

Uwezeshaji

NEWSLETTER



NATIONAL ECONOMIC EMPOWERMENT COUNCIL (NEEC)

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REGIONAL AND DISTRICT ECONOMIC EMPOWERMENT DIALOGUE HELD THROUGHOUT THE COUNTRY



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Chairman of the NEEC, Mr. Emmanuel Kija Kamba.

On behalf of the Council members, I wish to thank the Government of the United Republic of Tanzania for its deliberate and affirmative action to formulate NEEP and enactment of National Economic Empowerment Act No 16 of 2004 which led to establishment of the Council and its Secretariat to spear head economic empowerment initiatives in the country.

These efforts proved the commitment of the Government towards enabling its people to participate more in their economy and manage large segment of the economy and hence improve their living standards.

I am impressed by this publication aimed at communicating the Council activities to the entire

public and invite public discussion how best the Council can achieve its objectives.

Economic empowerment requires coordinated efforts to realize its desired results effectively and efficiently. Under the day to day coordination of the Council activities by the Secretariat, I believe that not later the results will be seen and felt by the majority of Tanzanians.

The council plays a key role in coordinating economic empowerment initiatives such as access to finance, marketing information, property formalization, raising skills and knowledge and supporting the programme of strengthening business environment in the country.

The NEEC endeavor will continue towards contributing to poverty eradication and sustainable economic development in Tanzania through decreasing the disempowered groups and increasing their potential to influence in participating in economic opportunities in the country.

Once I again I would like to congratulate the Secretariat for its valuable commitment in coordinating day to day activities with innovative intervention to realize economic empowerment to our people.

Together lets make Economic empowerment, “A sense of ownership”

Emmanuel Kamba

Chairman of National Economic Empowerment Council.



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Statement from Executive Secretary

Welcome to our first Annual Uwezeshaji newsletter. It is a year now since the recruitment of the Secretariat with the mandate to coordinate day to day functions of the Council.

Our sincere gratitude to the Government of URT for recognizing the need of empowering its citizens economically by timely formulating the National Economic Empowerment Policy of 2004 to guide the implementation process and through legislature passed National Economic Empowerment Act No 16 of 2004 to enforce the move.

The presence of the National Economic Empowerment Policy and its Act to establish the council and its secretariat proved the government commitment to empower its people.

The Council direction has enabled the secretariat to move forward through putting in place strategic plan which provide a road map for economic empowerment coordination in the country.

The five years Rolling Strategic Plan is on the move as activities taking place range from raising awareness and sensitizing the public about national economic empowerment policy, operationalization of the Mwananchi Empowerment Fund to enable access of credit to indigenous SMEs, training of entrepreneurs to ensure business sustainability and credit management and networking with donors, public and private institutions.

We are looking forward to reach more people in the country with Information Education Communication programme targeting towards mindset change and strengthening skills and knowledge to adopt entrepreneurial thrusts in their business.



Executive Secretary of NEEC, Mr. Eliseta Kwayu.

The task is challenging but impressive as the public response is high to uplift their living standard through income generating activities in their areas.

We will continue playing a key role in advocating for better economic empowerment plans in the country and work closely with the government initiatives in strengthening the economic empowerment initiatives.

Eliseta Kwayu

Executive Secretary.

Regional and district economic empowerment dialogue held throughout the country

The National Economic Empowerment Council in collaboration with Tanzania National Business Council conducted economic empowerment dialogue covering all the Districts and Regions in the country with a focus on exploring economic activities. The participants who represented the wishes of the people identified and prioritize issues with tangible economic impact in their areas.



NEEC Chairman, Mr Emmanueli Kija Kamba (standing) speaking in one of the economic empowerment dialogue. Right is Mr. Dustan Mrutu, Executive Secretary Tanzania National Business Council (TNBC).

Participants were derived from all walks of life and activities ranging from farmers, livestock keepers, business community, Government officials, professionals and religious leaders. This aimed at ensuring participation of all stakeholders, in order to create ownership of the process and use of home grown solutions to solve local problems.

The dialogues were chaired by Regional and District commissioners in their Regions and Districts respectively.

Issues raised in the discussions were generation of employment and income in the Regions and

Districts. Also types of groups to be empowered were identified, cost effective strategies for implementation of the process were suggested by the participants. The meetings identified activities which will create jobs and income to the people.

The dialogue explores issues which hinder the improvement in standard of living to the entire population in the country. Tanzania mainland has twenty one (21) regions, 133 districts with per capita income of Tshs 423,625 by the year 2007. This level of per capita income is very low and differs from one region to another. Singida with lowest per capita income level of Tshs 253,489 compared to Dar Es Salaam with Tshs 900,376 as highest per capita income amongst all the regions.

The participants suggested the initiatives to be put in place to enable realization of economic empowerment in their areas. These includes; mind set change towards empowerment, entrepreneurship training, infrastructure development, strengthening business environment, access to markets and business capital. Others were relating to availability of modern agriculture inputs,

increasing the number of extension officers, good land use plan, responding to globalization pace and sustainable plan for job creation

After all regions presented their views on how best to attain economic empowerment, a way forward was agreed that empowerment is a top down, bottom up exercise. Therefore it involves deliberate and affirmative actions by the government to make majority Tanzanians to own and effectively participate in their economic activities. At the same time they have an important role to play to empower themselves economically and to contribute to the economic empowerment of the majority.

Mwananchi Empowerment Fund (MEF) starts its operations in Mtwara, Manyara and Lindi region.

The Mwananchi Empowerment Fund (MEF) was launched on January, 2008 by the then Minister for Planning, Economy and Empowerment honourable Dr. Juma Alifa Ngasongwa (MP). The MEF is coordinated by the National Economic Empowerment Council (NEEC). The Fund targets Small, Medium and large Enterprises (SMEs), Cooperative Societies, SACCOS and other feasible economic groups which have the potential to boost the national economy. Specifically, the fund will assist in solving the constraints of lack of capital and credits; and promote entrepreneurship training.

The Fund act as a catalyst for implementing the National Economic Empowerment Policy, and hence empowering Tanzanians economically through:-

- Promoting universal understanding of equity ownership among Tanzanians;
- Contributing to the creation of employment opportunities;
- Providing a link between institutions and organizations that are registered under the NEE Act 2004; and

The MEF started with an initial Government deposit of four hundred million (400million). The Council has entered into agreement with CRDB Bank Limited in July 2008, where NEEC has agreed to put the Tshs. 400million as a guarantee and the CRDB BANK will provide credit three times as much the amount of the guarantee. This is equivalent to Tshs. 1.2bn.

The first phase of Mwananchi Empowerment started in September covering five regions which includes Lindi, Manyara, Mtwara, Rukwa, and Singida. The credit facilities will be provided through SACCOS and mainly covers productive activities such as agriculture production, agro-processing, purchase of tractors and agribusiness development.

Up to March 2009 a total of Tshs. 772million has been disbursed to SACCOS in Lindi, Mtwara and Manyara region. By June 2009, NEEC is expecting to cover all the regions under phase one programme.



The then Minister of Planning, Economy and Empowerment, Hon. Dr. Juma Ngasongwa (second left) speaking in the launching of Mwananchi Empowerment Fund in Dar es Salaam. Is flanked with NEEC leaders.

The highest amount of loan issued to an individual is Tshs.. 4million; where as the average amount is Tshs. 400,000 per individual. Twenty five per cent (25%) of the borrowers are female due to the fact that most of the SACCOS are new with few female members.

Thanks to the Regional and Districts Administrative Authorities for tireless efforts to sensitize the entire population in their respective areas to mobilize themselves in forming SACCOS and adhere to credit procedures in obtaining credits facilities to improve their businesses.

NEEC will continue working closely with the Regional and Districts Authority as well as CRDB Bank to ensure that the loans reach the intended needy community and help them attain better life through regular monitoring and evaluation of the programme.

Entrepreneurship curriculum development underway: NEEC initiative in improving business knowledge development.

A low level of skills, education and lack of resources limit the effective participation of many Tanzanians in economic activities. The current education system is not conducive to entrepreneurship development.



Students attending class session where by entrepreneurial education is of paramount to enable them become entrepreneurs who can compete in the national and global markets.

NEEC in collaboration with Ministry of Education and other stakeholders is coordinating the development of entrepreneurship curriculum to lay a foundation for the sustainable development of entrepreneurship in the country. The curricular will be tailored to suit our business environment as well as demand for the competitive markets.

A range of institutions are participating in the initiative and they include University of Dar es Salaam Entrepreneurship Centre (UDEC), Tanzania Institute of Education (TIE), CRDB BANK, SIDO, Ministry of Industry Trade and Marketing, VETA, CBE, NACTE, and DSA.

The curriculum will focus amongst other things revising the current education curriculum in order to accommodate the entrepreneurship component which in turn will impart and build confidence, innovativeness, creativeness and daring to most graduates.

It should also indicate a strong positive correlation between education and entrepreneurship. The curriculum will focus on programmes geared towards creativity, multidisciplinary and process oriented approaches in transition stages from tradition to modern approach of entrepreneurship education.

Based on the expertise demonstrated by University of Dar es Salaam through UDEC in developing and facilitating courses on entrepreneurship, NEEC proposed the same university (centre) to play a leading role in developing the national entrepreneurship curriculum.

The University of Dar Es Salaam Entrepreneurship Centre (UDEC) was established in 1999 within the Faculty of Commerce and Management (FCM) to provide training, consultancy and conduct research in the area of enterprise development.

Commenting on the initiative, UDEC Executive Director, Dr Donath Olomi said, "The move is timely and urged the Council to live to its promise as entrepreneurship knowledge development will not only enable Tanzanians to manage their economy but will also enhance empowerment in their lives through realizing a better life"

Different survey conducted by financial institutions as well as other organizations pointed out that most of the business collapse due to low level of knowledge in managing business by customers. Though most of the customers often perceive access to finance as the number one problem facing them, but in many cases this is at most only part of a bigger problem of capacity limitations.

The most serious impediment is the limited capacity of people who start and operate the businesses, in terms of the attitudes, motivation, exposure, skills and experience.

With Entrepreneurship curriculum development and proper provision of business development services are expected to make a difference to the majority of Tanzanians.

Role of financial Institutions in economic empowerment process

The role of financial institutions and banks in the development of the economy is financing the productive sectors. Since the liberalization of the banking sector in 1991, a number of commercial banks have been established in the country and increased the access of banking services to the Tanzanian population.



Twin Towers which house the Headquarters of Bank of Tanzania responsible to oversee the development of banking sector in the country.

Currently Tanzania has 35 banks and financial institutions which serve only 1.6million people, less than 5percent of the entire population. Agricultural sector receives less than 5 percent of total lending from banking sector although contributes 26 percent of the country's GDP.

The total customer deposits stood at 5.6trillion while the total loans and advance are 2.9trillion as at

December 2007 according to the Tanzania Bankers Association report.

Financial institutions are playing a key role to supplement government efforts to reduce poverty and enhance economic empowerment to the people.

In the financial year 2007/08, the government through CRDB and NMB Bank guarantees the micro and small medium entrepreneurs to access loans from these commercial banks at citizens' compliance requirements.

Despite its progress, the banking sector seems not doing enough in financing the productive sector because of the risks involved and higher transaction costs.

Most of the SME businesses in the country are locked out to accessibility to banking services due to lack of collaterals demanded by banks and inability to prepare acceptable business plan and financial projections.

The challenge to create a bankable society is essential both to government and financial institutions in the country.

The government realizes its responsibility of providing enabling environment for an efficient and effective banking system as it undertakes reforms in strengthening business environment in the country.

Financial institutions should provide more support through a tailor made system of delivering financial services particularly loans to the small and medium enterprises (SMEs) whose growth makes vital contribution to job creation, income generation and exports growth.

Also banks and financial institutions should revisit their expansion programme to cover rural areas which are virtually un-banked with a lot of potentials.

Research initiating Economic Empowerment Initiatives in the Region– Tanga and Dar es Salaam studies.

Recently the National Economic Empowerment Council (NEEC) has embarked in research facilitation processes which are intending to initiate economic activities in Tanga and Dar es Salaam regions respectively. The focus is to empower majority of population in the regions, since the studies are aiming at promoting establishment of income generating activities with member driven spirit which will ensure their sustainability.

In Tanga region, the study focuses on the establishment of fruit industries which will enable the farmers secure market for their products as well as adding value on the products.

The study also sought the revival of cooperative movement in the region to help farmers have single voice on their crops and manage markets of their products with competitive price.

A financial intermediary is of paramount importance to enhance economic growth therefore presence of community based bank was also emerged in the study. Consequently the study find out the need of establishing community bank in the region with community based requirements to support farmers and community at large to access finance and financial services.

In Dar es Salaam region, the study focuses on curbing of importation of domestic and office furnitures and promotion of locally made furnitures. The aim is to empower the local carpentry industry and capacitating it through training, markets and access to financial services.

The country is spending a colossal amount of foreign exchange in importation of furnitures. Such money could otherwise be used in other essential import like industrial chemical or agro chemicals.

NEEC has already disseminated Tangas research findings to the District Business Councils of Muheza, Mkinga, Korogwe and Lushoto respectively. The final

dissemination was done at the Regional Secretariat where resolutions from the District Business Councils were deliberated. All District Business Councils resolved to establish their own community Banks, reviving of cooperatives reviving of small industries.



Tanga sisal industry in a poor condition due to decline of sisal production in the region.

The regional secretariat and NEEC are working on organizing Tanga's Economic Empowerment Forum meeting which will decide way forward for the resolutions adopted by District Business Councils.

Peter Sabai Chacha, Planning and Research Manager of the National Economic Empowerment Council has said that, the studies conducted are vibrant since they involve people in their community, and advice which economic activities are full of potential and how best can be implemented to realize its desired objectives.

“With the two studies carried out, today we find it more achievable as locality took part in the exercise and commit themselves to make it happen as far as the government will properly guide them.

As the role of the council to coordinate economic empowerment initiatives, research will be keenly applied to ensure systematic implementation of the economic empowerment initiatives” he said.