seen a boom in its telecomm sector, much like Tanzania, there has been an increase in demand for entry level workers where 22,000 workers were trained and over 70% of them were absorbed by the ICT sector.¹¹⁵ Other large organizations need IT support staff who are able to assist those within the organization to use technology effectively.
		<ul style="list-style-type: none"> • Medium to high barriers to entry: Youth need education in order to fulfil this role including a solid mastery of both English and Kiswahili and a background (degree) in ICT. There are very few trained ICT workers, it is estimated less than 0.01% of the population consists of ICT technicians (e.g. design websites, databases) and even less (0.001%) are ICT professionals (e.g. hard and software engineers).¹¹⁶
		<ul style="list-style-type: none"> • Medium to high youth interest: Youth are always looking for opportunities to be employed in Tanzania and use the education they have received. In addition, ICT carries prestige with it as does being employed in a white collar job.¹¹⁷

// I'm discovering new ways to make money while I'm still in school, I provide graphic design services.

- Young man, Dar es Salaam

115 RCR Wireless "Brazil ICT labor market: As telecom market heats up demand for ICT professional increases" Accessed 26th January 2016: <http://www.rcrwireless.com/20130118/workforce/jobs/brazils-ict-labor-market-heating-telecom-market-increases-demand-professionals-2>.

116 SIDA "Training for ICT development in Sri Lanka and Tanzania" (2003).

117 Stakeholder interviews.

Employment activities	Description	Why is it an opportunity for youth?
Opportunity 3: ICT retail	<p>Opportunities in ICT retail exist through the Wakala (agency) network of various telecoms.</p> <p>Retail goods and services include:</p> <ul style="list-style-type: none"> - Airtime. - Basic IT support, maintenance and repair. - Sale of basic hardware and software. 	<ul style="list-style-type: none"> • Medium to strong demand: Demand will be driven by a continuously growing customer base. For example the rise of the Wakala network has been one of the major reasons that Vodacom claims 65% of the market share.¹¹⁸ There are 73,000 Vodacom agents with 25000 being added every month.¹¹⁹
		<ul style="list-style-type: none"> • Medium barriers to entry: Numeracy and basic English and Kiswahili skills are necessary. Depending on how the retail outlet is structured basic business and entrepreneurial skills are necessary as well as strong soft skills e.g. customer service. In addition employers perceived the retail sector's absorption capacity to be high.¹²⁰
		<ul style="list-style-type: none"> • Medium to strong youth interest: Retail and trade were among some of the high interest areas for youth with 22% of young entrepreneurs being involved in some type of retail.¹²¹ In addition there is plenty of opportunity to expand into other areas of retail using ICT retail as a starting point.

118 Tech Central "MPesa: Vodacom's money spinner in Tanzania" Accessed on the 26th January: <http://www.techcentral.co.za/m-pesa-vodacom-money-spinner-in-tanzania/51290/>.

119 Ibid.

120 Youth Map "Tanzanian Youth: Assets and opportunities" (2014).

121 Ibid.

CHAPTER TWO

CURRENT INTERVENTION LANDSCAPE AND KEY GAPS

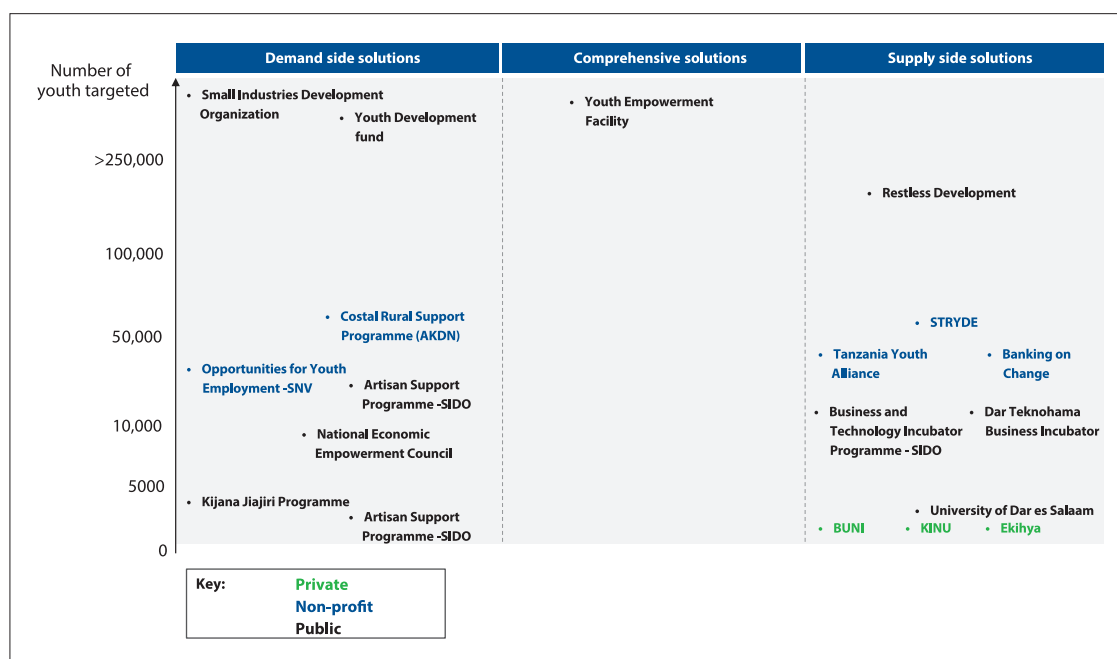


SECTION 1 – OVERVIEW OF YOUTH EMPLOYMENT INITIATIVES AND KEY GAPS

The following figure maps demand-side, supply-side, and comprehensive youth employment interventions by organization in Tanzania.

Figure 18

Youth employment players by scale and category



Source: Dalberg analysis.

Research and analysis conducted by Dalberg revealed the following key issues:

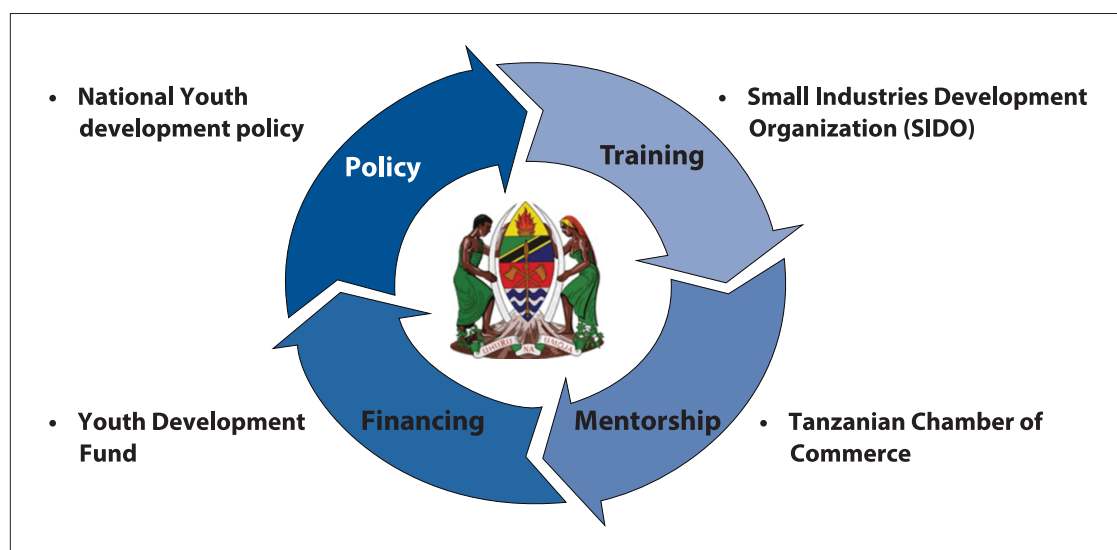
There are a number of effective programs focused on expanding youth economic opportunities in Tanzania; however, they need to scale up to achieve widespread impact. Tanzania has a lot of youth empowerment programs that offer training and mentorship services geared towards entrepreneurship. Some of the programs offer financial literacy training as a way of promoting financial inclusion among young people. In addition, a few programs offer internships and placements in private organizations. However, most of these programs are concentrated in urban areas and are not sufficiently at scale to have a significant impact nationally. There are some examples of programs that assist youth across multiple segments of the employment value chain, i.e. motivation, skills development, access to jobs/finance and continuous follow-up. Examples of such programs are SNV's OYE Opportunities for Youth Employment and KINU's three-month mentorship and training internship program. Other examples of programs that specialize in one area of the employment value chain are Tanzania Youth Alliances' mentorship into entrepreneurship program that mainly focuses on skills development, and Tanzania Youth Vision Association's civic empowerment program that focuses on creating motivation and awareness.

The government has a clear youth policy but national implementation is a longer term endeavor.

Policies pertaining to youth in Tanzania fall under the Ministry of Information, Culture, Youth and Sports which manages the YDF; the Fund provides affordable loans to youth groups and has reached an estimate 3,000-6,000 youth so far.¹²² In addition, the government works through the Tanzania Entrepreneurship and Competitiveness Centre (TECC) along with partners such as NEEC and SIDO to run Kijana Jiajiri program. This program provides training and financing to potential entrepreneurs who succeed past the business proposal stage. As effective as these programs are, they are only active in certain clustered areas of the country; they lack the intended national reach due to lack of efficient communication on the appropriate procedures to follow to tap into the benefits of the various programs.

Figure 19

Elements of the government's Kijana Jiajiri program



Source: Stakeholder interviews; Dalberg analysis.

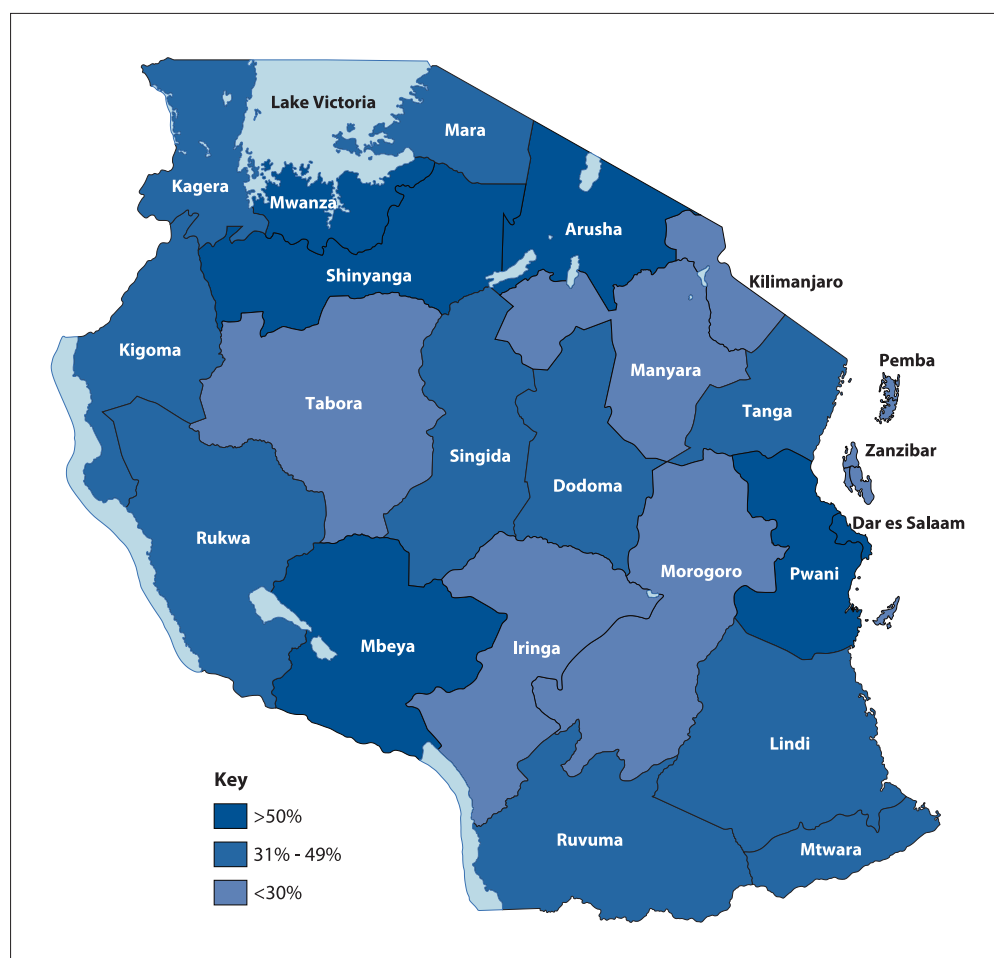
Most youth-centered programs in Tanzania are geared to supply-side interventions which is not as effective a strategy in bringing about market driven growth. Current youth employment-related programs in Tanzania are geared towards building skills of youth to keep them active and engaged. These programs focus on gaining skills that fit with the economic situation in their surrounding environment rather than market driven needs. This approach is easier to implement among young people as it uses basic resources, requires little partnership and takes advantage of existing economic opportunities in areas of operation. However, businesses formed under such programs tend to be rudimentary and hard to scale, hence can have a stunted effect on overall impact and economic growth.

There are very few demand-driven youth interventions, causing the skills gap and mismatch.

There are very few partnerships with the private sector which would help to reduce the skills gaps issue. Examples of programs who do partner with private sector include: the Kijana Jiajiri program where the Tanzanian Chamber of Commerce connects young entrepreneurs to more established entrepreneurs or with SNV's OYE programme where training curriculums are developed for private sector companies who then offer internships to the trained youth, . It is unclear whether this is as a result of lack of initiative on the side of program implementers or lack of willingness on the side of private sector.

Figure 20

Percentage concentration of youth employment initiatives in Tanzania by province



Source: Tanzania National Bureau of Statistic 2013, Dalberg Analysis.

Tanzania requires comprehensive youth programs that enhance employability and promote employment demand; hence require partnerships between organizations across sectors. The landscape analysis in Tanzania as well as experience in other African countries reveals a strong need for comprehensive programs that seek to both increase employment opportunities available to young people as well as the quality of employees. As such, programs in which private sector partners develop tailored curriculums alongside program implementers will help bridge the gap between under-skilled labor and unfilled jobs. In addition, there is a strong need to include financial literacy in training programs as well as increase financial services as a precursor to any entrepreneurial related training. This helps young people grasp basic concepts of business and debt management.

The following figure maps demand-side, supply-side, and comprehensive youth employment interventions in Tanzania by geographic characterization, demonstrating that many youth-focused programs are cater to both rural and urban areas.

Figure 21

Youth employment organizations in Tanzania by geography

	Demand side solutions	Comprehensive solutions	Supply side solutions
Urban			<ul style="list-style-type: none"> • Ekihya • Zoom Tanzania • Buni Incubator • KINU Incubator • Dar Teknohama Business Incubator (DTBi) • Tanzania Commission for Science and Technology (COSTECH)
Both	<ul style="list-style-type: none"> • Small Industries Development Organization(SIDO) • Kijana Jiajiri Program • Tanzania Entrepreneurship and Competitiveness Center • Aga Khan Development Network 	<ul style="list-style-type: none"> • ILO-Youth Entrepreneurship Facility 	<ul style="list-style-type: none"> • Tanzania Youth Alliance • TechnoServe - STRYDE • Restless Development • CARE International • National Youth Development Fund (YDF) • Tanzania Youth Vision Association
Rural		<ul style="list-style-type: none"> • Technoserve - Strengthening Rural Youth Development through Enterprise • SNV - Opportunities for Youth Employment 	<ul style="list-style-type: none"> • IYF -Tanzanian Youth Scholar Initiative
0			

Key:

- Private
- Non-profit
- Public

Source: Dalberg analysis.

SECTION 2 – OVERVIEW OF THE SUPPLY OF FINANCIAL SERVICES AND KEY GAPS

Tanzania’s financial industry is still relatively underdeveloped. For the most part formal financial institutions still mainly serve urban clients and have difficulty penetrating rural parts of the country. The level of formal financial access is 8.5 % in rural areas in comparison to 23% in urban areas and in addition only 30% of Tanzanians live and transact within a 5km distance of a financial access point.¹²³ Financial access is not just a matter of availability of these financial services but a question of proximity as well. Financial access points are likely to follow other basic infrastructure such as tarmacked roads and electricity and it stands to reason that as Tanzania develops and improves this infrastructure that access for those who live off tarmac roads and the electricity grid will be improved.

FSP’s face significant barriers, including challenging regulations, in meeting demand in all parts of the country. While for the most part FSP’s felt that the legal and regulatory framework in Tanzania was sound, there are some issues that are hindering quicker growth especially in rural areas. Firstly, contract laws do not ensure fast and effectual enforcement of contracts in case of default.¹²⁴ In addition, the regulatory framework- in the form of the Know-Your-Customer (KYC) regulations- does not enable easy client on-boarding and retention of low income households and businesses. Significant resources are needed, in terms of both time and human resources, to both on-board and retain low-income, rural and smaller clients. Other regulatory challenges include high security requirements for bank branches and absence of explicit consumer protection regulations.¹²⁵

The increase in the use of non-traditional modes of delivering financial services means that the previously excluded can be included at a cheaper cost to the service providers. Over the past 10 years there has been a rapid increase in the types of mobile phone financial services available. This technological advancement coupled with an expanding mobile phone connectivity as well as the introduction of agency banking means that an increasing number of people can be reached using non- traditional channels and will increasingly need specifically tailored products to serve their needs. As illustrated in Figure 22 those who have access to a Mobile Money (MM) account far outnumber the number of adults who have access to a traditional bank account. Rural areas are characterized by low population density, poor infrastructure and low incomes which means that often the demand is not justified considering the high operating costs for FSP’s. The availability of mobile platform financial services on mobile platforms means that large populations over vast areas can easily be served at a much lower cost.

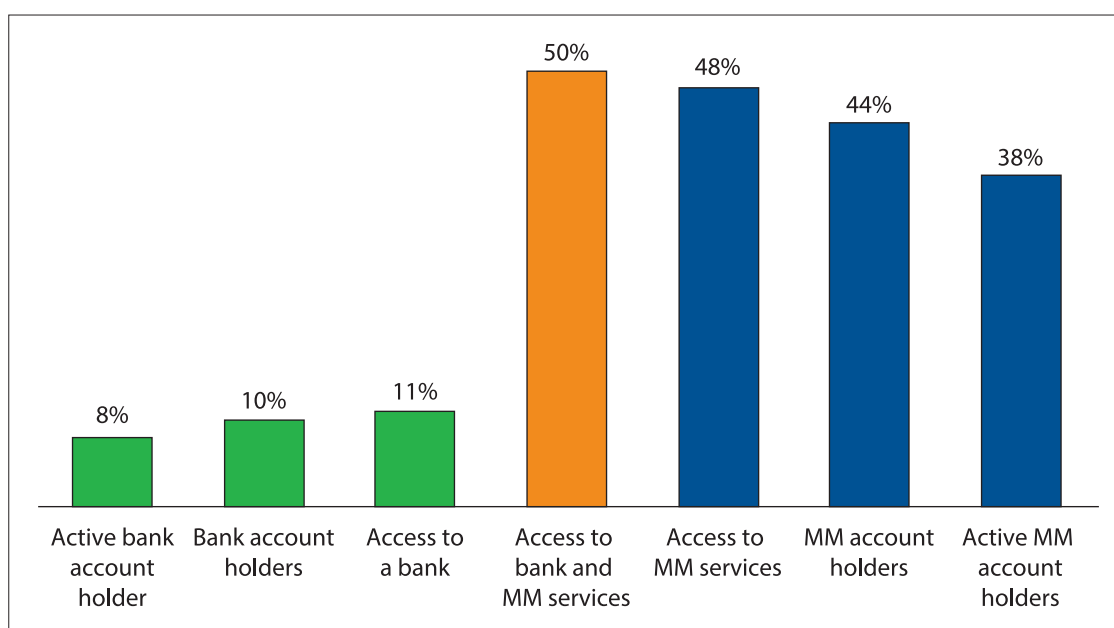
123 Tanzania National Council for Financial Inclusion: National Financial Inclusion framework (2014-2016).

124 Ibid.

125 Ibid.

Figure 22


Percentage of Tanzanian adults and the types of financial services they have access to



Source: Financial Inclusion Insights “Tanzania” (2014).

While FSP’s may have the desire to serve rural clients or youth, in particular, and develop tailored products for them, information about these clients is not easily available. Credit reporting is still a very new concept in Tanzania and only ~57% of respondents to an International Finance Corporation (IFC) survey understood the role of a credit reference bureau in a financial system.¹²⁶ The unbanked have no credit history for FSPs to access in order to understand this consumers’ needs and also the risks that they pose. This lack of information means that FSPs, especially commercial banks, remain conservative. There is a recognition that building a traditional or typical credit history may not be possible for the majority of Tanzanian adults, however mobile service providers are considering innovative ways to address this challenge. In the advent of savings products through MM accounts-such as Vodacom’s “MPawa”, where Tanzanians can save as little as one Tanzanian shilling and borrow based on how much they have saved and their previous savings and repayment services, building these credit histories may be possible. The product has been launched in partnership with Commercial Bank of Africa (CBA) Tanzania and has already seen success in Kenya where it was first piloted. Tigo- another mobile service provider- plans to do something similar by giving out nano loans (of up to USD 5) and monitoring repayments for different segments and in different geographies. With these types of technologies from mobile service providers it becomes easier to build a credit history in a non-traditional way.

126 Consumers International “Credit reporting and financial literacy: A pilot project in Tanzania” (2013).



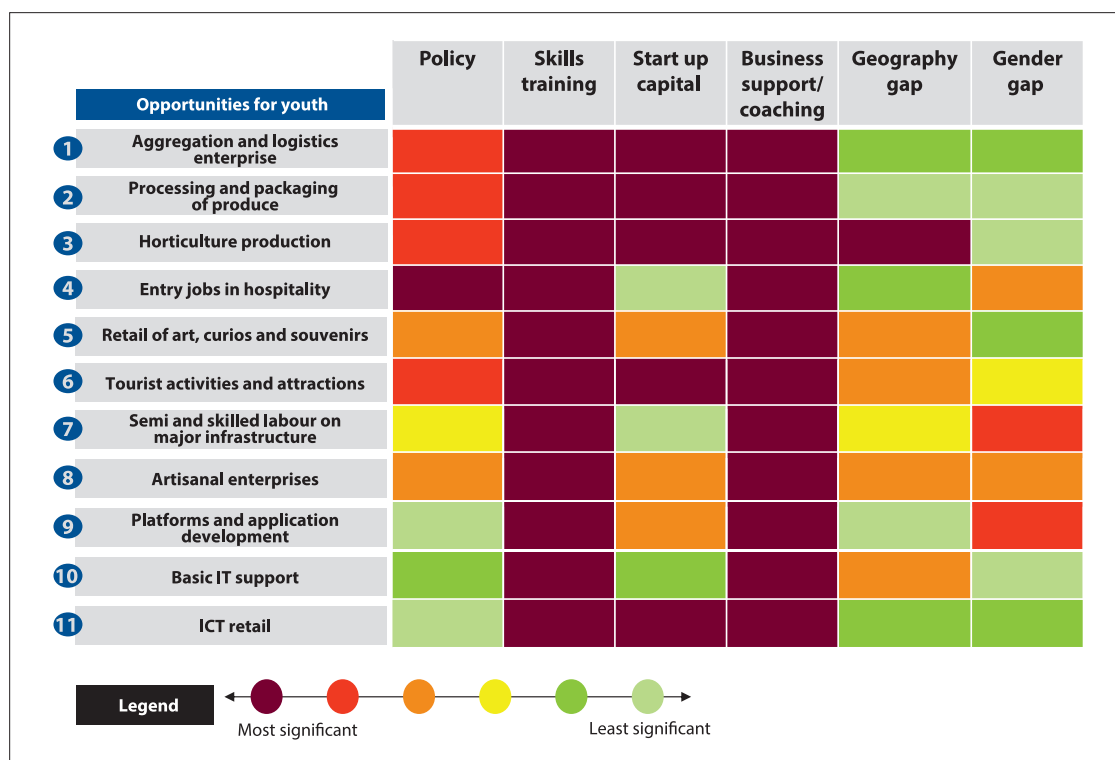
While most FSP's do not have specific products that target youth clients or young entrepreneurs there are a few providers who are working or planning on working on products that can be easily tailored to young people. Financial education and literacy are crucial elements to lending to youth, to ensure that they understand the various financial products that are being offered to them and the different terms and conditions. Partnerships in the space can work very well to couple these two elements- an example of this is CARE International who have partnered with NMB to serve rural clients. CARE International offers financial literacy training, helping the Village Savings and Loans Associations (VSLA's) members understand the importance of saving with a formal financial institution, understanding what is required for them to open a bank account and the mobile platform that they use to access savings and loans products. NMB worked closely with CARE International to design a product that made sense for the VSLA's and tweaked their product offering. Some of the characteristics of the product that these VSLA's use include waived administration fee and have tailored transactional fees. Another innovative approach comes from the Tanzanian Youth Alliance (TAYOA) who are planning on starting a microfinance branch for their organization, however the loan will be in the form of asset financing. Youth can apply to buy a piece of equipment that can help them either start or scale up an existing business, TAYOA will acquire that piece of equipment and lease it to the young person until they can pay back their loan and finally own it. This approach minimizes on the misuse of funds, ensuring that young people get exactly what they need to run their businesses without the option of channeling the funds elsewhere and neatly solves the issue of collateral.

SECTION 3 – KEY GAPS UNADDRESSED BY CURRENT INTERVENTIONS WITHIN HIGH-POTENTIAL OPPORTUNITIES

Existing programs do not fully cover the different elements required for youth to access high potential opportunities. Expanding skill trainings, alleviating constraints on start-up capital, and increasing the provision of business support coaching would all help to reduce youth unemployment and lower barriers towards youth entrepreneurship.

Figure 23:

Opportunities, challenges and interventions



Source: Dalberg analysis.

Skills-building

- **Youth lack adequate soft skills, technical knowledge and business expertise, and face significant barriers to skills development across opportunities.**
- The challenges youth face in skills-building include:
 - Lack of information or knowledge about skills needed or their potential benefits.
 - Lack of access to facilities due to cost, poor geographic spread, or the absence of training facilities altogether.
 - Poor quality of the training on offer.
 - Mismatch between training and labor market needs.
 - Poor awareness or recognition of qualifications acquired, e.g., TVET.

Start-up capital/Financing

- **Accessing start-up capital is a major and consistent challenge limiting youth's ability to successfully start their business.** Youth struggle to access capital, there are a number of reasons for this including:
 - Lack of knowledge about what funds are available to them and how to go about accessing them.
 - Limiting policies and requirements for collateral.
 - Lack of proof of concept of their businesses.
 - Lack of experience in running a business and business acumen.
 - FSP's may not trust the reliability of youth.
- **Financial services available, especially to young people in Tanzania, are primarily underdeveloped:**
 - FSP's lack knowledge about how to serve this segment.
 - Financial illiteracy, lack of information about financial systems and benefits.
 - Lack of access to FSP's due to poor geographic spread.
 - High costs of borrowing, e.g., high interest rates or fixed cost of opening an account.
 - Lack of collateral or guarantee.
 - Short repayment rates.

Business support/coaching and matching, mentorship, internships

- A large number of interventions in the youth opportunities ecosystem provide skills, finance or place youth in jobs without mentoring, coaching or business support.
- High job searches costs (e.g. opportunity cost, hiring facilitators) often force youth to accept positions that do not match their qualifications or to abandon their search permanently.
- **In addition, there are no systems in Tanzania to facilitate matching between employers and potential employees, or ease market linkages, for example, by connecting entrepreneurs to suppliers or distributors.**

Gender and Geography

- There are a number of sectors are traditionally gendered such as building and construction and certain roles within the tourism sector.
- Organizations struggle to address gender disparities in their programs, and rural areas tend to receive insufficient coverage.

Table 5

Specific gaps within high-potential opportunities

Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Opportunities in Agriculture			
1. Aggregation and logistics enterprise	Policy	<ul style="list-style-type: none"> There is a bureaucratic process involved in stating and running a business. 	<ul style="list-style-type: none"> Preferential procurement for special interest groups will allow that small business can also take advantage of the opportunities in the sector. Support the development of an incubator system that provides access to capital, business advisory and linkages for youth working on sectors that facilitate import substitution. Capture success stories and establish role models to change negative perceptions of agriculture. Providing information on market demand and pricing. Partner with the private sector to increase youth access to funds such as banks and develop asset loans or micro-leasing for processing equipment. Create mobile/online platform where aggregation needs are openly shared. Create a platform to share data on quantity demanded and location. Lobby government to invest in developing road and rail infrastructure to connect the arable land with industries and markets. Create mobile/online platform where aggregation needs are openly shared. Partner with training institutions to ensure aggregators can ascertain quality of produce they collect. Ensuring that the intervention remains gender balanced and youth from both urban and rural areas have opportunities to access it.
	Skills	<ul style="list-style-type: none"> Business acumen training in managing a continuous and large supply of goods. Lack of information and training on assessing quality of produce aggregated. 	
	Capital	<ul style="list-style-type: none"> The start-up capital required is relatively high, particularly if focused on transportation service. Maintenance of equipment can be expensive. Lack of start-up capital as the expenditure needs of enterprises within the agriculture value chain are considered high risk.¹²⁷ 	
	Business support/matching	<ul style="list-style-type: none"> Knowledge on quantity demanded and current market price is centralized in big cities. Young people have a hard time identifying the appropriate markets to engage in. Establishing business credibility for young people can be a challenge when dealing with market players due to their lack of experience. 	
	Gender/Geography	<ul style="list-style-type: none"> Neither gender nor geography should be a hindrance to achieving this intervention. 	

Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Opportunities in Agriculture			
2. Processing and packaging of produce	Policy	<ul style="list-style-type: none"> Extensive regulatory requirements to set up and maintain a processing enterprise. 	<ul style="list-style-type: none"> Using a cooperative model to address skills and capital challenges. Improve the quality of skills among young people by partnering with training institutions and private sector/ government to provide training. Generate and disseminate information on opportunities for urban-based youth to counter rural-urban migration. Capture success stories and establish role models to facilitate the change of negative perceptions around agriculture. Increase awareness of opportunities through the use of media, schools, government channels. The government can provide financial incentives to start such industries in rural areas. Support FSPs to develop asset loans targeting youth for them to engage and own the packaging and processing process.
	Skills	<ul style="list-style-type: none"> Young people unaware of processes involved in the packaging of produce and opportunities in the industry. Need to train young people technically on the packaging and processing skills. 	
	Capital	<ul style="list-style-type: none"> High capital expenditure needed to finance purchase of equipment. 	
	Gender	<ul style="list-style-type: none"> Gender should not be a hindrance to this intervention. 	
	Geographic	<ul style="list-style-type: none"> Concentration of processing industries near urban areas. 	
3. Horticulture production	Policy	<ul style="list-style-type: none"> Strict regulations on quality of exports; shutting out smaller players. 	<ul style="list-style-type: none"> Establish partnership with government and FSP's to provide financing for farming expenses. Establish training programs with partnerships from government and private sector to ensure that Tanzanian horticulturalists are compliant with global best practices. Partner with training institutions to ensure aggregators can ascertain quality of produce they collect. Working with government to secure land for youth.
	Capital	<ul style="list-style-type: none"> The start-up capital required is relatively high, especially if growing climate sensitive produce that require greenhouses and expensive inputs. 	
	Skills	<ul style="list-style-type: none"> Lack of necessary skills to be involved in the delicate process of farming and processing of horticultural produce. 	
	Gender	<ul style="list-style-type: none"> Horticulture is well suited to maintaining gender balance as demonstrated in the women's cooperatives in Arusha.¹²⁸ 	
	Geography	<ul style="list-style-type: none"> Securing land for youth is often a challenge and they often have to wait to inherit land. Challenges engaging urban youth as this type of activity will be concentrated in rural areas. 	

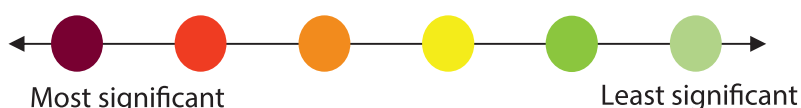
Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Opportunities in Tourism			
4. Entry jobs in hospitality	Skills	<ul style="list-style-type: none"> Limited hospitality management courses. Limited collaboration between stakeholders in hospitality skills training leading to significant overlap. 	<ul style="list-style-type: none"> Support the scale-up of existing training institutions. Facilitate job search costs through employment service centers (such as VETA), build and share a database of employers. Establish an industry mentoring scheme with seasoned professionals and events to develop youth networks. Establish a platform for stakeholder collaboration which truly connects actors whose incentives align, e.g., private sector, training institutes, government.
	Capital	<ul style="list-style-type: none"> Accessing appropriate training can be expensive instead youth mostly learn on the job leaving limited room for growth. 	
	Business support / matching	<ul style="list-style-type: none"> Job search is expensive causing youth to accept positions that do not match qualifications or to abandon search permanently. Lack of continued mentorship once placed in a job. Lack of awareness of various opportunities in the sector/ informal communication channels. 	
	Gender	<ul style="list-style-type: none"> Negative perception of the hospitality industry as one intended for females only. 	
	Geography	<ul style="list-style-type: none"> These opportunities are available to both rural and urban youth. 	
5. Retail of art, curios and souvenirs	Skills	<ul style="list-style-type: none"> Lack of training facilities offering short-term, low-cost, basic business skills courses, e.g., accounting, marketing skills, customer services. Restricted access to ideas and information on ways to develop the best product mix/partnerships. 	<ul style="list-style-type: none"> Partner with experienced training providers to develop short-term low-cost soft skills course targeted to retail and essentials on managing a business. Partner with BDS to provide youth with assistance to bring enterprise to the next level through networks. Identify successful innovative retail models and champion. Partner with private sector, e.g., to ease access to goods. Support FSPs to develop working capital loans for youth in retail.
	Capital	<ul style="list-style-type: none"> Lack of start-up capital to purchase initial goods/equipment to set up the business. 	
	Business support/ matching	<ul style="list-style-type: none"> Difficulty sustaining and expanding business beyond first success. 	
	Gender	<ul style="list-style-type: none"> Opportunity is gender agnostic. 	
	Geography	<ul style="list-style-type: none"> Market for goods is more common in peri-urban areas. 	

Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Opportunities in Tourism			
6. Tourist activities and attractions	Policy	<ul style="list-style-type: none"> Tight government regulations (e.g. levies and licenses) of economic activities in the hospitality sector is a barrier to establishment and growth. 	<ul style="list-style-type: none"> Advocacy to review regulations that hinder young people from setting up a business. Government run/championed training programs on business management with a bias in the hospitality sector. Create partnerships that can facilitate a youth fund that focuses on providing capital to young entrepreneurs in the hospitality sector.
	Skills	<ul style="list-style-type: none"> Business management skill lacking in order to effectively take advantage of the opportunities in the nearby vicinity. 	
	Capital	<ul style="list-style-type: none"> Access to capital to set up a business is a challenge Cost of equipment to carry out various tourist activities can be high. 	
	Gender	<ul style="list-style-type: none"> These activities are traditionally run by men but there are no barriers to women taking advantage of this opportunity. 	
	Geography	<ul style="list-style-type: none"> Tourist activities only limited to areas that have natural attractions. 	
Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Opportunities in Building and Construction			
7. Semi and skilled labor on major infrastructure	Policy	<ul style="list-style-type: none"> Construction industry is still highly informal, leading to low pay, and often poor construction works. 	<ul style="list-style-type: none"> Give employers vouchers—that cover some but not all costs—to send entry-level hires to training and give employees stipends for apprenticeships. Support FSPs to develop micro-leasing products or asset finance for tools and other equipment in the construction sector. Develop incentive schemes such as scholarships to encourage women to attend training to become construction technicians. Encourage certification of construction workers so they are able to access better jobs and pay. Link youth with artisans in less practiced but needed trades; provide incentives to create apprenticeships.
	Skills	<ul style="list-style-type: none"> Most learning happens 'on-the-job'; construction workers lack formal training in order to specialize due to: 1) the paucity of training institutes, and 2) the prohibitive cost of education. TVETs cannot absorb all the demand for training, given the recent boom in the sector. 	
	Capital	<ul style="list-style-type: none"> Artisans lack access to capital to start their own enterprises; financial service providers often require collateral or harsh repayment terms. Lack of start-up capital to purchase initial goods. 	

Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Opportunities in Building and Construction			
	Business support / matching	<ul style="list-style-type: none"> Construction work is precarious and there is lack of information about where work exists. Employers cannot calibrate workers' skills. Artisans make choice of trade based on a clear understanding of the market need. Difficulty sustaining and expanding business beyond first success. 	<ul style="list-style-type: none"> Offer start-up kits for cooperatives through business plan competitions. Generate and disseminate information about training services, as well as potential business opportunities, available in rural areas. Disseminate information on upcoming tenders to youth.
	Geography	<ul style="list-style-type: none"> Employment is mostly generated in major towns (Dar es Salaam, Arusha etc.) for specific skills but this varies significantly in the provinces. Demand for services is more common in peri-urban areas. 	
	Gender	<ul style="list-style-type: none"> Women traditionally are not seen as 'appropriate' for the sector. 	
8. Artisanal enterprise	Policy	<ul style="list-style-type: none"> There is a recognition of the role of the informal sector in terms of creating employment however governance still needs to be improved providing those working in the informal sector with certain social goods. 	<ul style="list-style-type: none"> Encourage the growth of entrepreneurship in the sector by providing information about how young people can enter the labour market using various artisanal enterprises as a gateway. Develop jobs matching portal to digitally connect artisans to potential employers. Support the development of basic business management courses and encourage enrolment through incentives such as scholarships. Facilitate access to finance through partner FSP's and supporting FSP's in developing creative and innovative approaches to requirement for provision of capital.
	Skills	<ul style="list-style-type: none"> While there is great opportunity for entrepreneurship in this sector there is a lack of knowledge on basic business management of existing informal businesses in the sector. Lack of sufficient skills to grow existing enterprises and establish a more professional enterprise. 	
	Capital	<ul style="list-style-type: none"> Lack of access to start-up capital. Lack of additional capital to grow business due to informality of the business and lack of collateral. 	
	Business support/ matching	<ul style="list-style-type: none"> Lack of a formal training or mentorship system within the industry to improve the existing skillset and provide young people with a wider reach/market. 	

Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Opportunities in Building and Construction			
	Geography	<ul style="list-style-type: none"> Demand for these types of services is likely to be concentrated in urban areas however as there is greater development. 	
	Gender	<ul style="list-style-type: none"> Artisans (carpenters, electricians, plumbers) tend to be men. However there are similar opportunities for women in traditional roles such as tailors/ dressmakers. 	
Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Opportunities in ICT			
9. Platforms and application development	Policy	<ul style="list-style-type: none"> Implementation of government training initiatives not as widespread nation wide. 	<ul style="list-style-type: none"> Partner with government bodies to expand existing programs focused on technical training. Link private institutions and technical training organizations to increase skill matching and create jobs. Sponsor youth application development challenges/ competition and scholarships centered around app development and technology. Assist relevant bodies create policies that favor the growth of young upcoming tech innovators. Advocate for the inclusion of business friendly laws/rules/regulation that increase the quantity of young tech developers.
	Skills	<ul style="list-style-type: none"> Lack of technical knowledge on creating and designing mobile applications. Few technical training facilities in the country. Technical training facilities are concentrated in urban areas. 	
	Capital	<ul style="list-style-type: none"> High cost of training which include the costs of tertiary education. 	
	Business support / matching	<ul style="list-style-type: none"> Recruitment of participants for technical training is not as widespread. Absorption of young people in the technical industry is currently limited. 	
	Geography	<ul style="list-style-type: none"> Demand for these types of services are likely to be concentrated in the urban areas. 	
	Gender	<ul style="list-style-type: none"> These opportunities are gender agnostic although women may need more encouragement and support initially. 	

Opportunity areas	Gap size	Specific challenges	Potential implications for YSG
Opportunities in ICT			
10. Basic ICT support	Policy	<ul style="list-style-type: none"> Opportunities for employment are regulated by national labour laws which ensure the highest protection for employees. 	<ul style="list-style-type: none"> Government can subsidize training of young people in the industry. Local training institutions to partner with government and private sector to provide language and social skills classes to young people interested in the industry.
	Skills	<ul style="list-style-type: none"> Inadequate knowledge on basic ICT functions. Lack of mastery of languages, specifically English. Lack of proper customer service skills. 	
	Capital	<ul style="list-style-type: none"> Capital for training (in the form of fees) is necessary and may be particularly prohibitive to ultra-poor youth. 	
	Business support / matching	<ul style="list-style-type: none"> Private institutions are unwilling to hire young people citing inexperience and high cost of training. 	
	Geography	<ul style="list-style-type: none"> Opportunities are likely to be concentrated in urban centers where corporations are likely to be located. 	
	Gender	<ul style="list-style-type: none"> Opportunities are gender agnostic. 	
11. ICT Retail	Policy	<ul style="list-style-type: none"> With the thriving Wakala network and retail in both the formal and informal sector policy is not a hindrance. 	<ul style="list-style-type: none"> Facilitate access to finance through partner FSP's and supporting FSP's in developing creative and innovative approaches to requirement for provision of capital. Partner with youth organizations that provide basic business training with financial institutions to create a matching programme for young people to get capital to start their own business in ICT retail.
	Skills	<ul style="list-style-type: none"> Inadequate business training required to sustain a small ICT retail business. 	
	Capital	<ul style="list-style-type: none"> Lack of access to start-up capital. Lack of additional capital to grow business due to informality of the business and lack of collateral. 	
	Business support	<ul style="list-style-type: none"> Lack of mentorship to help young entrepreneurs recognize and capture additional opportunities for growth. 	
	Geography	<ul style="list-style-type: none"> Opportunity is geography agnostic. 	
	Gender	<ul style="list-style-type: none"> Opportunity is gender agnostic. 	



Source: Desk research; Stakeholder interviews; Dalberg analysis.

CONCLUSION

MOVING FORWARD



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Overall, Tanzania's labour market is heavily demand constrained and entrepreneurship is necessary in order to create more jobs and opportunities for youth.

- While the economy is growing, the labour market is stagnating and as a result cannot absorb the over 800,000 new entrants to the labour market.
- In addition, SME's which contribute a third of GDP, are constrained in their ability to grow due to a number of ecosystem challenges and lack of adequate training and business knowledge.


Access to both capital and appropriate trainings are major constraints that limit youth's ability to start and sustain businesses:

- While youth are excited about the possibility of starting their own businesses, they often lack the business skills necessary to know where to start.
- As a result, they also find it very difficult to access formal lines of credit as their business plans and models are not always well developed or articulated.
- Businesses remain survivalist as a result and have limited opportunity to grow.

The following sectors offer the most promising economic opportunities for youth:

- **Agriculture** already employs the majority of Tanzania's workforce, however these jobs are mainly production and there are a number of opportunities further up various value chains.
- **Tourism** is an inherently labor-intensive sector and Tanzania's tourism sector is projected to grow, offering both opportunities for employment and entrepreneurship.
- Tanzania is planning for a number of major infrastructure developments and improvements and the **building and construction** sector will benefit from both skilled and semi-skilled labour and additional opportunities for youth.
- While the **ICT** sector remains nascent in Tanzania, there are a number of opportunities that young educated Tanzanians can take advantage of developing tech-enabled solutions or within ICT retail.

In the economic opportunities identified, **existing programs are not fully covering the different elements required for youth to access high-potential opportunities**. Key gaps across most programs are skills trainings (including in conceptualizing business ideas), and business support coaching. In addition, organizations generally struggle to cater to the unique needs of both urban and rural youth. As a result, there are next to no youth interventions that are at scale.



Overall, **more comprehensive programs, particularly in support of youth employment and demand side programs in supporting youth entrepreneurship are needed. In addition, more interventions in rural areas supporting youth in agriculture are needed,** given the high number of youth engaged in the sector and the high underemployment rate.

This report is a key input in YSG's inception phase. The next, and first, phase consists of convening the necessary partnerships between actors in the youth economic opportunities ecosystem for each intervention. Specifically, it will involve building the capacity of partners to develop high quality proposals, conducting required due diligence, convening another stakeholder meeting in September, and finally, securing the government's endorsement.

Once the first phase just described is complete, the second phase will involve awarding grants to intervention consortia, supporting and monitoring selected partners in implementation, as well as capturing and disseminating knowledge acquired in this process.



THE GOVERNMENT
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