

**Public stakeholder consultation on *Investing in Business Environment and Employability (iBEE) in Tanzania: Employability***

**Thursday 28th April 2016, 2pm, SK Conference Room, Ground Floor, Umoja House, Garden Ave, Dar es Salaam**

Please let Ameeta Mehta know in advance if you are coming so we can advise security:

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### **Background**

Under the 11th EDF EU-Tanzania National Indicative Programme (NIP 2014-2020) a provision of €3 million has been made available to promote private sector, employment and economic development. This envelope comes in support to Civil Society Organisations, in particular business associations; organisation promoting business and employment as growing stakeholders in development. The envelope will support the private sector to contribute to an improved business environment (dialogue on business climate) for inclusive and sustainable growth. The action will foster public/private dialogue, encouraging trade and investment promotion between Tanzania and the EU, and strengthening access to formal employment among youth (through supporting business development and local hiring). Improving access to employment is central to the goal of achieving shared prosperity and promoting professionalism in business among the youth in Tanzania. Initiatives aiming at supporting the employability and initiatives to empower young Tanzanian entrepreneurs will be promoted to contribute to the reinforcement of Tanzanian Human Capacity in line with the goals of the FYDP II.

Tanzania is experiencing a significant surge in the youth demographic, creating an imperative to focus on youth and their specific needs. Nearly two-thirds (63%) of Tanzania's population is under the age of 25, and 19% is between 15-24 years of age<sup>1</sup>. Young people in Tanzania face significant challenges including poor quality education and a lack of economic opportunity. Youth development efforts need to focus on reducing the obstacles associated with these challenges and capitalizing on young people's energy. A key challenge for young people is the need to find a job or create an income. Each year in Tanzania, approximately 800,000 young people leave school and enter the job market, and relatively few will secure a formal job, forcing large numbers of young people into unsupported entrepreneurship or unemployment. Large numbers of young people work in vulnerable and precarious circumstances, seeking multiple avenues to secure an income through mixed livelihoods<sup>2</sup> and few find consistent employment in the formal sector. In particular, young women face disproportionate risks of violence and lack of opportunity. Conversely, there are many unfilled (usually urban based) jobs in the formal economy which require a tertiary education qualification. Statistics show that the economy had around 137,000 unfilled entry-level formal jobs in 2014<sup>3</sup> which required some tertiary education and many vacancies which persist in the formal sector focused on mid-level management roles<sup>4</sup>. Despite this reported gap, many young people with a tertiary qualification are out of work, and roughly 40% of youth in Dar es Salaam and 70% of youth in large cities in Tanzania are in vulnerable employment conditions<sup>5</sup>. Importantly, vulnerable

<sup>1</sup> United Republic of Tanzania, 2012 Population and Housing Census

<sup>2</sup> MasterCard Foundation, 2015, Fostering economic opportunities for youth in Africa: a comprehensive approach

<sup>3</sup> Employment and Earnings Survey 2014 report. Tanzanian National Bureau of Statistics. <http://bit.ly/1VfPfoe>. The largest number of vacancies (51,342) required employees with educational qualification of tertiary non- university followed by 50,733 vacancies which required employees with teacher education and 38,763 vacancies requiring employees with tertiary university education. In addition, there were 8,524 and 8,809 which required persons with vocational education and primary education level respectively.

<sup>4</sup> ibid

<sup>5</sup> ILFS 2014 report. Tanzanian National Bureau of Statistics. <http://www.nbs.go.tz/>: Youth in vulnerable employment involve own account workers and contributing family workers. It measures the proportion of youths employed under relatively vulnerable circumstances. These youths are less likely to have formal work arrangements, and therefore more likely to have no decent working conditions; such as adequate

employment is not limited to rural poor, or those graduates with no education. Roughly 36% of youth with some form of tertiary education are in vulnerable employment<sup>6</sup>.

Discussions with companies reveal a frustration with a lack of skills and experience among Tanzanian graduates. This is often linked to weak critical thinking and problem solving skills, and no volunteering or internship experience, creating a low level of work readiness or 'employability' among new graduates, who require additional training before they can fully to accomplish their tasks. In addition, there is reportedly a high turnover of competent graduates, which makes companies reluctant to hire new graduates and spend money and time on training. There is also limited labour market support available to link companies and graduates. There is therefore an opportunity for companies in Tanzania who have a good knowledge of the labour market to team up with universities, technical schools, and civil society organisations to help young graduates gain access to the labour market by offering them their first work experience and improving their employability skills.

Not all graduates will find formal employment; this creates a need for support services to young entrepreneurs to create formal businesses. Formalisation is important as it reduces youth vulnerability and increases prospects for company growth; it has the potential to stimulate appropriate legislation and regulations for start-ups. Entrepreneurial growth can be supported through creating spaces that reduce entry barriers, especially costs associated with formalisation and access to knowledge and combined services.

#### **Objectives of the programme**

The Overall objective of the *iBEE* programme is to promote the development of private sector, employment, and economic development in alignment with the Government of Tanzania's Five-Year Development Plan.

The Specific Objectives are defined as follows:

SO1: Empower private sector organisations and their capacity to engage in advocacy on business environment issues and trade promotion.

SO2: Promote the development of employment and entrepreneurship opportunities for the Tanzanian youth.

#### **Objectives of the consultation**

This consultation is open to all interested parties and will focus on *specific objective two 'Promote the development of employment and entrepreneurship opportunities for the Tanzanian youth'*. We will present the big challenges as we see them and ask for additional input.

We are seeking inputs on:

- Focus priorities for the action
- Lessons learned from past projects
- Synergies with ongoing projects
- Key stakeholders
- Major challenges

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social security, voice in trade unions, adequate earnings and productivity; and other work conditions that promote workers' basic rights. If the proportion of youth workers in vulnerable employment is large, it is a manifestation of poverty among youth.

<sup>6</sup> Employment and Earnings Survey 2014 report. Tanzanian National Bureau of Statistics. <http://bit.ly/1VfPfoe>