

Tanzania needs a special centre to support the innovative, knowledge-intensive start-up in the agricultural and agribusiness sector

Facts

- A large number of school and college leavers in Tanzania remain unemployed, contributing to the high national unemployment levels of youth (NEP, URT, 2008).
- About 90% of 80,000 graduates cannot find employment in the formal sector, **every year**. (ILO, 2011)
- Agriculture offers youth the possibility of secure employment.
- SUGECO is among the many initiatives designed and implemented to support youth and young graduates in the agricultural sector. Unfortunately, such initiatives continue to face mounting obstacles.

Challenges for start-ups in agriculture & agribusiness

- Existence of a non-conducive policy environment for medium sized start-ups
- Policy makers largely not aware of challenges for young start-up entrepreneurs
- Gaps in regulatory and institutional frameworks
- Unfriendly regulatory and administrative culture
- BOT regulations require loans to be based on collateral, a hurdle for start-ups
- Inadequate financial access and support mechanisms
- Service providers not supportive for start-ups
- Underdeveloped entrepreneurial culture among youth
- Low capacities of SMEs to develop viable projects

What should be done?

- Create a One-Stop center to address entry barriers to business, servicing and advising agribusiness start-ups of young graduates.
- Create support environments for graduates to realize their transition into entrepreneurship - accessing first stage finance, premises and land for the development of viable projects.
- Pro-actively support knowledge intensive entrepreneurs among graduates.
- Reduce barriers in the processing of investment incentives by the Tanzanian Investment Centre (TIC), making it accessible to young graduates.
- Promote change in the attitude of the entire government system and the nation to stop confusing commercial land ventures with "land grabbing."
- For TIC to be empowered to expand its land bank, and make more land available for graduates' schemes, which could be supported by central government budgetary allocation;
- For local governments to be tasked to support the young, knowledgeable graduate entrepreneurs.

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Youth and their perspectives for the future

Graduates trained at Sokoine University of Agriculture (SUA) possess the technical knowledge in agriculture and in agribusiness science disciplines. Like most other graduates they have limited experience in entrepreneurship and limited business skills. Yet they need this entrepreneurship assistance more than ever to get engaged in starting a business to avoid unemployment. Starting a business holds risks and financial institutions avoid loaning to them. There is an urgent need to establish special schemes for innovative, knowledgeable start-ups in the agricultural sector.

How to get access to capital?

Available guarantee schemes like PASS, ECGS, CAF, AGRA or JK fund are not designed to support start-ups.

Currently, only the ongoing CRDB-SUGECO pilot credit scheme is offering loans to graduate start-ups. This is based on the technical back-up and coaching by staff from the Sokoine University of Agriculture for its graduates.

Government has shown a keen interest in finding ways to upscale this innovative initiative, also to other universities, drawing the interest of other banks to join through a guarantee scheme.

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