

THE UNITED REPUBLIC OF TANZANIA

PRIME MINISTER'S OFFICE



NATIONAL ECONOMIC EMPOWERMENT COUNCIL (NEEC)



**TANZANIA INCLUSIVE NATIONAL
ENTREPRENEURSHIP STRATEGY**

POPULAR VERSION

NOVEMBER, 2017





1. OVERVIEW

Entrepreneurship – the process of pioneering change including starting and growing businesses¹ - is a key driver of competitiveness, growth and progress of nations. The UN Sustainable Development Goals, Tanzania National Vision 2025 and policies relating to MSMEs, education, empowerment, youth development and employment recognize the central role of entrepreneurship in development. However, effective implementation has been constrained by a lack of a coherent vision and framework. The Inclusive National Entrepreneurship Strategy provided a coherent vision and framework for implementation, coordination, monitoring and evaluation of entrepreneurship development efforts.

The strategy has been developed through a participatory process involving public and private sector actors as well as the beneficiaries. It is inclusive in the sense that (i) it aims to impact all segments – from the marginalized poor youth, women and people with disabilities to innovative, high tech and growth oriented start-ups and (ii) it addresses all six key pillars for development of entrepreneurial ecosystem, namely the strategy, regulatory environment, education and skills, technology exchange and innovation, access to finance and awareness and networking.

2. VISION, MISSION AND OBJECTIVES

The **Vision** of the Strategy is that “By 2025 Tanzania will have thriving entrepreneurial spirit and accelerated economic growth, resulting in increased quality and decent jobs and improved social and economic conditions for men, women, youth and disadvantaged groups”

The **Mission** is to build the national entrepreneurship ecosystem, for enhanced entrepreneurial spirit and performance of economic activities, the creation of new start-ups and the formalization and growth of domestic MSMEs, upgraded productive capacities as well as innovative and sustainable solutions to environmental and social challenges. This is to be achieved through addressing the critical gaps

1. When we talk about promoting business entrepreneurship, we refer to supporting growth oriented, formal, high tech enterprises and not only start-ups, informal or survivalist activities



and barriers in the entrepreneurship ecosystem.

The objective is to implement an inclusive entrepreneurship strategy, considering the social and environmental challenges to address the economic, social and regulatory barriers to equal, effective economic participation by youth, men, and women, the disadvantaged and other groups. The specific objectives for each pillar are as follows:

Table 1: Specific Objectives by Pillar

<i>Pillar</i>	<i>Objective</i>
Optimizing the Regulatory Framework	Reduce regulatory and administrative hurdles for start-ups by streamlining procedures, expanding access to information, reducing costs, increasing the benefits of formalization, facilitating entrepreneurs to formalize and improve the predictability and enforcement of contracts.
Enhancing Entrepreneurship Education and Skills Development	Recognize entrepreneurship as a subject and integrate its effective teaching across other disciplines at all levels of formal education, whilst strengthening non-formal training and skill development systems by promoting learning-by-doing methodologies.
Facilitating Technology Exchange and Innovation	Support Public Private Partnerships (PPPs) to diffuse knowledge, develop research-industry collaboration and trigger innovation for sustainable and inclusive development with a strong focus on the use of ICT to develop and deliver new products, services and processes.
Improving Access to Finance	Develop targeted financial solutions for entrepreneurs, whilst strengthening the capacity of the financial sector to serve and empowering the private sector in general by promoting increased diversity of financial products and services available at affordable cost to all levels of society.



P r o m o t i n g Awareness and Networking	To instil the entrepreneurship mind set, whilst addressing cultural biases in society, paying specific attention to the status of women entrepreneurs and disadvantaged groups. To introduce initiatives in partnership with the private sector to strengthen networking, trust and cooperation among the diverse private sector players in Tanzania.
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3. INITIATIVES TO BE TAKEN UNDER EACH PILLAR

3.1 - Implementing a national entrepreneurship strategy

Policies relating to employment, youth development and empowerment recognize the need to develop a strong entrepreneurship ecosystem. For the desired impact of these frameworks and policies to be realized, broad national ambitions and plans ought to be translated into integrated and coherent implementation programmes to ensure effectiveness and synergies in implementation. The following table summarizes the main impediments and priority actions to implement the National Entrepreneurship Strategy.

Table 2: Measures to implement a coherent national strategy

Gaps	Priority Actions
Lack of a common understanding of the meaning and vision of entrepreneurship development, as well as absence of regular and systematic assessment of the entrepreneurial environment	- Conduct and disseminate assessment studies of the entrepreneurship ecosystem. Diffuse findings of UNCTAD/NEEC Mapping Study on the Entrepreneurship Ecosystem in Tanzania (2016) and run the EPF survey periodically to record improvements in the ecosystem - Introduce an annual “State of Entrepreneurship and SMEs Report” showing the key indicators of the health of SMEs.



Gaps	Priority Actions
	• Undertake Global Entrepreneurship Monitor (GEM) Survey through partnership with GEM • Conduct sensitization campaigns among public and private sector stakeholders on the Inclusive National Entrepreneurship Strategy and Action Plan.
There is no Entrepreneurship or Small Enterprises Act	• Enact a law to promote Entrepreneurship and MSME development • Support the National Steering Committee on Inclusive Entrepreneurship Development to coordinate and monitor implementation of the Strategy and Action Plan
Absence of effective mechanisms to coordinate entrepreneurship development	• <i>Establish private sector led Working Groups to support implementation of the INESSs.</i> • Review dialogue platforms such as TNBC and create better functioning framework based on lessons learnt.
Lack of systemic evaluation of measures intended to support entrepreneurs.	• <i>Establish indicators and data collection systems of entrepreneurship policies, and undertake systematic impact assessment studies and document and use lessons learnt from initiatives</i>

2.2 - Optimizing the regulatory environment

The unleashing of entrepreneurship requires an environment that enables the entrepreneur to easily start, operate and close a business while complying with the law and where his/her property is protected. There have been positive developments in simplification of regulations. Despite these positive developments, the business

regulatory environment is still considered unfriendly. The remaining critical impediments and priority actions are as follows:

Table 3: Measures to enhance regulatory framework

Constraint	Priority Actions
Lack of systematic assessment of the process and cost of starting a business.	• Benchmark the time and cost of starting and doing business at sector and Local Government Authority) level. • Introduce Regulatory Impact Assessment (RIA) - to assess implications of new policies and regulations before they are enacted. • Advocate for public sector actors to respect the existing PPD (Public-Private Dialogue) platforms at national, regional, district and sector/sub-sector level
Cumbersome and costly procedures on business registration and licensing	• Harmonize, optimize and streamline registration, licensing and taxation procedures, also through improving existing ICT-based platforms and decentralized services throughout the country. • Implement Blueprint on business regulatory licensing reforms • Introduce one-stop-shops to bundle administrative procedures to set up a business at LGA level.
Start-ups deal with inconsistency and ambiguity in taxation and inadequate support mechanisms.	• Abolish pre-operational income tax payments and explore tax breaks for start-ups. • Develop alternative dispute resolution mechanisms accessible/affordable to MSMEs • <i>Carry out awareness campaigns on intellectual property and arbitration mechanisms</i>



Lack of an appropriate policy and regulatory framework for micro enterprises (over 90%) which are too small to comply with existing formalisation legal framework.	• <i>Introduce simplified regulatory and institutional frameworks specific to micro enterprises and carry out awareness campaigns on the benefits of formalization.</i> • Establish on-line mechanisms for awareness creation for business registration, advice and compliance. • Enhance Regulatory (Empowerment) Desks at Local Government Offices (District) level. • Introduce specific policies to encourage the transition of micro and small enterprises to the formal business sector.
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2.3 - Enhancing entrepreneurship education and skills

Vision 2025 Vision, the National Economic Empowerment Policy (2004), Youth Development Policy (2007), Education and Training Policy (2014), National Employment Policy (2008) as well as the Small and Medium Enterprises Development Policy (2003) underline the need to integrate entrepreneurship in the educational system. The key gaps in provision of entrepreneurship education and skills and the proposed initiatives are as follows:

Table 4: Measures to enhance entrepreneurship education and skills

Gaps	Priority Actions
Unclear role of the formal education ecosystem in entrepreneurship, lack of focus on practical learning objectives	• Analyse formal and informal entrepreneurship training curricula identify and address gaps and monitor impacts • Encourage academic institutions to transition to third generation Universities by embracing entrepreneurship and innovation including developing learning by doing programs. • Encourage family, communities, employers and learning institutions to reward practical problem-solving
	• Develop training materials on entrepreneurship tailored to different target groups, including sub-sectors and social entrepreneurship.



Gaps	Priority Actions
Inadequate supply of quality BDS, and low unwillingness of entrepreneurs to pay for quality training.	• Map BDS providers to identify capabilities, distribution and gaps, and establish a system for BDS quality assurance • Promote ICT mediated and online learning programmes including Massive Open Online Course – MOOC approach to scale up entrepreneurship training to youth and the underserved at low cost. • Develop customized training materials and best practices in designing and delivering entrepreneurship training in Tanzania.
Few teachers have training in entrepreneurship and there are no incentives for them to engage in extracurricular activities	• <i>Implement capacity-building programmes for entrepreneurship teachers, including scaling up existing programs (e.g. by ILO and UNCTAD's Empretec, Kaizen, etc.).</i> • Provide incentives for teachers to engage students in extracurricular activities by linking class training with the industry and successful entrepreneurs. • Establish networks of entrepreneurship educators to exchange experiences, teaching tools and methodologies.
Limited collaboration between SMEs and training institutions	• Encourage academic institutions to use of successful entrepreneurs to share experience with students • Establish MSMEs mentorship and internship programmes. Develop schemes for students to undertake internships in MSMEs.

2.4 –Facilitating technology exchange and innovation

It is essential MSMEs in Tanzania adopt technology and leverage on innovation to effectively use resources; access services and learn best practice; connect to the global market place, compete regionally and globally as well as start and scale up their businesses. In Tanzania, platforms and agencies such as Commission for Science and Technology (COSTECH) have provided constructive support through the development and implementation policy and national interventions by hosting ICT centric incubators and living labs... The main impediments and priority actions in this areas are as follows:

Table 5: Measures to enhance technology exchange and innovation

Gaps	Priory Actions
Limited human and institutional capacity on technology development and training programmes.	• Mobilize resources and cooperation to support innovation centres. • Introduce regular ICT training programmes for government officials. • Initiate programmes to support capacity-building of technology development and transfer centres.
A distinct agenda for R&D is not formulated, therefore innovation is not prioritized. Programmes to link MSMEs into value chains are not fully developed.	• Consolidate and expand existing business linkages programmes to engage MSMEs with larger companies. • Promote awareness on innovation, including talent development through exhibitions, innovation forums, social media, workshops, and publications. • Promote establishment of entrepreneurial ecosystems (science parks, incubators, innovation labs, living labs, hackathons) in learning institutions and communities through provision of land, guidelines, guidelines and other resources • Promote smart clusters that collaborate with research and training institutions or private sector entities to improve practice, products, and services and solve local problems
Lack of strategies, initiatives and incentives for government, academia and private sector to collaborate.	• <i>Assess and identify specific joint research activities with</i> clearly designated participants and beneficiaries. • Introduce Innovation forums between national and local government, academia & private sector. • Review the mandate, structure, staffing, funding and incentives of R&DI from the lens of innovation and technology exchange through triple helix.



Gaps	Priority Actions
	• Introduce incentives for academia, private sector and government to collaborate in problem solving.
Lack of targeted support for applied research and entrepreneurial spin-offs, including cross-border innovation and technology exchange	• Establish performance tracking mechanisms to monitor business progression after support has been provided. • Incentivise and support cross border innovation, technology exchange and investments in supporting innovations by successful companies. • Increase visibility of innovation and innovators that impact girls, boys and women through media and other channels

2.5 Improving access to finance

An effective entrepreneurial ecosystem should have a supportive financial system providing financial services on appropriate terms, promoting innovation, continuously building capacity to serve start-ups and encourage responsible borrowing and lending. The main gaps and priority actions are shown below.

Table 6: Measures to improve access to finance

Gaps	Priority Actions
Lack of suitable financing options for MSMEs, and start-ups or youth-owned enterprises in particular	• Encourage financial institutions to develop specific risk products for start-ups, youth- and women-owned MSMEs, as part of their Corporate Social Responsibility. • Adopt ICTs and mobile platforms to promote digital and financial inclusion of MSMEs and rural communities. • Require banks to report lending by firm size and to document and share barriers in serving start-ups, micro and youth led enterprises.



Gaps	Priority Actions
Absence of public-private matching funds for innovation, high tech and rapidly growing MSMEs	• Introduce incentives to encourage development of angel investor networks, equity and venture capital funds designed for MSMEs including innovative and high growth enterprises • Introduce government funds and incentives for skills development schemes for the financial sector. • Promote innovative ideas and high-tech projects through entrepreneurship awards for young entrepreneurs.
Limited access to collateral for start-ups and lack of oversight on financial cooperatives and microfinance institutions	• Expedite development and launch of regulatory framework for credit-only financial institutions • Expedite the issuance of national IDs to be integrated into various electronic databases • Implement large scale land titling programmes in partnership with LGAs and the private sector, and issuance of Customary Certificate of Right of Occupancy (CCROs), to be used as collateral • Bring credit-only financial institutions and mobile network operators under credit bureaux
Financial literacy level among MSMEs is low and this generates mistrust between financial institutions and borrowers.	• Expedite dissemination and awareness of National Financial Education Framework Build (2016 -2020). • Organize mass-media behavioural change campaigns on ethics and integrity with respect to credit. • Build capacity of non-financial BDS providers to offer financial literacy training and support MSMEs to prepare bankable plans
	• Enact a law to protect borrowers and lenders in the micro-financing sector.

2.6 –Promoting awareness and networking

The entrepreneurship ecosystem should promote the value of entrepreneurship in the society, highlight entrepreneurship opportunities – particularly among young people, encourage private sector-led initiatives and strengthen entrepreneurs’ networks. The following have been identified as the main gaps and priority actions to promote awareness and networking.

Table 7: Measures to promote awareness and networking

Gaps	Priority Actions
Limited government support and involvement in entrepreneurship awareness initiatives; inconsistent communication strategy to highlight the value of entrepreneurship for the whole society	• <i>Participate in global events to celebrate and showcase entrepreneurship, such as the Global Entrepreneurship Week and National Entrepreneurship Day.</i>
	• cation strategy on entrepreneurship to suit different segments, using available media and technologies (e.g. television, radio, online platforms, etc.) as well as influential community leaders. • Develop entrepreneurship awards schemes, as incentives to change mind sets and practices, from the family to the national level
Lack of information about entrepreneurship-related initiatives and opportunities, particularly for young people completing formal education cycles.	• <i>Map, and make accessible, existing and potential entrepreneurship opportunities at the local, national and regional level, that are and accessible for young people and start-ups.</i> • Strengthen the National Entrepreneurship Development Committee (NEDC).



Gaps	Priority Actions
	Analyse transition of students, completing their formal education cycles, to entrepreneurship through tracer studies to inform the government action.
The local private sector is not sufficiently involved in initiatives to promote entrepreneurship.	<i>Promote local entrepreneurs' networks, clubs, and associations and BDS providers' associations.</i> - Develop and promote local level entrepreneurship clubs (e.g. at the community, school levels), business plan competitions, sensitization forums for students, unemployed, young entrepreneurs. - Develop mechanisms for private sector organizations to play a major role at the national level, through coordination, collaboration and strengthening their advocacy skills.
	- Support young entrepreneurs' networks and ensure that their voice is heard at local and national level. - Encourage and support the establishment of Angel Investors Networks.

2.7 – Specific measures on inclusive entrepreneurship

The potential of entrepreneurship as a solution to sustainable development challenges has been widely acknowledged. In Tanzania, there is a high potential for entrepreneurship to become a channel for the social and economic integration of most vulnerable groups. In view to achieve the economic empowerment and effective participation in social progress of all citizens, including youth, women, the rural poor and other disadvantaged groups, the following constraints and priority actions have been identified:

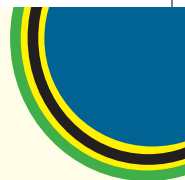


Table 8: Specific inclusive entrepreneurship development measures

Pillar	Gaps	Priority Actions
Entrepreneurship Strategy	There is no Social Entrepreneurship or Social Enterprises Act	Enact a Social Enterprise Promotion Act, with special focus on women and youth and marginalized/disadvantaged groups
	There is absence of platforms or PPD mechanisms on youth entrepreneurship, and therefore space for the voice of young entrepreneurs	Encourage mainstream business associations to establish youth chapters
Regulatory framework	Lack of mechanisms to convey information and provide guidance on compliance for youth	Empower and make use of Youth Officers in business facilitation
	Lack of incentives for businesses to transit from informal to formal for specific target groups	Introduce preferential measures and special incentives to encourage business formalization with a focus on women and youth
Education and skills	Lack of basic teaching-learning facilities, tools and support materials on social entrepreneurship	Initiate programs and incentives for development of training materials on social entrepreneurship
	Lack of training programs and approached tailored to youth	Develop and implement a program for development of training materials (case studies, games, songs, exercises, etc.) on youth entrepreneurship



Pillar	Gaps	Priority Actions
		Promote edutainment to capture the interest of the youth
		Support community based learning programs
Awareness and networking	The country does not show case innovative or high performing young entrepreneurs	Establish district/ regional street boys and girls (unemployed) entrepreneurship sensitization forum

5. IMPLEMENTATION MODALITY, MONITORING AND EVALUATION

The priority actions identified are part of mandates of different private and public-sector actors, and some are already being implemented. All institutions implementing the Strategy should budget, raise funds and mobilize materials for financing their respective priorities stipulated in the Strategy. Leadership for implementation and coordination of specific pillars will be under Ministries, Departments, and Agencies, as shown in table below.

Table 8: Leadership and coordination structure for implementation, by pillar

Pillar	Lead Institution	Support institutions
Overall leadership and coordination	NEEC/ Prime Minister's Office	TPSF
Entrepreneurship Strategy	Ministry of Finance and Economic Affairs (Planning)	MITI, MoFEA SIDO, TPSE, MCDGC, TGNP, etc
Regulatory Framework	Ministry of Industry, Trade and Investment	TPSF, TCCIA, TBS, TFDA, GS1, TRA, OSHA,etc



Pillar	Lead Institution	Support institutions
Entrepreneurship Education and Skills	Ministry of Industry, Trade and Investment	MITI, TCCIA, TIE, MoEST, VETA, NEEC
Access to Finance	Ministry of Finance and Economic Affairs (Planning)	BOT, TBA, TAMFI, COBAT, TIB Dvlp, TFBDSP, etc
Technology Exchange and Innovation	Commission for Science and Technology	R&DI, UDIEC, SUGECO, Incubators and labs, CAWAT, etc
Awareness and Networking	Tanzania Trade Development Authority (TANTRADE)	PMOLEY, TAYOA, TFBDSP

The Prime Minister's Office, through NEEC – will take overall leadership and responsibility for coordination, monitoring and evaluation. The National Inclusive Entrepreneurship Strategy Steering Committee, under NEEC's coordination, shall meet semi-annually to monitor progress and address any issues. Sub-Committees for each pillar shall be established, and these shall meet quarterly, feeding into the semi-annual meetings of the Steering Committee.

The following are the performance indicators of the entrepreneurship strategy by pillar:

Table 9: Performance Indicators by pillar

<i>Pillar</i>	Performance Indicators
Implementing entrepreneurship strategy	1) Steering Committee for coordination of the strategy established and at least 3 coordination meetings per year organized to ensure an inclusive, coordinated and dynamic ecosystem for entrepreneurship development by 2020



<i>Pillar</i>	Performance Indicators
	1) 2) Effective monitoring, evaluation of entrepreneurship development (one impact assessment study carried out every two years from 2019) 3) Annual State of Entrepreneurship Report produced every year from 2019 4) Global Entrepreneurship Monitor (GEM) Survey is done in Tanzania from 2020
Optimizing the Regulatory Framework	5) Legal framework for social entrepreneurship, micro enterprises and MSMEs in place by 2019 6) The proportion of informal business decrease from 89% to 70% by 2021 7) Successful roll out of a lower tier (simpler) formalization model for the smallest informal enterprises by 2020 8) Reduction in the cost of compliance at national and local level by at least 20% by 2021
Enhancing Entrepreneurship Education and Skills Development	1) Entrepreneurship is learnt in all primary and secondary schools and in teacher education by 2021 2) Entrepreneurship is offered to at least 50% of tertiary education students by 2021 3) The number of master trainers certified under Kaizen, SIYB, Empretec models increase from less than 10 to at least 50 by 2021 4) Nationally accredited BDS curricula in place and operating sustainably by 2021



<i>Pillar</i>	Performance Indicators
Facilitating Technology Exchange and Innovation	1) At least 20 spin-offs from research institutions and universities by 2021 2) At least 50 functional hubs, living labs, incubators and innovation forums established and functioning by 2021 3) At least 50 innovation promotion activities supported by the private sector by 2021 4) At least 20% of University lecturers involved in action research and innovative activities in industry and government by 2021
Improving Access to Finance	1) At least 5 innovation funds established for youth by 2021 2) At least 5 risk funds established for youth and start-ups by 2021 3) At least 10,000 young female and male entrepreneurs accessing innovation funds by 2021 4) At least three laws and regulations enacted to ease financing of innovative start-ups, SMEs and youth enterprises by 2021
Promoting Awareness and Networking	1) At least 50% of entrepreneurship development actors are aware of and consciously partake in implementation of INES by 2021 2) At least 500 schools, schools, colleges and communities have established entrepreneurship clubs and forums by 2021 3) Language and actions of politicians and civil servants reflect empathy with entrepreneurship and private enterprise by 2021

