

**Poverty Reduction in Dar es Salaam through  
Youth Employment Creation**

*Youth unemployment: a time bomb,  
or one of the best entrepreneurial opportunities of our time?*

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by

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## **Introduction**

*" The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield."*<sup>1</sup>

## **Background**

1. During a recent trip to Nairobi in March / April of this year, I visited UN-HABITAT and was informed by their Urban Secretariat - Partners and Youth Section about their project titled 'URBAN YOUTH DEVELOPMENT POLICIES WITH EMPHASIS ON BUILDING CONSTRUCTION AND INFRASTRUCTURE INCOME GENERATING SKILLS. I learned that Tanzania was one of the countries targeted for the pilot phase of this project (2003 – 2004).
2. Due to the relationship I had developed since 2001 with Kinondoni Municipality as a result of moderating a Stakeholders Workshop for the Municipality under the Tanzania Local Government Reform Program, I was immediately interested to know how the project was progressing in Dar es Salaam and was informed about the ongoing process to initiate Youth Councils at both Municipality and City levels (see Attachment # 1). The aim of these councils, I learned, was to enable youth to be involved /participate in local authorities discussions (and decision-making) processes.
3. From a careful reading of the URBAN YOUTH DEVELOPMENT POLICIES pilot project document, I noted that the project was due to end in December 2004. Also, it was apparent that the objectives, expected results and activities of the project were unlikely to be reached in Dar es Salaam by the end of 2004, unless, in addition to the ongoing process aiming at establishment of Youth Councils at City and Municipality Levels, other processes would be initiated to achieve the other priority objectives, results and activities.
4. Upon returning to Dar es Salaam, I contacted some of my colleagues at Kinondoni Municipality and shared with them what I had learned about the URBAN YOUTH DEVELOPMENT POLICIES pilot project. I also shared the project document with them, as they had not previously seen it. I also learned from them that there were several challenges being faced in formation of the Youth Councils that had been originally planned for by the city municipality, partly due to inadequate information sharing, consultation and agreement between all four autonomous municipalities established after the split of the original one City of Dar es Salaam. As a result, youth councils had yet to be formed, and the steps leading to their formation was still uncertain.
5. After consulting on the question "what next?", we arrived at a decision to facilitate start-up of a Kinondoni Municipal-level Youth Employment Creation Program, under the auspices of the URBAN YOUTH DEVELOPMENT POLICIES pilot project. The project development process was to be based on the Working Group process approach developed by the Sustainable Cities Program. The UN HABITAT Partners and Youth Section was willing to support this process, provided the municipality and relevant stakeholders would own it. The project in Kinondoni would be developed as an example to be subsequently

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<sup>1</sup> R.J. Say. French economist who coined the term 'entrepreneur' in the 19<sup>th</sup> Century.

shared with the other three municipalities in Dar es Salaam for their own independent assessment, decision and action.

6. After formal approval by the Kinondoni Municipal Director of a Draft Project Proposal, program development was effectively launched with the holding of the first ***Core Working Group*** meeting for the ***Kinondoni Youth Employment Creation Program***, hosted by the Kinondoni Municipality.

### **What is to be achieved in Kinondoni Municipality?**

7. The current core working group for the Kinondoni Youth Employment Creation Program includes the following individuals:
  - Gaudence Nyamwihura, Research and Planning Officer, Kinondoni Municipal Community Development Department;
  - Abdallah Mohammed, Chairman, Urafiki Mitumba Market Association (“Big Brothers), with about 5,000 clothes vendors;
  - Zoe Katiko, Branch Manager, National Microfinance Bank, Magomeni;
  - Josephat Massawe, Director of Programs and Consultancies, Business Care Services; and Business Times Media Group);
  - Mlongethcha Mkuku, Chief Executive Officer, Junior Achievement of Tanzania;
  - Janet Kiwia, Director, City Mortgage and Finance Corporation; and one of the promoters for the start-up of the Social Venture Network in Tanzania;
  - Gideon R.R. Mandara, Social Ventures Facilitator; & Secretary General, WCRP, Tanzania Chapter.
8. At the first meeting of the core working group, information about the UN HABITAT project, and the Kinondoni Youth Employment Creation Program, was shared and discussed. Several important questions were raised and consulted upon as follows:
  - *What is the relationship between the UN HABITAT project and the Kinondoni Youth Employment Creation Program?* The UN-HABITAT project is a time and resource limited initiative, with specific results to be achieved by December 2004. The Kinondoni Youth Employment Creation Program a long-term initiative of the municipality that aims to eventually reach all wards and neighborhoods of the district. The UN-HABITAT project will therefore serve as a ***catalyst*** for the initiation of the Municipal Youth Employment Creation Program.
  - *Is the proposed program going to be focused on youth job creation in the shelter and construction industry only, or in other sectors also – like agriculture, trade, fishing, catering services, etc.?* The vision for the Kinondoni Youth Employment Creation Program is to address the challenge of youth employment in a holistic way, considering needs of any and all important sectors. On the other hand, the UN HABITAT supported component of the program would be primarily focused on youth job creation linked with shelter.
  - *Is there a possible conflict of interests between the plan to form the Dar es Salaam and Municipal Youth Councils and the Kinondoni Youth Employment Creation Program?* The plan to form Youth Councils at city and municipal levels has it’s own process and timeline, managed by the Dar es Salaam City Council. Since the split of the original single

Dar es Salaam City Council into four autonomous municipalities (Temeke, Ilala, Kinondoni and City), Kinondoni is legally empowered to enter into independent contracts with other parties. Further, the start-up of the Kinondoni Municipal Youth Employment Creation Program is being done as a bottom-up, participatory development process with key stakeholders for the municipality, in line with the national Local Government Reform Policy.

- *Who are the key stakeholder groups for the program?* The program envisages 4 main categories of stakeholders:

A. **COMMUNITY:** This would be focused on the primary target group for the program, youth - both individually and in groups. There are an estimated 400,000 youth in the age group 14 years to 35 years (about 40% of approximately 1.08 million people, the population of Kinondoni Municipality). One of the early tasks for the new program is to obtain detailed statistics on the situation of youth in Kinondoni Municipality. This would be done during the first three months of the program (June – August 2004), primarily through the network of community development officers in all 27 wards of the municipality. The information would be disaggregated with reference to the 103 neighborhoods and 14 villages in the municipality.

One of the Core Group members, 'Big Brothers' Chairman Abdallah Mohammed (who represents an association with about 5,000 vendors) would take an initial leadership role in facilitating the engagement of youth groups. The number of Working Group members representing youth would be progressively increased to reach an optimal size and representation. In fact, the working group process may grow to include several sector-focused working groups, depending on the type of education, training or economic activity that the targeted youth are engaged in.

B. **PRIVATE AND CIVIL SOCIETY ORGANIZATIONS (CSOs):** This includes formal businesses of all sizes, as well as non-for profit organizations, which would be committed to playing a role in youth employment creation in the municipality.

One of the Core Group members (The Business Care Services / Business Times Media Group - BCS/BTL) would play a leadership role in facilitating the participation of the private business sector. The number of Working Group members representing the business sector would be progressively increased, possibly with a sector focus.

One of the most significant CSOs would be faith-based organizations (FBOs). WCRP Tanzania would take a leadership role in facilitating the engagement of FBO's, which are possibly the most widely dispersed, well established and influential organizations anchored in neighbourhoods throughout the municipality.

The small private finance company, City Mortgage and Finance Corporation (CMFC), would play an innovator role for small-scale housing finance, and would link with larger banks to leverage bigger resources for shelter targeted microfinance.

C. **GOVERNMENT ORGANIZATIONS:** This includes both local and central government institutions and programmes, including specialized agencies like the National Microfinance Bank (NMB), the Small Industries Development Organization (SIDO), the Vocational Education and Training Authority (VETA). A significant world-bank linked programme that

could have a significant support role for the Kinondoni Municipal Youth Employment Creation Program is the Tanzania Social Action Fund (TASAF).

The Kinondoni Municipal Council would play the leadership role in facilitating entry of other government organizations into their Youth Employment Creation Program, in addition to their overall leadership role for all other stakeholders. Kinondoni Municipality itself earmarks 10% of its revenues annually for financial support (in the form of credit) to micro and small enterprises.

NMB, reportedly now the most profitable bank in the country, has a significant and growing microfinance portfolio. Kinondoni Municipal Council is one of the largest customers of the NMB Magomeni Branch. They already are managing part of the micro and small enterprises credit fund of the municipality. Hence, they are a key player for the growing support for youth enterprise development.

D. DEVELOPMENT COOPERATION AGENCIES (DCA): This includes bilateral and multilateral organizations, as well as international NGOs that mobilize resources for community development. Some of these could be: World Bank (through TASAF); Ford Foundation (through WCRP Tanzania and others); Tanzania Gatsby Trust; ILO; and the African Development Foundation (for well organized youth groups). Linking with relevant DCA will take place as the Youth Employment Creation Program strategy develops.

E. ISSUE-FOCUSED WORKING GROUP: In line with the issue-focused working group process developed under the auspices of the Sustainable Cities Program, the members of the working group would be those institutions with a strategic role to play in moving forward the youth employment creation agenda.

In the first instant, this includes the seven members of the current core working group, with the Kinondoni Municipal Council (Attn. Gaudence Nyamwihura) serving as the Secretariat. The group would evolve and grow as the Youth Employment Creation Program takes shape.

- *Would the Youth Employment Creation Program be totally dependent on funding from UN HABITAT?* Support from UN HABITAT is felt to be important as a catalyst for the start-up of the program. However, due to the business oriented stakeholders being brought on board in the working group, several significant components of the program could start on a purely commercial, demand-driven basis. For example, following the first core group meeting, NMB Branch Manager Zoe Kastiko and 'Big Brothers' Chairman Abdallah Mohammed immediately organized to meet and 'talk business'! For youth who are already engaged in, or linked to, some form of viable economic activity, much can immediately be done to first strengthen existing economic activities, and then subsequently finance the growth of those activities with the best prospects for job-creation.
- *What are some of the strengths that Kinondoni Municipality offers for the program?* Kinondoni has several characteristics that make it an ideal municipality for piloting a Youth Employment Creation Program in Dar es Salaam:
  - i. It has one of the best income streams of any municipality in Tanzania.

ii. It has a well established information technology (IT) program and is the leading municipality in the country to invest in IT applications. Major initiatives are from its own revenue sources. The district has a web-site ([www.kinondonimunicipality.go.tz](http://www.kinondonimunicipality.go.tz)); most senior officers in the municipality are now computer literate and have access to at least a desktop computer; the municipal headquarters is networked (LAN); the 27 wards and other key service facilities (e.g. health centers) are on the way to being computerized and 'on-line'.

This fast developing IT network would serve the Youth Employment Creation Program well as a communication infrastructure to all parts of the municipality. Collaboration can be sought with private internet cafes in those parts that have not yet been reached by the municipality's own IT network.

iii. It has a good complement of qualified, experienced and committed professional staff and leaders (councilors) to provide technical support to youth under the Youth Employment Creation Program.

- *What are the most important activities the program should start with?* Different members of the core group brought up various suggestions. These included:

i. Do a 'market study' to identify the different segments of youth that should be targeted, and their needs, demands and situation.

ii. Start working with groups 'who have direction', and who can therefore set a good example for others. For example, in the case of UN HABITAT funding that should achieve results quickly, start with strengthening and supporting the growth of already existing groups like Big Brothers, and linking this growth with investment in shelter and neighborhood upgrading.

iii. Start with education and training first, for both service providers and the target groups of youth.

iv. Ensure that a continuous feedback system is put in place from the beginning, with explicit performance indicators, so that we can know that we are making continuous progress towards success.

v. Make sure that the municipality does not provide its support to micro and small enterprises as 'free money'. This has in the past created a very negative and irresponsible attitude by past recipients towards credit. There are still too many people 'out there' who think they can get away with not repaying loans, based on their experience with government sourced loans that are poorly followed up. Government should stick to training and capacity development and leave lending to professional financial institutions with proper follow-up and compliance systems in place.

vi. Ensure that we do have plans for youth who have 'lost hope', and not only for 'winners'. There is a need for special programs, for example, for rehabilitation of drug addicted and/or socially traumatized youth. One of the core group members underlined the vital importance of reaching all marginalized youth by reminding other core group members that many civil wars in Africa are fought by effectively engaging and arming marginalized children and youth between 8 and 20 years of age with AK 47s!.

vii. The program should be designed to accommodate the interests of different donors and service providers. Each donor and service provider should be able to identify and support their special interest group or sector.

viii. The next core group meeting should be held before the end of June 2004, to organize for a full stakeholders' workshop. A fully-fledged working group for the program would be established after the full stakeholders' workshop. In the meantime, core group members should read and reflect on the program documentation provided, and come up with recommendations for how to make rapid but cost-effective and efficient progress in starting up the program in Kinondoni.

ix. The first stakeholders meeting should accommodate at least about 80 people, excluding the organizers, and municipal support staff and observers.

## **Youth Employment Situation in Kinondoni Municipality**

### **The facts about Youth in Kinondoni**

9. Even though a full baseline study is yet to be done to establish a comprehensive, municipal-wide measurable starting point for the program, the aim is to 'start with what we know; build on what we have'. The following known 'market segments' were initially targeted for immediate attention by core working group members. The first category would form the priority target group for the UN HABITAT project.
  - Youth who are already in organized economic groups like BIG BROTHERS at Urafiki Mitumba Market, who can set an example and play a leadership role for other youth. There are many groups recognized by the municipality that exist in all its 27 wards. A census of these groups, along with an assessment of their objectives, organizational capacities, current status and development support needs would be undertaken as part of the project start-up activities. This would be done by community development staff working in partnership with other stakeholders like FBOs.
  - Unemployed youth in the 14 years to 35 years age bracket, who desire to be assisted to form organized economic projects. These include youth in 'vijiwe' and 'camps' that have become a common sight in all parts of the municipality.
  - Youth in special circumstances. These include youth who are engaged in high-risk activities like drugs, commercial sex or criminal activities; youth who are substance addicted; etc.
  - Youth in Schools. Through a partnership with Junior Achievement of Tanzania (JAT), the program also would initiate economic and business education clubs in and out of schools, working in partnership with the private sector. These clubs would target even primary school children, so that, in the long-term, youth in the municipality would be equipped with some relevant knowledge, skills and business linkages even before they complete primary schooling.

## Voices of Youth from the 'Civil Society in the New Millennium' Project

10. The findings of an interview of a Tanzanian youth group under the 'Civil Society in the New Millennium Project' of the Commonwealth Foundation (Commonwealth Secretariat, MWENGO and TGNP, 1999), highlighted the following facts about the typical situation of youth, from a youth perspective.
11. The youth group members interviewed at the time felt that both their families (parents) and the government were the main causes of their problems.
12. With regard to the family, it was stated that problems start at the family level because of the poor standards of upbringing of children. Children therefore lacked adequate guidance and counseling about life, resulting in youth with no proper direction in life. A poor family which lacks a positive vision for development also contributes to social problems.
13. The government was pinpointed as a source of problems because it has failed to provide effective support to poor families.
14. The youth group members mentioned many specific problems that they face in their day to day lives, which were prioritized as follows:
  - Poverty;
  - Lack of guidance and counseling ;
  - Poor Education (that does not adequately equip them for life in today's world);
  - Economic hardship;
  - Lack of capital (to start income generating activities);
  - Poor upbringing;
  - Lack of love and cooperation;
  - Humiliation;
  - Lack of working tools.
15. In the CSNM study, the community-based groups interviewed also made recommendations on how they could themselves best contribute to solving their own problems. Most of their recommendations were focused on ways of fulfilling basic needs – employment, income, food, shelter, education, and other social services. Some of some of the significant recommendations were as follows:
  - Formation of groups to solve social problems as well as bringing change in the society was felt to be the way to make progress. More efforts should therefore be made to sensitize and educate citizens on how to work effectively in groups and associations so as to be able to solve their problems;
  - Educators in the informal sector should make better use of the mass media to build up programmes of education for communities;
  - Guidance and counseling for youths in the informal sector should be promoted;
  - Exposure visits or study tours should be arranged for unemployed people to learn from practicing small-scale industrialists and agricultural/livestock producers;
  - Protect the rights and market opportunities of small producers - e.g. chicken, milk, eggs, The government needs to control large scale producers of, for example, chicken and eggs, so that they produce according to their approved agreements;
  - Better local markets should be established for small scale producers of oranges, pears,



- papaya, etc.;
  - External markets for local products like fruits, bananas, oranges, tomatoes, etc. should be expanded;
  - The Ministry of Agriculture should put more emphasis on food crops and products instead of on cash crops.
16. Current views of youth in Kinondoni would be captured as part of the baseline study that would be part of the start-up of the Kinondoni Municipal Youth Employment Creation Program.

## **The way forward**

### **An entrepreneurial plan for poverty reduction through youth employment creation in Dar es Salaam**

*“Never before in human history has it been possible to achieve so much wealth for so many people. .... All of us have the capacity to prosper. But if we have not acquired more than a bare subsistence over the years, it is because we have either failed to learn the principles that govern the acquisition of wealth, or else we do not observe them. .... The mechanical aspects for accumulating wealth can be reduced to three basic components: redirecting income, managing expenses, and investing wisely. If you can master these three components in your lifetime, you can easily achieve prosperity. ....”*

17. A very positive force for the start-up and growth of a broad-based Kinondoni Municipal Youth Employment Creation Program is the Local Government reform in Tanzania that has been ongoing starting in 1996. Article 147 (1) of the Constitution of the United Republic of Tanzania states: *“The purpose of having Local Government Authorities is to transfer authority to the people. Local Government Authorities shall have the power to participate and involve the people in the planning and implementation of development programs within their respective areas and generally throughout the country.”*
18. Arising from this mandate, the overall objective of the ongoing Local Government Reform Program (1996 +) is: *“To improve the quality of, and access to public services provided through, or facilitated by, Local Government Authorities”*. This policy and subsequent implementation strategies for local government reform in Tanzania have repeatedly emphasized participatory, bottom-up development processes that build on good practice models of development.
19. Working on the principle of 'learn from the best', rather than starting from scratch, a practical approach for poverty reduction through youth employment creation would be developed from, amongst others, the 'community development through banking' experience of the U.S based ShoreBank. A first statement of strategy based on the ShoreBank model (but adapted for the Tanzanian situation) would be:
- Investing in the youth of Dar es Salaam and in their communities (key strategy for the program, made up of the key result areas described).
  - To leverage entrepreneurship and hard work ('program purpose').
  - To create wealth, revitalize local communities and meet social, economic and environmental needs ('long-term goal for the program').

20. With reference to the 30-year community development banking experience of ShoreBank in Southside Chicago, in simple, practical and measurable terms, ‘investing in the youth of Dar es Salaam and in their communities’ can translate into the following five key result areas:

- *Community-based financial services:* Helping hundreds of thousands of individual youth manage their money and achieve their financial goals through financial services targeting youth groups and individual youth. Personal financial goals for youth could include saving and borrowing for education, income generating activities, home improvement or building, business development and important social issues. A practical approach proposed for this is “Investment Clubs” (or VICOBA) that have been piloted by WCRP Tanzania since October 2002. The VICOBA approach is adapted from the MMD model developed by Care in Niger.
- *Property and Infrastructure Development Lending:* Supporting the renewal and development of homes, and neighborhood economic and social infrastructure, will offer thousands of youth vibrant, uplifting communities to live and work. Small and large property developers also need financing to enable this vital work to be done.
- *Faith-Based Finance and Enterprise Development Services:* Faith-Based organizations are some of the most powerful forces in local communities. Creating and providing specialized products, services and programs targeting Faith-Based institutions will help them to achieve their goals, spur positive social change, expand their education and development services, and manage their financial operations.
- *Business Financial Services:* Businesses help strengthen communities by creating jobs, building a stable tax base and sparking economic activity. Small and large businesses need customized deposit and cash management services, as well as financing, in order to succeed and grow. These services can be designed to facilitate socially responsible investment in targeted neighborhoods of Dar es Salaam.
- *Non-profit Financial Services:* Non-profit organizations play a vital role in creating healthy, sustainable communities by helping people access critical services and information, and involving them in educational, artistic, recreational and cultural opportunities. Like businesses, non-profits also need deposit, cash management and financing services.

21. Key stakeholders in Kinondoni municipality can therefore make a significant contribution to poverty reduction through youth employment creation by finding practical ways to promote and support the key result areas outlined above. In principle, the solution will involve two fundamentals: learning and sharing. These would be applied systematically, with a focus on action at the grassroots community level. Learning would identify and test good practice for community economic empowerment; sharing would promote broad-based outreach of practical lessons from good practice.

## Conclusion

22. It is evident that only the commitment of a City's leaders and the support of all sections of society can mobilize the breadth and depth of resources required to establish a feasible, affordable and self-financing Programme of Action for Youth Employment Creation on a city-wide scale. As a committed community development activist and facilitator for social entrepreneurship, my hope and expectation is that the opportunity presented by the UN-HABITAT pilot project on URBAN YOUTH DEVELOPMENT POLICIES will serve as a catalyst for a process that will generate commitment and leverage support for a new impetus, to convert what *could* now be done into what *shall* now be done. Such a process would significantly accelerate youth employment creation and poverty reduction in the 3 municipalities of Dar es Salaam City, and by the dynamic force of example, into other municipalities throughout the country.

The City of Dar es Salaam successfully pioneered the Sustainable Cities Program (SCP) during the early 1990's. The SCP model has since grown to have far-reaching impact on urban governance in Tanzania and elsewhere around the world. With that track record, through a smart partnership with entrepreneurial stakeholders, the same could be done for poverty reduction through youth employment creation.