



Tanzania: Small and Medium Enterprises Capacity Building Project

The challenge:

The informal sector in Tanzania is a vibrant economic force. However, it faces a number of challenges including: 1) lack of capital; 2) lack of basic business planning/ entrepreneurial skills; 3) limited information on source of materials, market operations and/or competitors; and 4) limited knowledge of the legal, regulatory, and taxation policies which concern them. Small and medium enterprises (SMEs) in Tanzania are also



choked by bureaucratic procedures involved with acquiring formal documentation and accessing formal finance. As a result, few informal enterprises grow, most remain small and almost half of the new businesses close after one year of operation.

The solution:

ICF is working with the Government of Tanzania on a pilot project that aims to build the capacity of SMEs so that they can move from the informal to the formal economy. The project focuses on three areas that have a high potential for growth: 1) the retail trade and services in wholesale foodstuff in Dar es Salaam; 2) the fisheries industry in Mwanza and; 3) the manufacturing of wood and metalwork in both Dar es Salaam and Mwanza. The project will:

- Develop a business, management and entrepreneurial skills training program for small enterprises which focuses on financial education and business skills;
- Train and register Business Development Services Providers (BDSPs) who will serve as capacity building facilitators for small entrepreneurs;
- Train 500 small enterprises and support the development of business plans and loan applications; and
- Develop the business model for the capacity building program so it can be rolled out a wider scale

The success of this pilot project will inform reforms that need to take place to facilitate SME growth, which will contribute to fostering economic growth, creating jobs and broadening the tax base. The project will cost a total of US\$ 600,000; of which ICF is providing US\$ 443,000, the Government of Tanzania is providing US\$ 152,000 and private enterprises are providing US\$ 5,000.

Expected impact:

By June 2014, all 500 SMEs will have received business management training, will have formerly registered their businesses, and will have active bank accounts. A business model for the capacity building will have been created ready for roll out on a wider scale.

Project duration: May 2013 – June 2014

The Investment Climate Facility for Africa is a grant providing organisation that works with African Governments to improve the environment in which businesses operate. ICF engages closely with implementing Government bodies throughout the life of the project. For more information about ICF please visit www.icfafrica.org