



Tanzania Development  
Forum for Youth  
(TDFY)

**Familia**  
*Chemchem ya mabadiliko*

## Activity Report

**COMPACT SEMINAR ON INTERNATIONAL DEVELOPMENT  
BRIDGING THE GAP BETWEEN FINANCIAL INSTITUTIONS, THE PRIVATE SECTORS  
AND  
YOUNG ENTREPRENEURS IN TANZANIA**

27<sup>TH</sup> APRIL 2007

CRESTCOM INTERNATIONAL TRAINING CENTER FIFTH FLOOR MILLENIUM TOWER

*Organized by*

**TANZANIA DEVELOPMENT FORUM FOR YOUTH  
(TDFY)**

**IN COLLABORATION WITH  
FAMILIA NEWSPAPER**

With support from



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## **1.0 List of Acronyms**

AGOA - African Growth Opportunity Act

ADF- Africa Development Foundation

CRG - Community Reinvestment Pledge Grant

EEG - Enterprise Expansion Grants

IFC International Financial Cooperation

OAG - Operational Assistance Grant

NGO - Non Governmental Organization

SME - Small Medium Enterprises

TDFY - Tanzania Development Forum for Youth

TIC - Tanzania Investment Center

## Activity Report

**Venue:** Crestcom Training Center: 5th floor Millennium Tower-Dar es salaam

**Participants:** Prospective Young Entrepreneurs, Young Entrepreneurs Organizations, Representative of Youth Organizations, Small Medium Enterprises, Media, Private Investment Firms, Representatives of Commercial Banks, World Bank, Farmers and Private Sectors

**Date & Time:** April 27th 2007:0800- 1700

**Rappourter:** Thomas D. Maqway

### 2.0 Overview

The existing missing links and gaps between Financial Institutions the private sectors and Young Entrepreneurs in Tanzania have been viewed as one of the drawbacks that contributed largely young entrepreneurs from being an important tool or a catalyst in the economic development of the country.

The results of the missing links leads to these young entrepreneurs to lack of precise information on better production methodology, and markets, inadequate fixed or working capital, lack of access to improved technologies, weak business management capacity, low product quality.

These typically need both financing and business development services to increase their productivity.

From this outset the deliberate actions to address the missing links was therefore of great importance.

In Dar es salaam, Tanzania Development Forum for Youth in Collaboration with Familia Newspaper conducted a one day compact seminar in which there were three formal presentations and two Motivational and Inspirational talk shows that focused on the theme of the day "***Bridging the Gaps between Financial Institutions the private sectors and the Young Entrepreneurs***".

The first Presentation was From **Jon Halverson**; the country Director for US Africa Development Foundations, that gave an overview of Africa Development Foundation; Its operation in Tanzania and areas of focus, **Mr. John Mathew** Foreign Investment Promotion Manager Tanzania

Investment Center gave an overview of Investment Opportunities in Tanzania and lastly

**Ms Moyo Violet Ndonde** Operation Officer IFC presented the IFC Advisory Services and the Tanzania Leasing Project-Variou Initiatives under the Programme that have benefit for young entrepreneurs in Tanzania.



The sessions was Moderated by **Ms Jokate Mwegelo** a student and a youth activist where as in every presentation there were discussants who lead the discussions.

### **3.0 Summary of the proceedings**

#### **3.1 Welcome Remarks**



**Thomas David Maqway - The National Chairperson:  
Tanzania Development Forum for Youth (TDFY)**

In his welcoming remarks Thomas thanks the guest of honor for his acceptance to officiate the seminar. He also thanks the CRDB Bank Limited, Crestcom management, World Bank Group in Tanzania, Government and the entire dedicated team from Familia and Tanzania Development Forum for Youth for making the event a success.

A note of thanks was also extended to all participants for their determination and leadership to the seminar. The chairpersons highlighted the constraints facing young Entrepreneurs in Tanzania and urge the participants to participate fully in the discussion and exploit the how to address the missing links.

He emphasized that "we had knocked the doors of the financial Institution and the private sector; the doors were opened for us, we are in; sitting at the same table discussing the how of addressing the missing links and therefore from now onward we have an avenue for discussion".

Thomas then welcome the Executive Director for Familia Newspaper **Mr. Paul Mashauri** to gave his remarks and welcome the guest of honor to officiate the seminar.



**The Executive Director: Familia News Paper** emphasized the importance of having close and effective partnership between Financial Institutions the private sectors and the young entrepreneurs in Tanzania.



**Mr. Paul Mashauri** then welcome the Guest of honor; the **Director of Youth Mrs Joyce Shaidi on behalf of Hon.Dr.Emanuel Nchimbi the Deputy Minister for Labour Employment and Youth Development** to officiate the seminar.

The Director of youth thanks the organizers of the event for inviting the government to the event. She also extended her note of thanks to the participants for taking their time and being part of the process of enhancing young entrepreneurs in the country. She was moved by the theme of the seminar that it is the big challenge not only in Tanzania but also at the global context.

She also highlighted the current situation young entrepreneurs are facing in Tanzania and the government efforts to address them.

With regard to the presentation and the topics of discussions she recommends that the seminar is going to make a history of its own kind.

This is due to the fact that the areas mentioned therein were in line with the various government policies and strategies that are geared towards promoting entrepreneurship and more so empowering young people to the same.

In that respect she assured Tanzania Development Forum for Youth, financial Institution and other stakeholders that the government recognizes and acknowledged all the efforts made so far prior to the event.

In her final remarks she recommends one of the achievements of the seminar to be the best approach of promoting young entrepreneurs in Tanzania and the role of each stakeholder in making it sustainable. Lastly the guest of honor officially opened the seminar.

### **3.2 Presentations**

#### **3.2.1 An Overview of Africa Development Foundation; Its operation in Tanzania and Area of focus**



**Jon Halverson**, the US Africa Development Foundation (ADF) Country Director and the Regional Investment Advisor

**Jon** gave a presentation providing an overview of ADF in Africa. He highlighted that Africa Development Foundation is an independent U.S. Government foundation that reports directly to the President (not part of USAID or the State Department).

It was put in place in 1984 for the purpose of supporting small medium enterprises that are at the take off stage in Africa with a minimum turnover of \$100,000 per annum. It therefore responds to unsolicited proposals from small- and medium-sized businesses in Africa and other community organizations

**Jon** also gave the eligibility criteria for the funding that is Formal sector, small- or medium-sized businesses that include Limited liability companies, Closely held businesses and this may include start-ups businesses, although ADF gives priority to existing businesses.

Others includes Community-based development organizations, Cooperatives and producer associations, NGOs, including intermediary organizations that work with low-income people and groups however, ADF is no longer supporting microfinance institution projects

The Enterprise Expansion Grants that ADF gave to SME's in Africa typically range from \$100,000 to \$250,000 (may be larger in rare cases). The EEGs are for 5 years, but may extend longer

It also gave Operational Assistance Grant (OAG), to improve the capabilities of an enterprise not yet ready for an enterprise expansion grant. The OAGs are for up to \$100,000 over 1 to 2 years and may be followed by an application for an EEG.

Factors that ADF consider in funding decisions are; Profitability of the business (sustainability of a non-commercial project), Direct economic and social impact and this include (Employment and income for workers, Other benefits to workers (provident funds, profit-sharing, equity shares), Income to principal raw material suppliers (price premiums, dividends, equity shares) and Broader private sector benefits (Expansion potential, replication potential, community reinvestment pledge (CRG) contributions equal to the value of the grant received

He also highlighted the example of export product that ADF will support and they are needed in US market through AGOA. These include Frozen and chilled Nile perch, Fresh and processed rock lobster, Dried paprika peppers, Cured vanilla, Beef products, Fresh fruits and vegetables, Traditional African foods, Clothing, Solar-powered hearing aids, Citronella tea bags, Tie-dyed textiles, Cattle and ostrich hides, Cashews, Dried pineapple, Sugar and Salt.

In the same line **Jon** also gave an example of projects with NGO's, and businesses that ADF are working with.

Lastly he gave the highlights on how ADF measures its performance. These measures include;

- Revenue Growth. This is the Cumulative increase in the sales of enterprise development projects over their extrapolated baseline levels during the project period and the 3 years following the grant expiration date
- Investment Multiplier this is measured where by for every dollar disbursed to enterprise development projects that were active or have closed within the past 3 years, the cumulative increase in their gross revenues (sales) over the extrapolated baseline level during the project period and the 3 years following the grant expiration date.

- Profitability. Percent of active enterprise development projects that have achieved a positive net income before income taxes, depreciation, and CRG contributions in the reporting year by the end of their third year or earlier.
- Community Reinvestment. Percent of active enterprise development projects that are current in meeting their cumulative CRG pledges from the end of their third year and onward.
- Sustainability, Percent of completed enterprise development projects or social development projects that are still operating during the 3 years following expiration of the ADF grant.
- Newsletter Subscribers, Total number of voluntary subscribers to ADF's e-newsletter
- Website Usage Average number of page views of ADF's website per month
- Partnership Contributions, Funds received from strategic partnerships during the year as a percentage of new ADF obligations for development projects.
- Follow-on Financing, Cumulative non-ADF loans, grants, or equity investments received by active and closed projects from the ADF grant start date through the 3 years following the grant expiration date.
- Overhead Rate, ADF's non-program costs as a percentage of (USG appropriations and non-USG funding contributions received).
- Disbursement Efficiency Median time required between the ADF Country Representative's receipt of a grant disbursement request from the partner organization and ADF transmittal of the funds



**Mr. Alex Mayunga: Currently an employee at NBC and youth activist.**

Mr. Alex was a discussant during **Jon's** presentation and gave an observation from the lesson he learnt in South Africa during his training on entrepreneurship. He observed that in South Africa **ABSA bank** has started to invest on ideas which young entrepreneurs brought forward by putting in place the Young Entrepreneur's Scheme where the bank itself is the part of that scheme owning up to 27% of the shares. The idea is to fill the gap of trust by protecting the interest of the bank in the respective scheme. He called upon Tanzania Financial Institution to learn from **ABSA's** experience as it will be one of the ways that will enable young entrepreneurs to accomplish their vision.

### **3.2.2 An Overview of Investment Opportunities in Tanzania**



**John Mathew: TIC Foreign Investment Promotion Manager**

**Mathew** also gave a presentation that gave an overview of investment opportunities in Tanzania. In his presentation he revisited the basic country data, highlighting on investment climate in Tanzania, explained the role of TIC in promoting investment.

He also spoke on investment incentives that aim on promoting domestic investment. If registered as an investor and become TIC family you are awarded an incentive certificate which among others waives some of the import duties with regard to the investment activities concerned. He also highlighted the investment opportunities in Tanzania.

Reflecting on the abundant resources that are yet to be utilized; Mathew posed a challenge to the participants that it is a shame to import juice from outside while in Tanzania there are abundant varieties of fruits that if utilized our country could have been the largest exporter of juices in Africa contrary to the current situation.

He further challenged that currently most of our super markets are flooded with the products imported from South Africa, Kenya and United Arab Emirate which basically are the products that were supposed to be processed by the domestic industries.

On the ownership of Tanzania Investment Centre registered projects 1990 – 2005, Project owned by the local investors were 25%, and project that are carried out in joint venture were 30% and the project that are owned by the foreign investors were 45%.

In this regard Mathew urged the participants that they are the catalyst for the economic development of this nation, and it is their responsibility to take the bold step to make the difference to transform and change the current mindset and utilize all available opportunities and resources.

### ***3.2.3 IFC Advisory Services and the Tanzania Leasing Project- Various Initiatives under the Programme that have benefit for young entrepreneurs in Tanzania.***



***Moyo Violet Ndonde: Operation Officer IFC***

In her presentation Moyo started by giving an overview of IFC its mission, and objectives. She highlighted that the IFC is the private sector arm of the World Bank group whose mission is to promote sustainable private sector development helping to reduce poverty and improves people's life through;

- Investment where In Tanzania, IFC has made investments in financial services such as banks, finance and micro-finance companies), tourism, a locally owned beverage company, agro business, and real estate, among others.
- Through Advisory Services  
Technical Assistance & Advisory services provided to private sector as well as government, in order to improve private sector investment and development.
- Implementation of short - term Advisory/ Technical Assistance Programme for Africa.

In that line Moyo also highlighted the objectives of IFC advisory services for Africa and the countries where technical assistance programs are being implemented

After giving an overview of IFC Moyo started the presentation on leasing project where the focus was made on Tanzania Leasing Project that was under her supervision. She addressed the objectives of the leasing project, why the leasing project and the how of the leasing project.

The objective of this project was to stimulate growth and development of leasing, especially financial leasing in Tanzania.

The project was put in place in order to improve access to finance for Small & Medium Enterprises (SME's) as well as larger ones, and thereby increase economic productivity, stimulate capital investment and create jobs.

She also noted that the Tanzania Leasing Project works with various Stakeholders in Government, private sector, business schools, professional associations, investors, and commercial banks, among others.

In the same regard she highlighted that the Tanzania's total lease portfolio to December 2006 stood at US\$ 44, 867, 000 in the following sectors;77% for transport equipment,20% for construction and 3% for production equipments.

It was noticed that the leasing penetration in Tanzania was too low while on the other hand there is urgent demand for leasing services, for example for agriculture, construction, mining, transportation, and especially by Small & Medium Enterprises (SMEs).

This posed a great challenge to most of the participants to whom it was the first time for them to come across leasing project.

Again Moyo highlighted the benefit of leasing to all stakeholders that it enhances domestic production and industrial diversification and it also lead to the infrastructure improvement. In the wing of the Small Medium Enterprises SME's development it is one of the ways that facilitates the access to finances.

In her presentation it was also noted that the Tanzania Leasing Project provides continuous capacity building to stakeholders for leasing development, including lawyers, judges and magistrates,

accountants, banks, professional engineers, the Bank of Tanzania, and SME Associations

On the other hand it mobilizes domestic and international investment for leasing through conferences, market information, and connecting investors to prospective leasing companies.

In the same regard currently the leasing project Provides business development support to banks and prospective leasing companies to start leasing operations. The project also is supporting the University of Dar es salaam's Faculty of Commerce and other business schools, develop long and short term courses for sustainable leasing development.

**Moyo** highlighted that the Tanzania leasing project is currently supporting interested companies and banks establish a strong Tanzania Leasing Association. Lastly she gave directives to the participants that most of the resources about the Tanzania Leasing project can be accessed on IFC website <http://ifc.org/africa> (Click "Tanzania Leasing Project").

### **3.3 Inspirational and Motivational talk**



**Mr. Constantine Magavilla: Marketing Manager: Celtel International: Tanzania and the author of the book "Life and You"**

**Constantine** inspires the participants that every one has a vision in his life. We are placed on this planet for a purpose. Every one of us has to accomplish the vision he/she was for. He calls for the participants to rethink their destiny and warn them that in life there is always a challenge and we have to live them because they are part and parcel of our life. He further urges the participants to recognize themselves of what they are and how they will.



**Mr. Erick James Shigongo: CEO Global Publishers Limited**

Erick gave the motivational talk insisting that it is possible to change our country to the place it was supposed to be. He urge young entrepreneurs to be optimistic and to stand firm and to take part in their country's economy, it is their's and no one from outside will come and make it better. He emphasized that "one day Tanzania will change; the important thing is for them to keep the hopes alive"

### **3.4 Comments from participants**



From the three presentation presented and the two inspirational and motivational talk the participants reacted with comments and questions in what turned out to be a very dynamic and well resourced group. Most of the questions were answered by the presenters and comments from the participants were shared squarely.

### **3.5 Remarks from the World Bank Group**



**Mrs. Rosalie Ferrao: the World Bank Public Communication Officer**

**Rosalie** gave the greeting from the World Bank Country Director **Judy O'Connor** who was in Washington that she recommended the initiatives as it conforms to 2007 World Development Report focused on the development and the next generation. It also reflects the World Bank initiatives to support young people's efforts in Poverty alleviation in Tanzania.

Lastly Rosalie brought to participants attention the World Bank program called ***the Morning coffee event***; The Programme that gave an avenue for discussion with the Media, Academia, Decision Makers, Government, Youth, Economists and the World Bank on the pertinent development issues in Tanzania. She noted that the next coffee morning event will be convened on 6<sup>th</sup> of June 2007 and promised to update the participants on the matter.

### **3.6 Achievements**

The compact seminar in its unique way had contributed in bridging the gap between Financial Institution, the private sector and the young entrepreneurs in Tanzania. The participants to the seminar were exposed to the funding opportunities which in the first place were not known to them.

They were also being introduced to the leasing project that inspired them as it is one of the ways to access finances without collateral. On the other side financial Institution has also learnt a lot from the participants through their comments and constructive arguments.

The perception the participants had about them enable the financial Institution to understand well the community and they took this feedback seriously. The seminar also results into the new community in which they exchanged ideas on entrepreneurship.

The seminar contributed to put in place the close and effective partnership between the participants and the financial institution as it gave the avenue for discussion with regard to the content of the seminar.

The seminar also enables the organizer of the event to understand at least the level of the participants' understanding on the whole context of entrepreneurship.

### **3.7 Recommendation from the participants**

Most of the participants averred their note of thanks to the organizers of the events and to the **CRDB Bank** for supporting the noble initiatives of this kind. They further recommend that the seminars of this kind be held at least once in every two months as it provides the avenue for discussion and it brings together the various stakeholders in the economy.

### **3.8 The way forward**

From the deliberation of the discussion, most of the participants have pointed out the need for training on business management skills, business plan write-up skills and more training on Tanzania leasing projects to impact and address this noble project squarely with focus on Tanzania entrepreneurs and other stakeholders in the economy. The IFC on the other side promised to convene training in collaboration with Tanzania Development Forum for Youth and other youth organizations on the matter and the like to enhance the capacity of young entrepreneurs in Tanzania.

The importance of having the timely information on development issues was raised up and the need to establish the information center was among the agenda items that were brought on board.

This was due to the fact that almost the topics that were presented and the institutions from which the presenters came were not known to many hence denied from making informative and precise decisions with regard to the reduction of poverty.

Tanzania Development Forum for Youth is therefore determined to establish the two centers in Arusha (Youth Information Center and the Satellite Public Information Center) in collaboration with the World Bank, Government and other partners to be identified.

Again in six months time Tanzania Development Forum for Youth will be making the stock taking on the impact of the seminar to their business and how far they have gone in their partnership with the financial institution and the private sectors in Tanzania.

### **3.9 Closing Remarks**

In his concluding remarks the **TDFY National Chairperson** revisited the objectives of the seminar and urges participants to effectively utilize the information they gained from the seminar.

From the deliberation of the seminar **Thomas** summed up the discussion by highlighting the how to address the challenges that were brought on board during the discussion and to address them squarely as far as resources allows for the future exigency.

He also requested the participants to fill the online evaluation forms on how to better the future programs of these kind and what other topics they may wish to be addressed with regard to their business needs.