

YOUTH ENTREPRENEURSHIP

Promoting Job Growth in Africa

REPORT

June 3–4, 2014 • Dar es Salaam, Tanzania

The **Youth Entrepreneurship: Promoting Job Growth in Africa** event held June 3-4, 2014 in Dar es Salaam, Tanzania, provided both a high-level forum and practical workshops to discuss best practice approaches for job creation and greater youth entrepreneurship in Africa. Over 90 stakeholders representing government agencies, policymakers, the private sector, and local NGOs attended from Tanzania, Kenya, Zimbabwe, Uganda, Nigeria, and the United States.

The event was designed to share lessons in building a culture for and engaging young people in entrepreneurship, training them, and providing ongoing support and mentorship to ensure their success. Key topics were explored in depth, including using value chains to support young entrepreneurs, access to finance, and promoting innovation. Following an initial dialogue amongst key actors supporting youth entrepreneurship in Africa, the event developed the knowledge base and capability of practitioners that provide youth entrepreneurship programming and private and public sector entities interested in advancing youth entrepreneurship in the region.

The event was successful at spreading new ideas, enhancing capacity and knowledge, and linking people and organizations working on similar issues. Program Officer, Yusuf Anyanzwa, of African Center for Women and ICT (ACWICT) in Kenya, said after the event, *“I now have a better understanding of how a good youth entrepreneurship program model works. We are going to integrate entrepreneurship training in our youth empowerment programs based on the lessons shared at the conference.”* Lillian Secelela Madeje, Managing Director, Professional Approach Group in Tanzania also commented that *“It was a pleasure to be invited to the Workshop and get the opportunity to network with many others in the field. It is my hope that we shall keep being in contact with the purpose of strengthening all our individual efforts in building skills and capacity for our Tanzanian youth.”* The event also had a positive effect on private banking. Anthony Kamau, the Head of Microfinance, for K-Rep Bank in Kenya wrote to IYF after the event to share, *“K-Rep Bank is in the process of making a number of changes in its approach to business as a result of input received from the deliberations. It [the event] also provided a good base for networking for our mutual benefits.”*

Below is a summary of key messages shared in each of the sessions.

TUESDAY, JUNE 3



Regional Trends: The Challenge and Opportunity in Creating Jobs for Youth in Africa

Moderator: **Peter Shiras**, Executive Vice President, Partnership and Program Development, IYF, United States

Speakers:

Tim Donnay, Deputy Mission Director, USAID, Tanzania

Hamisi Seif Simba, Senior Social Development Specialist, Africa Development Bank, Tanzania

Zebedayo Kyomo, Education Adviser, DFID, Tanzania

During this opening session, the speakers provided background and context for the event, including the situation of youth unemployment globally, in Africa, and in Tanzania - as well as the enormous potential of this generation to drive the global economy and tax revenues, if adequately prepared and supported to successfully enter the job market and start and grow businesses that will generate additional jobs and productivity.

Peter Shiras from IYF shared facts to frame the issues at hand, “Fifty percent of the population today is under 25 years old. Every year, an additional 5 million young people will reach the age of 15... There is continual need for jobs and jobs creation. And there is tremendous need for youth entrepreneurship to create those jobs.” He also shared IYF’s findings through the USAID funded Youth:Map project, which found that youth in Africa expressed desire to “chart their own course and become entrepreneurs,” suggesting that both the need and interest for entrepreneurship programs is strong. Tim Donnay, of USAID continued with similar points including the fact that, “in 2012, according to a World Development Report, 75 million youth were unemployed worldwide; a number that triples if you count youth that are underemployed.” Likewise he cited that “Youth unemployment in Africa is two times greater than that of adults.”

Hamisi Seif Simba of AfDB shared his perspectives on the causes of unemployment and underemployment in Tanzania. He cited a weak legal framework, absence of and/or poor youth policies, inadequate research to inform policy regarding youth, and poor curricula for entrepreneurship. In effect, Mr. Simba concluded, the informal sector represents 50 percent of the economy and 80 percent of the total wealth produced in Tanzania. Mr. Simba also discussed the AfDB’s plans to address youth unemployment, specifically in regards to addressing skills gaps, providing financial services, and hosting forums for policy dialogue.

Zebadayo Kyomo, of DFID shared his perspectives on the challenges for youth entrepreneurship, but also key opportunities that DFID is focused on, including the need to create an enabling

environment for youth entrepreneurs to create more jobs and strengthen the economy. He explained that DFID has been supporting the business environment in Tanzania with DANIDA. Mr. Kyomo stressed that business incubation centers have worked particularly well to support small businesses and that much work can be done to address labor laws and improve policies to enable small business start up and growth.

Integrating Youth Entrepreneurs into Value Chains: Job Creation and Youth Entrepreneurship

Moderator: **Angela Venza**, Program Director, IYF, United States

Speakers:

Ehud Gachugu, Project Director, Kenya Youth Empowerment Project, Kenya Private Sector Alliance (KEPSA)

Edmund Moshy, National Programme Coordinator, Sustainable Enterprises, ILO, Tanzania

Kevin Doyle, General Manager, Program Design & Development, Equity Group Foundation, Kenya

Ehud Gachugu of the Kenya Private Sector Alliance (KEPSA), discussed the Alliance and their work to build the capacity and skills of young people to start businesses and then to connect them to mentors and larger companies at various points along the value chain. KEPSA consists of 90 business organizations and over 200 private companies in Kenya. They are currently implementing a World Bank funded Youth Empowerment Program focused on youth employment through internships in the formal and informal sector. The program also has a capacity building component to support the Kenyan government in improving youth employability. He pointed out several reasons why private sector companies can and should incorporate youth businesses into their value chains, including diversification of risk by broadening their base of suppliers and vendors, accessing additional markets, as well as playing an important role in supporting job creation.

Edmund Moshy of the ILO discussed the value of enterprises to generate income for individuals and create jobs to reduce poverty. He discussed the ILO's work to strengthen young entrepreneurs' connections to local value chains. Specifically, the ILO promotes entrepreneurs through advocacy, research, social dialogue and education with both government and civil society actors. He indicated that mindsets of both youth and society need to change to better value self-employment initiatives. Policy changes can help improve the enabling environment and encourage more youth to start businesses.

Equity Bank Foundation uses the ILO's entrepreneurship curriculum "Start your Business," provides training in financial literacy, and links entrepreneurs to mentors. They also form business clubs for networking and information sharing. Kevin Doyle, of the Equity Group Foundation, discussed how Equity Group works to make banking more inclusive to bring more people into the value chain. The Foundation caters to the "unbankable" by banking without fees and not requiring minimum deposits or balances. They also embed banking agents into communities to serve people in remote areas. Mr. Doyle highlighted that young entrepreneurs can be helped in their connections to existing value chains by improved sharing of market information, to which they often lack good access, setting quality standards for goods and services, and providing local purchase order financing.

Critical Success Factors for Youth-Run Enterprises

Moderator: **Peter Bamkole**, Director of Enterprise Development Center, Pan Atlantic University, Nigeria

Speakers:

Dr. Steven Kissui, Assistant Director of Youth Empowerment, Ministry of Information, Youth, Culture, and Sports, Tanzania

James Mugabi, Head of Strategy and Innovation, DFCU Bank, Uganda

Naike Moshi, Managing Director, CV People Africa, Tanzania

To start the session, the moderator, Peter Bamkole, asked participants to discuss the success factors they see as most critical for young entrepreneurs. Participants shared the following:

- An enabling business environment
- Access to market information
- An entrepreneurship culture/enterprising mindset
- Access to financial services
- Access to mentors
- Having innovative strategies
- Having entrepreneurship and life skills (including creativity, decision making, critical reinventing, problem solving, etc)
- Networking opportunities
- The ability to redefine failure and success

Mr. Bamkole noted that there is often a sense that youth are helpless, when in fact they have many positive aspects such as the fact that they are the "mobile generation," are innovative, and are

coming up with solutions. In the past two years, Nigeria has seen many new businesses starting and growing, and many of these entrepreneurs are young.

Dr. Kissui from the Ministry of Information, Youth, Culture and Sports, highlighted that youth represents 35 percent of the population in Tanzania and as such should be targeted by programs. He discussed that a major issue for young entrepreneurs is access to financing and suggested a youth bank could be developed to help address this barrier. He also emphasized the importance of supporting young people to think strategically as they consider starting a business.

Mr. Mugabi from the DFCU Bank in Uganda, spoke about how this is an opportune time for young entrepreneurs in Uganda for three reasons: 1) it is a priority of the government, 2) increased innovation and technology is now available that offers new opportunities for young people, and 3) there is a high demand for services and resources countrywide. However, he also discussed that young people face a host of challenges and barriers, ranging from a lack of capital and skills (technical and managerial) and practical experience, as well as low education, and limited access to financing. Despite these challenges, partnerships can be used to overcome the barriers. Mr. Mugabi highlighted a successful experience in Uganda of a youth venture capital fund, where banks and the government match funds. The fund has provided 50 billion Ugandan Shillings (UGX) in capital (\$20m USD) to support viable and sustainable SMEs in key sectors including manufacturing, agro-processing, agriculture, ICT, tourism and construction. The loans range between \$2,000 and \$10,000 USD with a 15 percent fixed interest rate. Mr. Mugabi noted that venture capital is risky and that while the fund is a new initiative, 36 percent of loans are in arrears. He reported that this is due to a number of factors including low business skills, learning curve for lenders and lack of dedicated mentors to follow up.

Ms. Moshi, a young entrepreneur from CV People Africa, shared her personal experience of becoming an entrepreneur and the factors that she views as most critical. She focused on the fact that most potential entrepreneurs are afraid of taking risk, failing, and sometimes, even succeeding. As a result she believes most young people have ideas but do not act on them. Ms. Moshi encouraged young people to just start and focus on the journey. She further noted that awards for young entrepreneurs are a great way to encourage young people to do exactly that: start.

In the ensuing Q&A session, participants highlighted various aspects including: making sure to include youth in rural areas that face particular challenges; the importance of focusing on opportunities and not just challenges; and the importance of strengthening collaboration among those working on entrepreneurship in a complementary way.

Identifying Entrepreneurial Talent

Moderator: **Diana Ntamu**, Director, Entrepreneurship Center, Makerere University Business School (MUBS), Uganda

Speakers:

Busi Bango, Director, Empretec, Zimbabwe

Modesta Mahinga, Group Managing Director, Professional Approach Group, Tanzania

Ms. Bango of Empretec opened this session discussing the importance of understanding a young person's motivation to pursue entrepreneurship to determine firstly if a program is appropriate for their needs. She also recommended assessing entrepreneurial potential by examining youth's comfort with risk and degree to which they are proactive and innovative. She walked participants through Empretec's selection process and the purpose of each step. They use first an application to screen for behavioral dimensions such as commitment, goal setting, etc; second, they do an assessment of the applicant's level of technical skills; and finally they conduct interviews to gauge the person's level of commitment. In the interview they discuss the business idea and the person's overall readiness for entrepreneurship and assess the person's personal competencies. Ms. Bango also recommended a variety of outreach strategies such as printed materials, email, telephone and SMS/text as well as social media that youth use such as Facebook and Twitter.

Ms. Mahinga added that a young person's readiness for an entrepreneurship program also depends on the perspectives of his/her family and friends. She indicated that in general, Tanzanian society historically has not encouraged entrepreneurship and that can influence how supportive a young person's support network is. Ms. Mahinga also mentioned that it is important for young people to realize that to be a successful entrepreneur, they must expect some ups and downs, be willing to take risks, and understand that some sacrifice may be involved. These expectations should be shared in the recruitment process to ensure the participant has the willingness and passion to persevere.

Pathways for Entrepreneurship Success: Training and Services

Moderator: **Isabellah Ekudde**, Vice President, Internal Audit and BYB Trainer, Barclays Uganda

Speakers:

Louis Mkuku, National Programme Manager, Youth Entrepreneurship Facility, ILO, Tanzania

Mafelile Saidi, Director, Royal Business Consult Trust, Zimbabwe

Elizabeth Olofin, Executive Director, Fate Foundation, Nigeria

Emmanuel Oduor, Business Development Manager, Informal Sector Business Institute, Kenya

Elizabeth Olofin of the FATE Foundation started the discussion with a note that to implement a relevant and successful youth training program, you must know the youth and their behavior, sociability, etc. She also discussed the importance of the attitude and skills of the trainer. Trainers must respect youth, be effective communicators, and be passionate about their work. Training programs should administer an evaluation form to understand youth's opinions of the trainer and their ability to teach and respond to questions. Finally, Ms. Olofin stressed the importance of training not being theory based, but rather very practical and applied.

Emanuel Oduor shared tips from Informal Sector Business Institute (ISBI) on how to implement a successful entrepreneurship program, including the importance of engaging with youth beyond the training, especially vulnerable youth, to provide psychosocial support and life skills. He also suggested making the training challenging and fun, charging a small fee to ensure trainees are committed and appreciative, providing opportunities for trainees 'to deliver' during training through presentations of business plans, debates, etc and to use alumni as they can act as guest speakers, mentors and to communicate success stories to promote the program. Of the IYF and Microsoft *Build your Business* (BYB) curriculum, Mr. Oduor said, "*It is the best training tool I've encountered thus far. BYB focuses on the student. ICT keeps students engaged and makes students feel they own the program.*"

Louis Mkuku of the ILO discussed the attributes found in entrepreneurs, specifically creativity and risk taking. He spoke of how entrepreneurs pioneer change and possess traits that only a portion of the population has. He stressed that entrepreneurship training needs to include self-awareness and that the youth need to be psychologically and emotionally empowered for the training to be effective, as youth in this atmosphere are willing to take risks. He shared that successful entrepreneurship training models include the following: a) an enabling environment-freedom of expression, association etc. and a culture that promotes entrepreneurship, b) value chain analysis, to identify the stakeholders and what are they doing to promote entrepreneurs, c) a demand-driven entrepreneurship curriculum, d) a sound M&E system, and e) capacity building of trainers on effective methods of teaching entrepreneurship. Finally he stressed that training providers should be forthcoming about the challenges involved and integrate failures into training just as much as successes. The ILO has an initiative named "How I Failed" to help young aspiring entrepreneurs learn from others' mistakes. He also shared that the Tanzania's National Education Economic Framework lists the entrepreneurship competencies that should be covered at various stages of education e.g. entrepreneurship for primary versus secondary school.

WEDNESDAY, JUNE 4

Linkages to Finance

Moderator: **Lucia Mandengenda**, Country Director, IYF, Zimbabwe

Speakers:

Anthony Kamau, Branch Manager, K-Rep, Kenya

Tamirira Rusheche, Managing Director, Microking, Zimbabwe

In this session, Tamirira Rusheche and Anthony Kamau introduced the work of Microking in Zimbabwe and K-Rep bank in Kenya, respectively, and Lucia Mandengenda led a fruitful discussion with the audience about challenges and opportunities for financing young entrepreneurs.

Microking is the biggest microfinance provider in Zimbabwe with 20 percent of the market and 40 percent of their clients are 18-40 years old. Microking takes a value chain perspective especially in agricultural areas to mitigate risks. K-Rep was started to support the development of SMEs through NGO-managed programs. It has since evolved into a micro-credit lending program that also does research and product development.

The discussion focused primarily on the fact that banks often do not think about their role in shaping the future, developing markets, or helping the next generation. Instead they are concerned with making profitable investments and mitigating their risks. In this regard, banks' traditional goals can be at odds with developmental goals to provide financing to more risky clients. However, there is real growth opportunity for banks in these markets and real need for development programs to provide entrepreneurs access to capital. Development practitioners need to coordinate with banks when they design programs and financial products for youth. One way that banks and development programs can work well together is for NGOs to provide training and support services to youth taking bank loans, such as financial literacy courses and business management training.

In the discussion, Camfed shared a model with which they have had success, a revolving youth savings and loan scheme, where youth vote on business ideas to which they lend their common money.

Moving from Micro to Small: Stimulating Innovation and Business Growth

Moderator: **Othman Madati**, International Youth Foundation, Tanzania

Speakers:

George Mulamula, Chief Executive Office, DTBi, Tanzania

Catherineroose Barretto, Co-Founder, Kinu, Tanzania

Myke Rabar, CEO, Homeboyz Entertainment, Kenya

This session focused on best practices of assisting young entrepreneurs to grow their businesses for sustainability and job creation. The three speakers offered insights into how their organizations support young entrepreneurs and about being entrepreneurs themselves.

Catherineroose Barretto described Kinu, the youth-led organization she co-founded which provides a space for budding entrepreneurs to innovate, test ideas, and build their enterprises in a supportive environment. The organization also links entrepreneurs to other actors such as government, businesses and universities who can help them develop their ideas and share information and resources. An important aspect that Ms Barretto shared was that Kinu offered a safe space to share not only successes but failures from which much can be learned. Failing – and trying again - is an integral part of entrepreneurship and should be given space and accepted as such.

George Mulamula is an entrepreneur who started a nonprofit business, DTBi to help incubate and support new businesses. DBTi is a technology incubator which is a public private partnership including the Government of Tanzania, the World Bank, and several private sector partners. Mr. Mulamula shared that a successful entrepreneur needs three things: 1) an idea and the right mindset, 2) a great team, and 3) money and customers. In his experience, entrepreneurs don't work just for money, but because they are passionate about their idea, their business, their products or services and their customers. Innovation and having access to the right skills and support are critical and that is where an incubator can really give a young entrepreneur the help s/he needs.

The third speaker, Myke Rabar, is a successful young entrepreneur and founder of Homeboyz Entertainment. Mr. Rabar started as a young man working as a DJ and built a large successful entertainment company by being passionate about what he was doing, deeply knowing his market and clients – young East Africans and their entertainment preferences - and focusing on quality customer service. He did not take out loans to finance his business but kept reinvesting his profits to grow the business. Mr. Rabar said that to be successful, one must always be on top of the market, monitoring changes and continuing to innovate and provide something new. He acknowledged that in East Africa challenges such as limited access to capital for start-up and growth, the informality of the economy and a lack of quality human resources, including good mentors, make it hard for young entrepreneurs to be successful.

Mentorship

Moderator: **Irene Kiwia**, Managing Director, Frontline Porter Novelli, Tanzania

Speakers:

Emelda Mtunga, Founder and Editor-in-Chief, Bang! Magazine, Tanzania

Lillian Secelela Madeje, Managing Director, Professional Approach Group and Presenter, Tanzania

In this session, the panelists and moderator spoke about their experience being in mentorship programs as young female entrepreneurs in Tanzania. Two of them were first formally mentored through an international mentorship program where they came to the United States to be mentored by CEOs of large companies within the same industry. The panelists shared what they took from these experiences and how they have applied this knowledge to mentor others and manage mentoring programs in Tanzania. They shared lessons from their experience as well as best practices and held an open discussion with the audience to solicit questions and hear participants' best practices as well.

Tips included:

- Select *committed* mentors and mentee so that both parties have a positive experience and that no one's time is wasted with missed meetings. It might be best to have mentees pay a small fee to ensure they are serious about the opportunity.
- Be explicit about the mentees desired outcomes of the mentorship relationship. This will help match mentors and mentees and guide the interactions and allow for the experience to be measureable against pre-set expectations and goals.
- Set a timeframe for meeting the mentees goals of the relationship. 3-6 months is often a suitable length for a mentorship, but it can be longer.
- Be clear with mentees and mentors that the purpose is not to gain access to capital for entrepreneurs, but rather to strengthen business knowhow or personal skills that can help the mentee succeed.
- Young entrepreneurs should be encouraged to seek multiple mentors to assist them with various professional and personal development goals.

An audience participant from the Mara Foundation also shared how they carefully select mentors and mentees and manage the mentorships. Their program has a 90 percent satisfaction rate. With this program, Mara Foundation invites the mentors and mentees to come together for an opening session where the mentees pitch their businesses and introduce themselves and what they are seeking from a mentor. The potential mentors then select their top three most suitable mentees and the Mara Foundation matches the candidates after the event. They then have a formal process of

setting goals for the mentorship with both parties and conduct midterm and closing assessments of the mentoring experience.

Camfed also shared tips from their program, including being mindful of matching mentees and mentors that are appropriate and relatable to one another. For example, when they work with disadvantaged females from rural areas, they make sure to match them with other females from similar backgrounds and areas who will understand the socioeconomic background of the young entrepreneur and her business context.

Monitoring & Evaluation for Entrepreneurship: Recommendations and Challenge

Moderator: **Drew Gardiner**, Evaluation Specialist, Youth Employment Programme, ILO, Switzerland

Resource Persons:

Valerie Breda, International Labour Organization, Kenya

Eliflorida Mushi, M&E Officer, International Youth Foundation, Tanzania

Petula Nash, Program Director, International Youth Foundation, United States

Drew Gardiner of the ILO, Switzerland presented an overview of monitoring and evaluation for entrepreneurship programs and then facilitated a working session where participants rotated through stations led by topic experts to discuss more technical aspects of monitoring and evaluating entrepreneurship and entrepreneurship programs.

A station focused on **Indicators for Success**, concluded that program managers can go beyond the customary income related indicators to consider indicators related to other goals that businesses have to measure their success, such as expansion, customer satisfaction, or development of systems or products. There was also discussion of methods of evaluating such indicators including: mapping outcomes, having young entrepreneurs keep outcome journals and testing levels of financial literacy pre and post-program. Groups discussing **Evaluation Methodologies** shared methods and tools that they find most useful, including use of photography, testimonial from observation and case studies, as well as comparison of baseline and exit surveys. The groups discussing **Policy and Procedures** discussed common challenges faced in data collection with young entrepreneurs and concluded that holding post-program ceremonies can help managers collect information after programs end. Another station discussed **Utilizing and Communicating Results**. They discussed how data is currently shared with staff, management, donors and other NGOs through reports, publications and conversation. They discussed the importance of sharing unfavorable results or findings with contextualization to help others learn.

Closing Reflections

Moderator: **Awais Sufi**, Chief Operating Officer and Executive Vice President, IYF, United States

Speakers:

David Bruns, Education Officer, USAID, Tanzania,

Victor Mnyawami, Tanzania University Entrepreneurship Challenge

Jane Lyatuu, Principal Trade Officer, Department of Small and Medium Enterprises Ministry of Industry and Trade, Government of Tanzania

In the closing reflections, Awais Sufi reiterated the need and opportunity for youth entrepreneurship in Africa and the government of Tanzania and USAID shared their plans to support this work in the coming years. A young entrepreneur also gave his remarks about the conference and potential of other inspiring youth in Africa.