RESEARCH REPORT

Research on Inclusive Finance for Rural Youth in Tanzania

Prepared For:

Embassy of Switzerland in Tanzania

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TABLE OF CONTENT

EXECUTIVE SUMMARY

This study sought to understand the financial behavior and capabilities of rural youth in order to inform strategies that will optimize the transformative potential of their financial inclusion, gainful economic activity, income and livelihoods.

The study adopted a mixed-methods approach using both secondary and primary data sources. For secondary data, a review of the 2017 FINSCOPE data done, alongside other financial inclusion reports and publications on key thematic areas. We also reviewed media data and case studies from within and outside Tanzania. The secondary research preceded primary research to provide knowledge gaps for further exploration. For primary research, qualitative Focus Group Discussions were conducted among target rural-based youth spread across eight regions in Tanzania, which were selected to represent identifiable eight zones in Tanzania: Lake Zone, Central Zone, Coastal, North, South, Southern Highlands (SAGCOT), Indian Ocean Islands and Western Zone. Immersions were done with select youth from each focus group, while Key Informant Interviews were done among financial service providers, Fintech players, youth focused organizations and key policy level influencers all spread across these zones.

A thematic approach to key findings

A) Youth demography and media habits

According to the Tanzania National Bureau of Statistics (NBS) population projection for 2019, rural youth aged 16 – 24 years are estimated at 6 million, with 2.8 million being male, and 3.1million being female. FINSCOPE 2017 study established that 76% of rural youth were married or living with a partner. Both male and female youth were at par on this characteristic, implying they had family responsibilities. Further, 12% of rural youth were heads of households, which was more of a male characteristic (20%) than a female characteristic (4%). Of the rural youths who are heads of households, 14% have some primary education, almost similar characteristics between male (14%) and female (13%), while 60% of them have completed primary level education, more female (54%) than male (49%). Only 18% of them have completed secondary education.

In this qualitative inquest, youth financial decision-making power become more visible as they became independent and moved out of their parent's households. For 'dependent' youth, financial independence is present where they were able to earn money this is usually in form of *remittance* usually form parents, guardians and other family members. Data from *all regions* alludes to a man's opinion being the most valued within the household, fathers (and for those married their husbands) are the key decision makers. 'Independent' youth become responsible in the management of their sources of income, making financial decisions as well as in setting of life plans both immediate and long term. For married youth, most financial decisions are collaboratively made. Youth are cognizant to being part of the community that depends on them, thus have responsibilities to provide support to other family members

According to the Tanzania All Media Products (TAMPS) audience report, Radio and TV are the main media that the youth consume. For radio, regional stations and community radios have a deeper and more relevant reach to rural youth than national radio stations. Youth interaction with new age media is growing, and higher than the general population, and SMS is an important channel of communication among the youth. With growth in internet penetration through mobile phones, targeted communication through social media will be an opportunity for targeting. In collaboration with other studies, a reading culture is not pronounced among youth (and adults too) and print media may not be an avenue for targeting youth.

B) Addressability:

The 2017 FINSCOPE survey established that 67% of all youth had some identification document necessary for accessing different financial products. However, the proportion was lower for rural youth (58%), than urban youth (82%) and higher among female rural youth (59%) than male rural youth (56%). The documentation considered were a national Identity card, voters' card, driving license, passport and Zanzibar resident ID card. Access to identification documents exclude youth below the age of 18 due to factors such as being considered as under-age or still in school, while this study found out cases of under 18 youth being heads of households or having families to take care of.

At the time of doing this study, there was a mandatory government drive for biometric registration of all SIM cards in Tanzania. Precisely, MNOs started a process of switching off all SIM cards that were not registered as at 20th January 2020, though it was made clear the process of registration would be continuous. This process locks out youth unable to access the NIDA ID, as well as those that may be switched off until they comply with the regulations.

While FINSCOPE study established that only 15 % of rural youth owned land with a marginal 7% having title deeds, this qualitative inquest found confirmed a similar status, where rural youth lack assets that can be used as collateral for credit acquisition.

FINSCOPE 2017 put ownership of mobile phones among the rural youth at 42% and a universal access to a mobile phone. The gains made over the last three years may have significantly increased the ownership of mobile phone, as in this study, we observed that most youths owned a mobile phone except very few who were mainly dependents (in school youths). Youth who did not have a mobile devise had access from a close family member, or within the household. Those who did not have a mobile devise were more of female youth than male youth.

C) Financial behavior

Most of the rural youth encountered in this study were economically active, engaging in trading and agri-business as their main activity. Income from this source was however low and inconsistent. To increase their incomes, majority of rural youth engage in more than one income generating activity. These findings collaborate the FINSCOPE survey, where more rural youth (51%) engaged in trading and agribusiness activities compared to their urban counterparts (16%). Rural male youth were more active (55%) than rural female youth (47%) in such activities. Other sources of income among rural youth were causal work (39%), salaries and wages (2%).

There was a higher incidence of dependency among female youth more than male youth mainly because male youths are dependent during the time they live with their parents and tend to become independent when they marry. Whilst for some female youths, the sense of dependence tends to continue even when they get married, as they start to depend on their spouses. Finding that again collaborate with the FINSCOPE 2017 study, which established only 8% of rural male youth as dependents, compared to 29% rural female youth. This qualitative inquest found out that dependence affected level of financial participation and decision making at home.

Rural youth who were more independent had higher power in decision making, than those who were dependent. This study also found out that contribution to the household income by rural female increased their power to make financial decisions, unlike those that were totally dependent on their spouses / partners.

We also observed that the higher the educated female youths were, the less dependent are to their spouses/partners, and the older their age when getting married, the less dependent they become compared to youths who marry at younger age. Another important factor that tend to reduce the dependence of female youths to their spouses is when the spouses are considerate and understand and they tend to help their wives to establish some income generating activities. Therefore, in order to reduce the dependence of female youths it is important that they get married at a reasonable age, with some useful level of education and their spouses appreciate their wives and support them in the establishment of income generating activities.

Most rural youth live from hand to mouth, using the incomes they get on day-to-day expenses such as food, transport, airtime and other household expenditures. A lack of saving culture limits youth' efforts towards asset building. Reasons cited for non-saving were low incomes, high cost of living, emergencies and poor appreciation of saving benefits. Youth hardly invest in insurance cover to mitigate risk. This is mainly driven by lack of appreciation and information on insurance.

A key challenge noted among rural youth is management of finances, particularly in terms of business & record-keeping. Many of the rural youth in business are not able to elaborate the numerical value of the profits and losses from their businesses. Most of this information is kept informally e.g. memorizing, most cannot define actual growth and strength of their businesses as well as their spending habits.

D) Financial inclusion

The qualitative inquest found out that uptake and use of financial services for rural youth was driven more by mobile money than other modes. Rural female youth were found to lag in adoption of formal channels of savings, and more attracted to informal channels of access to credit. In collaboration, FINSCOPE survey 2017 established that nearly half of rural youth were financially excluded. Of all financial products, mobile money had the highest penetration for rural youth at 44%, while banks and SACCOS were marginally used, at 4% and 1% respectively. The penetration of these products was much higher among urban youth, leaving rural youth at some level of disadvantage. Of the more informal channels, savings groups had a penetration of 16% among rural youth, higher than urban youth (9%), and more popular among rural female youth (21%) than rural male youth (11%).

Use of mobile money for rural youth (44%) was much lower than urban youth (76%) and much lower among rural female youth (38%) compared to rural male youth (50%). Notably, the interaction with mobile money agents was high among the youth, with an incidence of 84% for rural, and 97% for urban youth.

E) Uptake and use

Majority of the youth across all regions expressed a preference in transacting in cash with objections to mobile money usage revolving around low transaction values which are further eroded by transaction charges. In some instances, transaction charges were elaborated as agents taking the money while for others, they clearly stipulated that a transaction came with a cost to it.

While penetration of mobile money is significant, it does not necessarily translate to mobile payments, since most of the transactions are around sending and receiving cash (which is withdrawn from an agent), rather than accumulating savings or carrying our digital payments. Rural youth cite difficulties in doing a transactions, high charges, and lack of access to services (agents and network) as the leading factors that hinder the use of digital payments.

F) Financial literacy and education

Youth have some understanding of the information, but overall very few interact with the opportunities offered. Most are aware of the existence of some financial institutions and services, but overall in-depth understanding of products is unclear for most.

In a quest for financial independence, rural youth lack entrepreneurship knowledge and opportunities, start-up capital, markets, have little or no support from their families and communities, suffer from poor infrastructure (roads, water, electricity).

There are limited opportunities for entrepreneurial empowerment among rural youth. The qualitative inquest found intermitted NGO projects that train youth on financial literacy as well as government initiatives through organizations like SIDO and District Youth Fund, which have not yet penetrated most of the rural areas.

There is a growing interest and access to digital tools (mobile phones) among rural youth, mainly driven by feature phones, however, interest and access to smart phones is increasing, suggesting a potential for app-based financial literacy and training opportunities in the near future.

G) Targeted Approach

A consideration of the various youth engagement and their sources of income yield a clear difference between rural and urban youth. While few youths at national level are employed (6%), the incidence is higher among urban youth (11%) than among rural youth (2%). Majority of youth earn their money through trading activities. These could be about half of the rural youth – much higher than urban youth. There however exists a segment of youth who are dependent on someone else for money. These are more skewed to females, or younger youth (16 – 20) who may be said to be still in school and depending on their parents, or just out of school and looking for something to do. Four segments of youth can be derived for the purposes of targeting;

1. **Independent Formal Youth**
    - Rural youth who earns a salary – this is a very small segment, about 2% of about 4.4 million rural youth (about 90,000 youth).
    - Formally employed (teachers, nurses etc) or running a business with some sort of formal registration (TIN, License)
    - Mostly aged between 20 – 24 years
    - These youth have a secondary level education and are skewed to males.
    - They are independent, make independent financial decisions
    - May be single or married and have extended responsibilities
    - They own a mobile phone
    - Use some formal financial services
    - Received some formal skills training

2. **Independent informal youth**
    - These are rural youth doing a form of business, selling a service such as transportation or doing casual work. They include those who are informally employed (labourer), engage in informal business (run a small business like *mamalishe*, small shops etc), involved in agricultural activities mainly for subsistence but where they can sell the surplus.
    - They form a majority of rural youth (over 50%) and do more than one activity to earn.
    - They have no more than primary level education,
    - Skewed more to males
    - Mostly between the age of 20-24 years
    - Mostly married and have extended responsibilities
    - They range from some primary education to form four.
    - Most of them own a mobile phone

3. **Dependent young married women**
    - This segment forms about 30% of rural youth and consists of females who mainly rely on someone else – usually a spouse to provide for their needs. While some are totally dependent, others supplement their household budgets by doing casual work or small business activity depending on their level of education. They do not make independent financial decisions and may need empowerment.
    - Married young women, mostly got married between the age of 15-20 years.
    - Have children and extended household responsibilities
    - They range from being uneducated to form four
    - Most of them are housewives, whose main responsibilities is to take care of the children and household activities
    - Their spouses (husbands) tend to control their movement, hence access to financial services is impacted in this regard

- They depend on their husbands for their livelihoods.
- They may be providing support in the income generating activities, but they don’t make decisions

4. **Dependent economically inactive youth**
   - This segment is nearly 15% - 20% of the youth. these youth are those that may currently be in school, or just out of school and looking for something to do. By virtue of their needs being met by either parents or other care givers, they idle around villages. Their state may not be permanent, as they soon graduate to either segment – so they are fluidly. Their empowerment needs to be short-term.
   - Mostly younger youths between the age of 15-19 years
   - Most of them are still students or have just completed school
   - Depends on remittances from parents and guardians
   - Don’t have any income generating activity
   - They may be providing support in their family’s income generating activities, but they don’t make decisions

H) ACTION POTENTIAL: OUR POINT OF VIEW

Category	Skills	Financial Product	Communication method
Independent - Formal Youth	• More formal skills to further enhance their skills and build their expertise. • Short courses on specific entrepreneurial and financial skills would be ideal for them. Specific session on business planning, marketing, record keeping, and financial management would be relevant.	• Savings and credit product (that could be tied to their income) could be relevant for them in the immediate • Personal financial management tool (app based or USSD, or paper based) to enhance their financial knowledge • Sim banking is viable for this group • Insurance (particularly health insurance) is also important to them as it is to other groups.	• Most of them have mobile phones and hence they can be reached through texts and other mobile communication means. • Due to their higher analytical capacity that the rest of the groups, multi-media means can be used to reach them, especially regional and community radios and national televisions
Independent - Informal youths	• A need for formal skills to enhance the skills they have gained informally through apprenticeship. A partnership between an NGO program and a formal training institution like VETA or SIDO that would recruit youth with some skills gained informally (e.g. carpentry, masonry, food vending, merchandizing) and attach them to that institution for a few weeks to enhance their skills and provide a certificate that would enable them to get a formal employment or formalize as well as stabilize their enterprises, would be ideal. • In terms of entrepreneurship training concentration should be towards basic business management skills like simple record keeping, business planning, how to access additional capital for their businesses.	• Savings Product to encourage their capital growth • Short term credit – based on traceability and business activity – to reduce risk of default • Record Keeping tools to help them track their business transactions. This can even start from a paper-based simple record books and slowly advance to a digital tool. how business records are managed. • Insurance Product (family health insurance) is vital for this group as most use their saved assets and monetary savings for emergencies, mainly medical.	• Most are fully engaged with limited time. Local Radio programs will be the most valuable mode of communication. Some customized radio program on entrepreneurship and financial products produced in a partnership between and NGO/government program, aired out through reginal and community radios would be ideal. • The radio programs can also be used to promote financial products intended for this audience. Additionally, texts could be used to send information and instruction regarding financial products

			designed for this category of youths. • This in in addition to an in-person trainings that could be organized in partnerships with government organizations that have a wider outreach such as SIDO.
Dependent Married Young Women	• Life skills training is important for them to help them resolve the challenges they encounter in their day to day life. The training should involve session such as Self Awareness, Responsible Decision Making, and Gender Awareness and Gender Based Violence. It is important that during the training, the husbands should also be engaged in some of these session in order to maintain good family relationship and to avoid radicalization of the women. • Alongside life skills, some entrepreneurship training should be introduced. Some of the important entrepreneurship training session are such as Identifying Business Ideas, Planning Business and raising the business capital. • Some basic financial skills training such as saving and planning a budget would also be ideal	• Mobile saving platforms – with incentives for volume (interest, airtime) • Savings Product to encourage capital growth (can be through informal channels such as VSLAs). • Insurance Product (family health insurance) is vital for this group as most are married and with young children.	• Using trusted society structures; Peer groups or other group settings that engage the women as well as their spouses. • Some digitized training products delivered through basic smart phones or tablets would be ideal for them as will allow them to learn at their own pace and time considering that they are burdened with family responsibilities.
Dependent Inactive Youth	• Given that majority of these youths are still at formal school system, Life skills on topics like self-awareness, building confidence, communication skills and decision making are important for them. • Some entrepreneurship sensitization training will help them to develop	• Youth based saving products – especially for those that are funded by parents may appeal	• School clubs, Peer groups, radio.

	entrepreneurship interest and aspirations. Some basic financial skills would also be useful for them. • Some technical skills like best farming practices, carpentry, motorcycle repairing, masonry etc. would be very useful especially for those who are already out of school but still inactive. These could delivered in partnership with training institutions like VETA and SIDO.		

SECTION 1: INTRODUCTION

1.1. Background Information

The Switzerland Agency for Development and Cooperation (SDC) and The Financial Sector Deepening Trust (FSDT) support financial inclusion initiatives in Tanzania especially amongst vulnerable populations like rural based populations, youth and women. Together, they partnered on this study to understand the financial behaviors and difficulties rural youth face in order to inform strategies that will optimize the transformative potential of financial inclusion on the employment status, income and lives of rural youth.

Through the SDC Employment and Income domain, the embassy supports organizations, programs and projects, which contribute to increasing income opportunities for smallholder farmers, particularly women and youths, through economic opportunities for (self) employment and advocacy for increased influence in local and national policy making processes.

On the other hand, Financial Sector Deepening Trust (FSDT) has interventions that aim to contribute in generating sustainable improvements in the livelihoods of poor Tanzanian households through reduced vulnerability to shocks, increased incomes and employment achieved through providing greater access to financial services for more men, women and businesses.

Together, SDC & FSDT partnered on this study to understand the financial behaviors and difficulties rural youth face in order to inform strategies that will optimize the transformative potential of financial inclusion on the employment status, income and lives of rural youth.

Ipsos in consortium with Fundación Capital was commissioned to conduct a study on inclusive finance for rural youth in Tanzania. This report presents findings from the data collected from secondary and primary data sources used.

1.2. Study objectives

This study sought to inform the development of the FSDT strategy and enhance the FSDT Youth Strategy and its corresponding interventions that aim at increasing gainful self-employment for rural youth through enhanced financial inclusion.

The overarching outcomes SDC and FSDT aimed to achieve with their partnership include;

1. **Access to and uptake of financial products:** Rural youth, particularly female, have an improved access and use financial services, as a result of financial service providers developing and offering relevant and affordable products.

2. **Advocacy and policy dialogue for youth inclusive financial systems:** Favorable policy solutions based on regional cross learning enhance the financial inclusion environment, enabling stakeholders to better address the financial needs of rural youth.

1.3. Scope of work

The study sought to cover several key areas to allow a holistic assessment of demand and supply side as well as infrastructural and policy/regulatory environment that financial service providers operate in.

Table 1: Guiding questions

Guiding Questions	Resources considered
What are the financial capability competences and behavior of low-income rural youth in Tanzania? This understanding is required to assess the consumer's demand side using a set of capability competences such as cash flow management, savings behavior, risk management, asset management and investment in productivity but also to pull out what youth' true financial needs are.	FINSCOPE Tanzania 2017 data
Analysis of the mobile phone usage and ownership among Tanzania's rural youth, as well as if and how mobile money is being used and its impact on poverty reduction. This should be analyzed in relation to the intra-household and societal power dynamics, in doing so identify (a) influencers within the household as well as on community level and (b) various levels of organization (groups, unions etc.).	Case studies from neighboring countries (i.e. Kenya)
Financial inclusion in relation to economic empowerment, whereby a gender transformative approach is adopted looking at removing barriers and enabling young women and men to access and better manage their money to invest it in business opportunities or education. Also, security risks should be considered here.	Tools from previous deep dive surveys on Age and Gender Gap will be
Analysis of the entrepreneurial ecosystem in rural Tanzania and their gender related demand- and supply-side constraints is needed to define strategic interventions (at multiple levels) and enable youth to access (self-) employment, generate income and transition out of poverty. What are the specific constraints youth face in rural areas in relation to finance, mobility, agricultural value chains, skills	Sub-sector list will be provided and previous research on ecosystem challenges in key value systems
Map out and assess available financial literacy training (on a mobile device), their impact on financial capability competences plus their transformative power. These includes edutainment, games and videos. In Tanzania and in the region.	Case studies from around the world
Compile effective communication strategies to reach and engage rural young men and women and/or key household/community influencers. Which should consider both, above and below the line strategies.	Detailed analysis of audience measurement data, to optimize reach and communication efficiency

SECTION TWO: METHODOLOGY

2.1. Study approach

The study adopted a mixed method approach whereby multiple data sources were used to triangulate findings and provide a concrete profile of rural youth and their financial capabilities

2.2. Methodology

The study adopted a mixed-methods approach using both secondary and primary data sources. For secondary data, a review of the 2017 FINSCOPE data done, alongside other financial inclusion reports and publications on key thematic areas. We also reviewed media data and case studies from within and outside Tanzania. The secondary research preceded primary research to provide knowledge gaps for further exploration. For primary research, qualitative Focus Group Discussions were conducted among target rural-based youth spread across eight regions in Tanzania, which were selected to represent identifiable eight zones in Tanzania: Lake Zone, Central Zone, Coastal, North, South, Southern Highlands (SAGCOT), Indian Ocean Islands and Western Zone. Immersions were done with select youth from each focus group, while Key Informant Interviews were done among financial service providers, Fintech players, youth focused organizations and key policy level influencers all spread across these zones.

2.2.1. Key informant interviews

These were conducted with relevant stakeholders from financial institutions, youth organizations and relevant ministries to provide information on the financial inclusion of rural youth and their enablers and challenges in implementation, supply and demand side of the financial inclusion space, gaps in policy, implementation of policies. These included;

a) Solution providers – financial service providers

FSP's were targeted to provide insight on perceptions towards investing in rural youth, availability of products targeting rural youth, challenges in providing products in rural areas, enablers and barriers to investing in rural youth, regulatory framework among others.

For the interviews with the organizations, key persons who interact with youth products or other similar financial products were targeted and appointments set with them. Interviews were conducted by moderators who recorded the sessions to facilitate report writing. Interviews took between 45-60 minutes.

b) Youth Organizations – supporting financial inclusion & youth entrepreneurship

For this category, we targeted youth organizations with programs or projects focused on financial inclusion activities, woman or girl focused projects as well as those in youth entrepreneurship.

c) Policy level – relevant ministries, National Council on Financial Inclusion

In this segment, we sought to engage relevant ministries and policy implementors to establish their point of view on the regulatory framework on financial inclusion for youth, policy on youth entrepreneurship, and get proposals on how to improve the overall financial inclusions of rural youth by dealing with policy barriers. The table below shows the target ministries and those in which interviews were achieved.

2.2.2. Focus group discussions (FGD's)

FGD's sought to uncover the profiles of rural youth in Tanzania including demography, income generating activities, struggles in life, knowledge, awareness and use of financial products, entrepreneurship among others.

Inclusion criteria for rural youth in groups considered gender (50/50 for males vs. females), source of income (labourers, self-employed in farming, self-employed in non-farming activities and dependents – 2 from each segment per FGD). Below were the FGD's conducted for the study;

Table 2: Focus Groups Distribution

Zone	Region	District	Ward	Village	FGD'S
Lake	Mwanza	Sengerema	Nyamazungo	Mwaliga	1 (male only)
		Sengerema	Nyamazungo	Mwaliga	1 (females only)
Central	Singida	Manyoni	Kitaraka	Kitaraka	1 (male only)
		Manyoni	Kitaraka	Kitaraka	1 (females only)
North	Manyara	Simanjiro	Loiborsiret	Kaangala	1 (male only)
		Simanjiro	Loiborsiret	Kaangala	1 (females only)
Coastal	Tanga	Korogwe	Magoma	Kijango	1 (male only)
		Korogwe	Magoma	Kijango	1 (females only)
Islands	Unguja Kusini	Kusini	Tasani	Kichaka Tasa	1 (male only)
		Kusini	Tasani	Kichaka Tasa	1 (females only)
Southern	Lindi	Nachingwea	Mkoka	Likwela	1 (male only)
		Nachingwea	Mkoka	Likwela	1 (females only)
SAGCOT	Morogoro	Kilombero	Mchombe	Lukolongo	1 (male only)
		Kilombero	Mchombe	Lukolongo	1 (females only)
Western	Kigoma	Kibondo	Mabamba	Mabamba	1 (male only)
		Kibondo	Mabamba	Mabamba	1 (females only)

2.2.3. Immersions

Immersions sought follow the day to day lifestyles of youth (one from each FGD) to understand how they make money, what they do with money, drivers and barriers to financial inclusion, what products/services do they need, gaps in lifestyle etc., (b) use of a gender lenses in description of behavior: are there things more accessible to males than women? What favors males/females (social, economic, structural barriers), how they get paid, how they use money, decision making on financial issues, gender influence in decision making on financial issues – how is money made, spent, saved/stored. Moderators followed youth from morning to evening and observed as they went about their daily businesses to understand the financial pain points.

SECTION 3: STUDY FINDINGS

3.1. Demographic profile of respondents

This study targeted rural based male and female youth across all zones of Tanzania. Focus on the rural youth was as a result of their financial exclusion compared to the rest of the population as per FINSCOPE 2017 data. Focus groups discussions and immersions were conducted in the selected regions to provide an in depth understanding of their financial behavior and lifestyle and how this impacts their financial inclusion.

A rural youth by the definition of the study was a male or female person aged 16-24, residing in rural Tanzania, either dependent (rely on parents/siblings/others for financial support) or independent (have a source of income from either self-employment or employment). The study did not have limitations on the educational and school status of the youth targeted in the study.

According to FINSCOPE 2017, youth account for close to half (44%) of the population of Tanzania making them a significant part of the population as they transition into adulthood, rural youth made up a quarter (27%) of the overall youth population. A further analysis of the segment by gender indicates that there were slightly more female rural youth (51%) than males (48%) in the country. In terms of education, more than half of the rural youth (52%) have completed primary education, with more females (54%) having completed primary education compared to males (49%). Only 8% of the rural youth across both genders managed to complete secondary school. The below table further describe characteristics of youths in the Tanzania.

	Education Levels							
	No formal education		Some primary		Completed primary		Completed secondary	
Total youths	**14%**		**10%**		**51%**		**14%**	
	Male	Female	Male	Female	Male	Female	Male	Female
Rural youths	24%	17%	14%	13%	50%	54%	8%	7%
Urban youths	5%	4%	4%	5%	55%	46%	22%	24%
	Literacy (Kiswahili)							
	Can read and write		**Can read only**		**Can write only**		**Can neither read nor write**	
Total youths	**81.0%**		**2.0%**		**0.3%**		**17.0%**	
	Male	Female	Male	Female	Male	Female	Male	Female
Rural youths	73%	72%	2%	2%	0%	1%	25%	25%
Urban youths	96%	92%	0%	2%	0%	0%	4%	6%

Source: FINSCOPE 2017

Much of our sample reflected these characteristics whereby most of the youth interviewed were out of school, mainly who have completed primary education and more independent youth as compared to dependent youth.

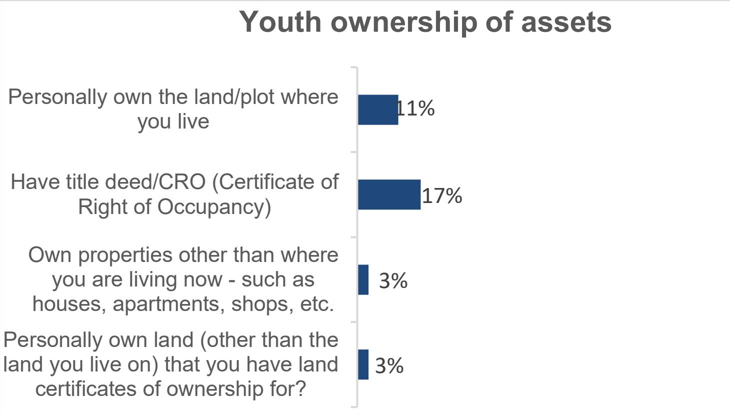
3.2. Addressability – can rural youth be served by financial service providers

FACT 1: only half (50%) of rural youth have identification documents

Policy requirements for account opening at a formal financial institution require that a person must have a form of identification document e.g. National ID, passport, driver's license, voters ID card etc. for the financial service provider to open an account for them. FINSCOPE 2017 data suggests that basic ID is not a major barrier to accessing financial services as 67% of all youth had some identification document necessary for accessing different financial products However, the proportion was lower for rural youth (58%), than urban youth (82%) and higher among female rural youth (59%) than male rural youth (56%). This lack of basic ID among some rural youth restricts them from accessing formal financial services.

Currently, the government of Tanzania is enforcing a nationwide registration exercise where the population is expected to apply for and acquire a national identification card (NIDA) which will be the main national identifier document. With this push, it is likely that more youth will acquire national identification cards thus be able to access formal financial services. The challenge however will be with regards to youths below the age of 18 who are not allowed by low to get a national ID. This study suggests that a special arrangement should be made to enable youths in this group to have a special kind of a national ID for the minors which would allow them to access necessary services.

FACT 2 : Rural youth lack assets that can act as collateral for credit acquisition

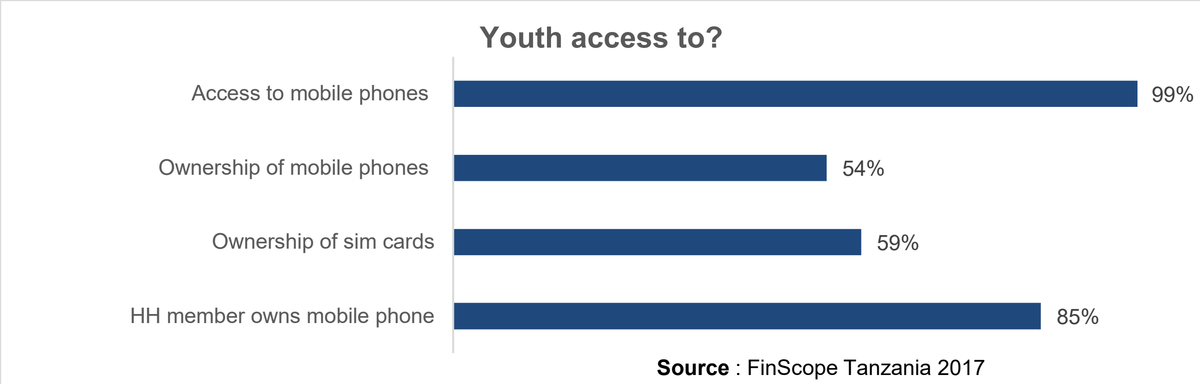


Source : FinScope Tanzania 2017

Asset ownership is an important element for acquisition of short- and long-term credit from financial service providers. Analysis of FINSCOPE 2017 indicates that youth hardly have any assets; only 2% owned the houses they lived in, 15% owned the land/plot where they lived in, 7% owned title deeds as proof of ownership of land/plots they lived in and 6% personally owned land (other than the land they lived on) and had land certificates of ownership for them. The study observed that some traditions and customs also hinder female ownership of assets especially in societies where they are viewed as the lesser gender. Considering this, financial service providers shy away from giving credit to youth as they are considered a risky segment.

FACT 3: 42% of rural youth own mobile phones

Digital financial services continue to heavily drive the financial inclusion of Tanzanians, as per FINSCOPE 2017, mobile money services saw a 10% increase in use compared to 2013 (50%). While 63% of the total adult population own mobile phones, youth still lagging behind on this, only 54% of them own mobile phones while rural youth have even lower ownership levels as only 42% of them owned a mobile phone as per the survey. Deeper gaps are seen when the data is analyzed by gender whereby only 29% of rural female youth owned phones compared to 56% of the males. Access to mobile phones for the youth through others is however universal but this impacts on privacy.



FACT 4: Rural youth have low inconsistent income sources

Tanzanian youth hardly have income sources, according to FINSCOPE 2017, about half of the rural youths (51%) engaged in trading and agribusiness activities compared to their urban counterparts (16%). Rural male youth were more active (55%) than rural female youth (47%) in such activities. Other sources of income among rural youth were causal work (39%), salaries and wages (2%). An assessment of the frequency of the income sources posits that revenue from trading was mainly seasonal while casual labor was paid daily whenever the youth were engaged in work. In order to effectively serve the rural youth population, financial service providers have to consider this factor in order to determine which relevant products would fit the income profile of rural youths.

The table below show the strengths of these sources of income are disaggregated by setting, gender and levels of education among the youth.

					Rural Youth					
	POPULATION		Settings		Gender		Education level attained			
	Total Population	All Youth: 16 - 24	Rural Youth	Urban Youth	Male	Female	Below Primary school	Primary Level	Sec. level	Tertiary Level
Base	*27.8 M*	*7.3M*	*4.4M*	*2.9M*	*2.1M*	*2.3M*	*1.3M*	*2M*	*1.1M*	*0.03M*
Salaries/wages	7%	6%	2%	11%	2%	1%	2%	1%	4%	
Money from trading/selling- Anything you produce/grow/raise	59%	37%	51%	16%	55%	47%	48%	63%	34%	18%
Money from providing a service – i.e. such as transport	6%	6%	4%	8%	4%	4%	3%	5%	4%	0%
Piece work/Casual labour/Occasional jobs	34%	32%	39%	23%	53%	25%	44%	40%	28%	63%
Rely on someone else/others to give/send me money	17%	25%	19%	35%	8%	29%	16%	17%	27%	37%
Don't get money – someone else pays my expenses	7%	16%	14%	17%	8%	20%	17%	7%	25%	4%

Source: FINSCOPE 2017

FACT 5: Regional and community radio stations are key channels for reaching rural youth

According to Ipsos' Tanzania All Media Products Survey (TAMPS), audience data for Q3 2019 show a general trend where the youth are more active media consumers compared to the whole population.

When analyzed by the media behavior in the past seven days (P7D), Radio and Television have more youthful audiences at 68% and 69% respectively. A notable trend across all media channels is that males are more active consumers of media than females. Male youth are more active consumers of TV and radio compared to females, by over 15% points ahead of females.

The implication of this finding is that Radio and television are the two media with the highest consumption among the youth and can be used for general communication. However, the dynamics of radio in Tanzania, and the expanse of the country have nurtured strong and popular regional radio stations. A communication strategy using radio may have a larger impact if it capitalizes on regional radio stations than national radio stations. Tanzania also has a well-developed network of community radio stations which air in rural areas and cover community issues as they arise.

For television, the top national stations have a sizable reach across the expanse of the country.

A notable finding is that new age media like internet and social media have attracted more youth than the general population, with four in ten youth being active in both internet and social media. Male youth are the most active in these two media, with more than half having engaged in both internet and social media in the last seven days. The implication of this finding is that the youth are more receptive of new-age media, and where their access is enabled through mobile phones, targeted communication can be used through these media.

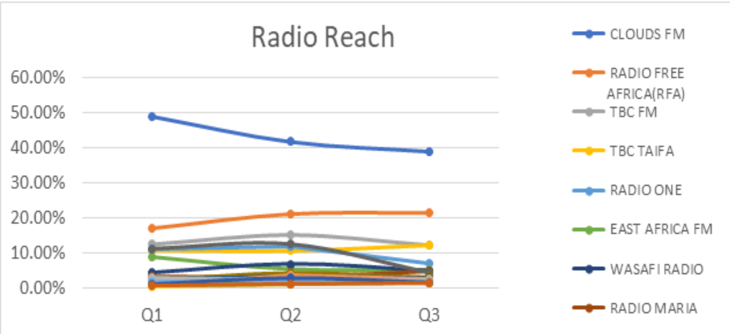
One key finding is that neither youth nor the general population are avid readers of either print media or books, and their level of participation in media promotions or talk shows is negligible. Thus, print media is not recommended to reach Tanzania youth.

The table below summarizes the general media consumption behavior of the total population and the youth segment in Tanzania.

Table 2: Youth media consumption behavior

Target	***Total Population (Media Audience)***			***Youth (15 - 24 Yrs.)***		
Segment	***Total***	***Male***	***Female***	***Total***	***Male***	***Female***
Base	***30,557,077***	***14,814,429***	***15,742,648***	***10,301,035***	***5,064,320***	***5,236,715***
Listened to radio	66%	78%	54%	68%	78%	59%
Listened to radio through a mobile phone	30%	40%	21%	34%	44%	24%
Watched TV	65%	78%	53%	69%	78%	61%
Read through a newspaper	19%	31%	8%	21%	32%	10%
Read through a magazine	11%	15%	7%	13%	18%	7%
Used internet	30%	40%	21%	42%	55%	30%
Visited a social network site	30%	40%	21%	42%	54%	31%

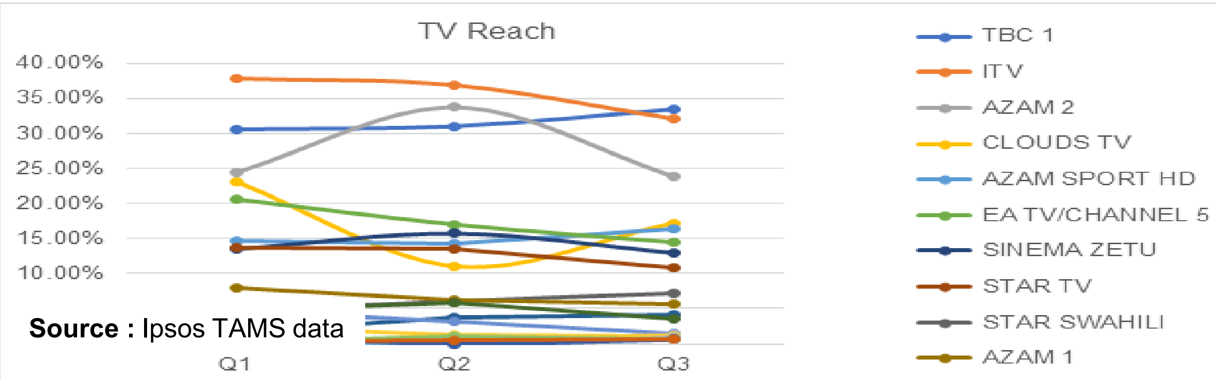
Read a newspaper online	3%	4%	1%	4%	6%	1%
Watched Video, DVD /VCD	27%	32%	23%	33%	36%	29%
Went to the cinema (Big screen	2%	4%	0%	3%	6%	0%
Went to the mobile cinema	4%	6%	1%	4%	7%	1%
Participated in a promotion	0%	1%	0%	1%	1%	0%
Participated in a promotion using an SMS	1%	1%	1%	1%	1%	1%
Participated in a radio/TV talk show via SMS	1%	1%	0%	0%	1%	0%
Read or paged through a book	28%	31%	24%	32%	32%	32%



Source : Ipsos TAMS data

At a national level, trends in radio reach in Tanzania over 2019 are as shown in the chart below. Clouds FM seems to stand out, followed by Radio free Africa (RFA). All other radio stations form a clutter below these two. The regional dynamics vary across the country.

On TV, the top three spaces are competitively occupied by TBC 1, ITV and AZAM, all reaching about a third of the population. All other TV channels form a clutter below the top three.



Source : Ipsos TAMS data

3.3. Financial behavior (through gender perspective)

This section analyses the financial behavior of youth including cash flow management, investment in productivity, asset building and risk mitigation.

3.3.1. Cash Flow Management

According to FINSCOPE 2017, for half (51%) of Tanzanians, income sources are seasonal, also, more rural youth (55%) tend to have inconsistent incomes compared to urban based youth (53%). A deeper attention is given in this section particularly on rural youth and challenges they experience while trying to fulfil their aspirations. Four key areas will be discussed as we focus on the youth' cash flow these include; financial decision making and spending behavior, savings, credit, and payments. Additionally, the section will dive into understanding youth' economic activities and productivity, mitigation of risks and lastly asset building.

Financial Decision Making and Spending Behavior

FACT: Contribution to the household income by rural female increases their power to make financial decisions

According to FINSCOPE data, more rural youth (73%) are involved in the financial decision-making process than urban youth (66%) within households.

Evidence suggests that youth's financial decision-making powers become more visible as they become independent and responsible in the management of their sources of income. For those that were still at home, financial independence was only present where they were able to earn money from the small-scale income generating activities. Interviews with rural youth unearthed a shift in decision making whereby more female youth are collaborated in financial decision in the current generation compared to their parent's generation where decision making was mainly a man's role.

Mariam Hassan at her restaurant in Tanga

Where the man is the main income earner, decision making powers in reference to major expenses (construction, school fees, capital for business etc.) are mainly his responsibility. Most male youth that are married, nonetheless do express both their role as head of the household and appreciate their partner's opinion. One male in Kibondo expressed how he engages with his wife in decision making, *'I only involve her in the projects that I do, and we exchange ideas…She helps me out in all that I do so she basically does all the businesses that I do."* Similar sentiments were echoed in Mwanza by another male respondent as he stated that his wife participates in the decision-making process, "*There's nothing I do without telling her … I listen to her and if it's right, I side with her if not we talk about it and see what to do*".

In scenarios where the woman manages her own economic activity a sense of appreciation is noted due to having one's own source of income and being involved in household finances. As a married female youth from Unguja explained, she was the main decision maker on how to spend her earnings from her business, and whenever her husband wants some money, she is in a position to make the decision. In Singida, this independence was explained by a female respondent as quoted, *"…profit made, for example you are craving for something it is not a must you tell your husband you can just buy on your own because you already have your own money.* However, data pointed out that decisions mainly made by female youth were for minor household expenses. One female respondent from Tanga explained, *"I mainly make decisions for home essentials like food, washing soap and cooking oil."*

Savings behavior

Fact: Rural female youth lag behind in adoption of formal channels of savings

FINSCOPE study sought to understand the saving behavior of the Tanzania population. Reasons given for saving were mainly to accomplish immediate as well as future aspiration. Only 40% of youth between the age of 16-24 years saved, this was slightly lower than the average for the general population (43%) who expressed to have saved in the past year. Rural youth even save less (36%) compared to their counterparts in urban areas (47%), while by gender, few female youths, particularly in the rural areas save more compared to the male; 33% and 41% respectively.

From the interviews conducted in the focus group discussions, in most regions, savings were done for short-term goals. Due to their sources of income being small or in some cases inconsistent, most saved to overcome emergencies such as illness, deaths as well as community events such as weddings. This further echoes findings from FINSCOPE, whereby 70% of rural youth stated to have had a large unforeseen expense mainly medical, in the last year that led to the usage of their savings. More women compared to men, used their savings to cover such costs, which is a possible elaboration on why female youth save less compared to male youth.

As noted from the Youth Finsights Report, youth do like to save, but more often in unsafe or informal places, they also do borrow, most often informally. This is not to imply they do not want to engage with formal channels but due to limitations such as lack of identification among other factors hinder the use of formal channels. From FINSCOPE data, 44% of youth prefer to save via mobile phones.

Even with the rise in the use of mobile phones for savings, informal channels are still very much the common modality, such as a savings box or somewhere in the household and savings groups. Across the regions, a handful of youth mentioned that they saved through mobile phones, while most still save at home. FINSCOPE does indicate that 51% of rural youth population still keep money at home in a secret place, particularly for females (58%) than males (44%). Mobile money was the second most used channel for saving among rural youth (27%) more so for males (34%) than females (19%). Furthermore, with regards to savings methods, data shows that savings groups are the third most common method, after mobile money and at home. More rural youth (11%) compared to the urban (6%) youth use this particular channel while more rural females (18%) do indeed opt for savings groups as a platform for savings, compared to rural males (6%). Some respondents in Tanga, Kigoma and Mwanza mentioned that they save through savings groups and vicoba as a platform while in Manyara in particular vicobas are considered to be more of a female option of savings.

Even though youth similar to the general population expressed confidence with banks, very few however actually utilize them. Less than 10% of the youthful population between 16 to 24 do use banking services while mainly rural females are the most excluded (1%).

Access to credit

FACT: Preference for informal solutions while seeking credit is still the norm for most rural youth

Credit is an important element in cash flow management for in certain instances it is through credit (loans) that businesses are initiated, and risks are mitigated.

FINSCOPE data indicates much of the population (69%) still heavily depends on family and friends for credit opportunities (informal credit), followed by savings groups (18%) and mobile money (4%). Similarly, the youth too have this trend, with 55% relying on family for credit.

For the rural youth, opting to rely on family has mainly been due to challenges experienced in trying to acquire credit to start their businesses through formal channels. Across all regions, youth expressed that access to formal credit from banks and other financial institutions was difficult due to lack collateral, other requirements (have an account, proper identification), a lack of proper registration (group and or business), in some instances a lack of a business plan as well as distance to financial services all hinder their accessibility to credit. A general lack of awareness was noted from the focus group interviews as a majority are un-informed of avenues where they can seek provisional financial support, avenues such as youth funds from municipal councils which do not even have interest, projects funds from organizations and from entities such as SIDO.

Moreover, interviews with financial service providers unearthed that the institutions do not consider investing heavily on youth because they have none and/or low inconsistent cash flows and lack collateral to necessitate investing in them. For youth with access to mobile phones, mobile money has been the only enabler for formal credit by rural youth albeit low amounts to sort their immediate financial needs. For the most part, youth have continued to depend on informal methods of getting credit.

The main source of credit is either through accumulated (equity) through engagement in income generating activities. This was common in areas such as Manyara, Singida and Mwanza, where the youth earned capital by selling animals in the market, cultivating land, selling of crops, construction and seeking employment.

For others credit, has been acquired through direct support from family, friends and other support systems and personal initiatives to save for capital such as savings groups. In these instances, the support comes in various forms as they receive in-kind support such as actual seeds, a small piece of land to cultivate, loaning of items to start the actual business. In Unguja for instance, a youth started her '*mama lishe'* business through support from a local shopkeeper in the form of products for her business equivalent to one hundred thousand Tanzania shillings that she was responsible for paying back on a weekly basis without interest.

Although, the preference for informal channels is evident due to the ease of acquiring the credit, savings groups however are more female driven as both FINSCOPE and qualitative data indicate. In regions like Singida and Kigoma, savings groups have been the channel for youth to acquire credit as a form of starting capital. However, challenges such as collateral, interest rates, weak group governance plaque many youth groups thus limiting the foundation of their existence. In Unguja for example groups are generally avoided due to the already negative experiences in mismanagement of funds.

Payment behavior

FACT: Transaction processes including charges, lack of access to services (agents and network) are the leading factors that hinder use of digital payments by rural youth

The expansion of the digital ecosystem into rural Tanzania has not reduced cash transactions, as per FINSCOPE 2017, about 78% of adult Tanzanians in rural areas live within a 5km radius of a formal financial access point, mainly mobile money agents, yet, majority (89%) of the general population still receives their income through cash, and a majority of payments such as medical bills (99%), school fees (75%), buying of airtime (99%) are largely cash based transactions.

Mobile money services however do stand out from other formal financial services as they have the widest reach, and the services are frequently utilized. The growth of mobile money has not necessarily reduced cash transactions. For youth engaged in business, mobile money has eased payments of purchased goods from suppliers thus eliminating travel costs. Aside from business transactions, the sending and receiving of remittances has also eased due to mobile money.

The adoption and use of mobile money for payments has however not been without limitations. The most common barrier is the cost of transactions resulting in limited use of these channels for payments. In Lindi and Morogoro for example, respondents admitted to only paying or receiving cash via mobile wallets only when necessary.

Additionally, the lack of knowledge on transaction charges for most, see the costs as fraudulent. A male respondent in Mwanza stated, "*some charge 10,000/= while others charge 1,500/= … some other areas charge 5,000/= when you withdraw while others 800/=".*

Besides transaction charges, the lack of ID for one to register a sim card, the lack of ownership of a mobile phone mainly for the female youth and the dependent youth, and scantiness of agents limits access due to distance all influence the use case of digital payments.

Interviews with FSP's unearthed that rural penetration is limited largely by infrastructure and Know-Your-Agent requirements. In terms of Know-Your-Agent requirements, policy requires that financial service providers engage individuals who have been in business for more than a year, they must have good credit score (strong financial statements), capital of about 800,000 Tanzania shillings etc. Cash flow in the rural areas is low compared to urban areas meaning chances of meeting requirements needed for money agents is a hard call in rural Tanzania. In Ghana, there exists light agents (Susu collectors) with small capital requirements who equally collect and advance credit to the low-income populations. This kind of organization could be adopted in Tanzania to boost the rural youth economy.

3.3.2. Investment in Productivity

Economic Activities - How do youth make money?

Fact: Majority of rural youth are engaged in more than one income generating activity to increase their sources of income

According to the Household and Budget Survey (2012), 61% percent of rural households' members engage only in agricultural activities; 28% of total rural households are farm/nonfarm mixed households and about 11% are non-farm only households. From the interviews with rural youth, the majority of the youth in the rural areas were involved in farming activities. For those who were dependents, they took part in their families farming activities, whilst for the married they usually have a piece of land normally given by the family to cultivate for mainly subsistence purposes but can also produce to sell.

37% of the youth population earn through various income generating activities such as trading, selling as well as producing, growing, raising of animals. In the rural areas, more males (55%) than females (47%) are involved in these various income generating activities. Besides trading, selling etc, 53% of rural males also do depend on casual labor, while 29% of rural female youth can be classified as dependents as they rely on someone for financial support.

Faima, 20-year-old fish monger at Morogoro. Single Mother of a son

From the qualitative data, youth, particularly those from 20-24 years are either heads of households therefore have relatives that depend on them or in other instances they are married. This is well supported by FINSCOPE data as 12% of the households in the rural are headed by youth of which males account for 49% while females are 51%. This shows the responsibilities that youth begin to handle at a very early stage of their lives, instead of being in school.

One youth in Sengerema aged 22 years old, led a household of five people who depended on him; a wife, one child and two young sisters. For him, the establishment of a business was necessary as a source of additional income to cater for his household, "*I decided to start a shop after I harvested a lot of grain last year and I had to put it in use, so I decided to open a shop with hopes of growing my capital.*"

While husbands had the primary role to cater for their families, most of the married female youth were housewives whose main responsibilities were domestic activities and farming. Some also engaged in small scale businesses to support the household income while others assisted in the management of businesses owned by their husbands.

The types of the non-farm entrepreneurial activities vary, depending on the economy of an area and other contributing factors. Existing perceptions within the society for example in reference to what economic activities females and males can participate in, is a contributing limitation. Influenced mainly by cultural and traditional notions, these perceptions limit the extent to which youth can even consider a certain economic activity. In Kigoma for example a male respondent labelled certain activities based on gender, **"***there is a job which has been taken by women and initially it was the men that did it, the job of a hawker, right now many women are hawkers and you can go around the whole day without getting a man doing it."*

While for the dependents, where much of the decisions were still made by parents, it was clear that some youth were denied opportunities due to their gender. A male respondent in Kigoma highlighted such challenges, *"our parents already take our sisters as the weaker gender and they even think that if they work they do something else...there was a girl here who I asked to go for a seminar at Kigoma ... she did not attend because her father did not permit due to the notion that she is a girl and cannot participate in such social activity happening in a distant area."*

Additionally, certain attitudes towards females as not being responsible were voiced in Kigoma, "*all they think of is marriage but very few of them who work at bars, once they get their capital they leave."* Another elaborated of his perception as, "*ladies even when they are doing entrepreneurship, they are spendthrifts and complain they have high expenses."*

Apart from these attitudes, other elements that hindered the progress of women were the responsibilities they had at household level. Taking care of children, preparation of food, fetching of water among other household chores limited how female youth engaged with economic activities. During interviews with female youth in Singida, these challenges were expounded as they explained on a need to balance it all while taking into account their economic activities, "*women and mothers we meet challenges like when you leave in the morning to go hustle and you are required to be back home to prepare food for the children and then go back to work."* Across the regions a common consensus was that female youth experienced more challenges due to cultural dynamics which influenced their daily lives. A female respondent from Singida, explained of her day, *"I normally wake up at 0500 hours and farm up to 1000 hours, where I go back home to do cleaning, then cook for the kids and after which I will go out to do my small business till 1300 hours where I get back home to cook lunch and then I am out again."* While in Unguja, a female from a focus group discussion expressed lack of support from their partners, "*you may grow vegetables or tomatoes, and when you are not at home the same man, without you knowing picks vegetables and tomatoes and sell them*."

Overall, there were some businesses that seemed popular across the study regions including motorcycle transportation business popularly known as 'bodaboda' (in some areas, bicycles were also used for this purpose), sewing, food vending and small restaurants (mamalishe), vegetable selling, selling of cereals and other products at market places, domestic products shops (vibanda) and some service businesses like bicycle/motorcycle repair and motorcycle/car wash. Other youth have also taken an opportunity of being agents for MNOs and banks.

3.3.3. Asset Building

FACT: Lack of saving culture limits youth efforts towards asset building

With land being the most common form of asset, only a third (37%) of the population have actual ownership of land and only 3% have an actual title deed. The data further shrinks when focus is on youth. Only 15% of the youth population owned land, and when compared amongst the genders, it does not differ greatly, as 15% of male youth owned land, while 14% of female youth also owned land. While both male and females do not have much land ownership, it is important to note that customs and traditions further place females at a disadvantage in terms of ownership of property.

According to the Youth Gap Report, youth hardly have any tangible assets, they tend to prioritize electronics (mobile phones, radios etc) over other assets like land. This places them at a disadvantage whenever they seek formal credit. While asset ownership is key to access both long and short-term credit from a majority of financial service providers, the lack of assets resulted into the non-willingness to develop specific products targeted to the youth is due to their lack of assets to act as collateral.

Apart from a majority of the general population that acquired land through inheritance (42%), those who make personal efforts to acquire land achieved this through savings (25%) as per FINSCOPE data. Given the fact that much of asset building is financed through personal savings for those who don't inherit land, youth seem to lag behind in this regard as only 9% of them reported to have savings, especially for males (10%) than females (8%). From qualitative interviews, youth lacked long term savings because of unforeseen challenges resulting in immediate use of savings e.g. medical expenses.

There are however youth that save in non-monetary terms. In Singida, Manyara and Mwanza, youth mentioned that they save in the form of assets such as cattle and poultry. One female respondent from the focus group discussion said, "*...after farming and selling, you can make a decision to purchase goats and keep it for use later in case you need money*." A male respondent from Manyara elaborated his growth of business through asset investment, "*when I need overalls or spanners what I do is I buy a goat and keep it for two months and once it is ready, I sell it and buy that equipment*." Data does however show youth do have aspirations to acquire assets as rural females aspire for mainly a business (16%) and land (20%), while rural males aspire for a house (37%).

3.3.4. Risk Mitigation

FACT: Youth hardly invest in insurance cover to mitigate risk

Risk mitigation is an important aspect that can drain one's finances if they are not well prepared for unexpected eventualities. An investigation into risk preparedness and management strategies used by youth from FINSCOPE data indicates that in the last 12 months, a fifth of rural youth experienced unforeseen expenses especially for females (23%) than males (19%).To cope with this unexpected situations, majority of the rural youth used savings (28%) while others borrowed money (18%), none of the youth had insurance cover to cater for the eventualities.

Similar sentiments are echoed in the Finsights Lab Youth Gap report 2018 where an assessment of uptake of financial services for the youth aged 16-24 illustrated that only 11% of this youth bracket had invested in this financial product. Uptake of insurance seemed to increase with age, meaning as people got older, they became more aware and were able to invest in insurance products as a cover for eventualities.

Explorations from qualitative interviews showed that rural youth were hardly aware of insurance products and as such they did not invest in them. Unexpected expenses tend to be managed through support from family or friends, personal savings (thus affecting cash flow and limit youth chances of fulfilling their aspirations) as well as borrowing mainly from informal sources (VICOBA, family, friends). For the independent youth, risk mitigation is done through diversification of sources of income which is the most common practice.

3.4. Use of financial products and institutions

Fact: Mobile money financial products are more accessible to rural youth

FINSCOPE 2017 data indicates a growing trend in the general populations use formal financial services. Between 2013 and 2017, the actual number of adults using financial services grew by 15%. Among the rural youth, the most preferred financial products were mobile money at 83% compared to other products such as banks which stands at 4% and insurance at 20%. As compared to other financial products, male youth were more active users of mobile money (93%) compared to female youth (75%). Female youth seem to actively use informal channels, savings groups being the main channel (21%). Only 11% of rural male youth use saving groups.

Accessibility

While mobile phone-based financial products seemed to be highly preferred and used by rural youth, there are several factors that limit the broader use of products. In terms of network, in most regions, the existence or lack thereof of a mobile network greatly influenced both uptake and usage of a particular mobile network services.

Signal strength and its stability influenced the 'choice' and 'trust' of the services by the users. Where only one network has a stronger signal strength, naturally, most youth selected that network, where more than one existed (which was rare in most of these rural settings), the one with the strongest signal registered most users. In terms of 'trust', the signal strength factored greatly in the usage. In more than one location including Lindi, Singida and Manyara, the use of services was at times avoided due to signal challenges. Respondents from Manyara for instance, opted to register with one particular MNO due to its signal strength in the area as compared to other MNOs.

Besides network unavailability and signal strength, another challenge to accessibility is the location of agents. All regions had agents, some within a short distance while for others the distance required to travel. With agents, respondents expressed the need for an increase in float amounts for more reliable services, and a need to have services operating for longer hours.

Limited floats by agents in regions like Unguja led to the use of "informal agents." A respondent in Unguja admitted to using an individual (non-agent) services for both withdrawal and depositing as they have more float and are often operated with convenience compared to actual MNO agents. In Singida, an informal agent also provided services, however it was noted that his costs were higher as compared to the usual MMO agents.

Inaccessibility due to long distance travel was cited as one of the core factors limiting the use of banks. In a surveyed village in Manyara for instance, the closest bank was located 130kms away. Insufficient bank agents and a lack of understanding of financial products being offered affected the uptake of the bank products.

Awareness and Perceptions

Surprisingly more respondents expressed having more trust in banking services especially for saving compared to other forms of savings products. For most, they hold the perception that using bank services is much safer especially for long term savings, which they see as something. The preference of banks is also influenced by the difficult experiences in replacement of lost sim cards. The replacement processes were seen as cumbersome and expensive. The day to day transactions were more mobile wallets due to convenience.

The overall concept of banking services and products is however still unfamiliar to many thus resulting in the less likelihood of choosing banking services over MNO services. Only one female in Manyara mentioned access to banking products via MNO channels. One female respondent from Singida, elaborated it as, "*over here all we know and understand is mobile money (mentioning two MNOs) but we do not know anything about banking services because we do not even have a bank over here*."

Transactions

Use of cash is the preferred option even with the expansion of the digital ecosystem and the establishment of agent channels. A common conclusion is that mobile wallets come at a high cost, and most tended to use them only where necessary. Majority of the youth across all regions expressed a preference in transacting in cash with objections to mobile money usage revolving around low transaction values which are further eroded by transaction charges. In Lindi and Morogoro for example, respondents admitted to only paying or receiving cash via mobile wallets only when necessary, as some see such payment as fraudulent. While in Mwanza, a respondent pays via mobile for convenience of transactions but much of his own transactions were mainly cash or through barter trade.

In some circumstances, youth understood how transaction fees differ from one network to another and in order to avoid high transactions costs, they used the same network between the sender and receiver.

In terms of being able to carry out actual transactions, agents seemed to play a key role in carrying out transactions. A few respondents were able to elaborate the processes of carrying out a transaction. In some instances, transaction charges were seen as agents taking the money while for others, they clearly stipulated that a transaction came with a cost to it. A male respondent in Mwanza stated, "*some charge 1,000/= while others charge 1,500/= … some other areas charge 5,00/= when you withdraw while others 800/=*".

3.5. Mobile phone ownership and use

Fact: Mobile phone ownership and usage is lowest amongst rural female youth

FINSCOPE (2017) data indicates that mobile phone ownership is low amongst the youth (55%) compared to the total population (63%) and more youth in urban areas owns mobile phones (73%) compared to rural youth (42%).

Similar trends are seen as per the interviews conducted with rural youth, across all the surveyed regions, both male and female youth had access to mobile phones mainly through ownership but very few who didn't own phones (students) they would use their parents' phones for communication or mobile money related transactions. In terms of acquisition of the phones, most youth said they purchased the phones themselves; this was especially the case for youth involved in business or those employed. For those in business, purchase of phones was done after making sales in their businesses, while for employees, they saved and purchased phones after accumulating enough savings. For youth who did not purchase phones themselves, they said that their parents/spouses/siblings bought phones for them to ease communication with them. Another set of youth said that they saved money given to them by parents and bought phones after a while.

In terms of decision making on the use of mobile phones, all youth who owned mobile phones said they were in charge of making decisions on how they used the phones without interference from anyone, while those who borrowed were careful with how they used the phones as parents monitored usage. Some youth reported that they previously shared phones but opted to get their own for privacy purposes.

Regarding the gender gap in mobile phone usage, FINSCOPE (2017) data indicates a big gap in mobile phone ownership among youth in rural areas whereby more male youth owns mobile phones (56%) than female youth (29%), while in urban areas, there is no significant gap in mobile phone ownership between male youth (76%) and female youth (71 %).

During interviews with rural youth, gender biases in phone usership were observed. In Singida for example, youth reported that in their community, boys could access their parents' phones without permission from the parents while for girls, this was not allowed as they could use the phones 'wrongly'. In Unguja Kusini, female youth who were married said sharing of phones sometimes put them in trouble with their spouse as they did not like when strangers called them or sometimes the husbands accessed the ladies' phones and pried into their private conversations leading to confrontations. Below are the impacts of mobile phones to individuals and households.

Enabling communication

Across the regions, mobile phones were credited with enabling communication with friends and relatives who were far away, keep up with acquaintances and get updated on events without having to travel distances and incur costs in the process. Phones also enable youth to call relatives and friends to ask for help (money) whenever they are broke and need assistance.

Ease of access to information on job opportunities

Youth across the regions credited mobile phones with easing the job seeking process. Youth reported that in the past, they used to travel long distances to search for jobs or get feedback on job applications, but this has since been eased by availability of mobile phones as jobs are now communicated or feedback is provided through mobile phones.

Marketing and sales

Youth engaged in business activities credited phones with providing a platform to market their businesses for free in the process they acquire new customers, also, sales are said to increase when businesses are advertised through social media platforms on mobile phones. Another key change brought about by phones is that business owners are able to use mobile phones to place orders, follow up orders and even get crucial information on their businesses on time. This has helped improve the business environment for youth.

For consumers, mobile phones have made it easy to search for products, locate goods and make payments, this has removed the need to go to markets to purchase goods thus saving time and money (transportation costs).

3.6. Mobile money: Usage and challenges

Majority of youth who had access to mobile phones used mobile money services apart from youth in Kitaraka – Singida who did not use the services because of the unavailability of mobile networks in the area. For users of the services, transactions conducted included sending money, receiving money, bill payment, access to loans, saving money, purchasing of internet bundles and airtime.

For youth engaged in business, mobile money was said to have eased payment for purchase of goods from suppliers by eliminating the need to walk to banks to make payments or go in person to make cash payments, in effect, this has helped cut back on time and resources wasted in travel. For others, mobile money was said to have eased the process of sending money to family and friends. Mobile money is considered safe and secure as was reported by a male youth in Kibondo, *"even if one lost their mobile phone, they can still access mobile money once they renew their line, this is safer than keeping money in at home which can easily be stolen."*

Users of mobile money admitted that as much as the platform came with various conveniences, it has its fair share of challenges. In almost all study areas which were rural based, a key complaint on mobile money usage was the scantiness of mobile money agents across all regions. Rural youth felt that mobile money operators do not try to invest in deep rural areas thus limiting youth's ability to use mobile money services. In areas with mobile money agents, there were still challenges with network, youth complained that poor network receptibility while conducting mobile money transactions was a common phenomenon limiting completion of transactions or they took longer, this was especially the case in Kibondo, Singida and Manyara.

Charges for mobile money transactions are said to be too high for rural youth, this limits them from using the platform to save money or use it as often as they would want to. Transfer of funds from one network to another is also considered too expensive by rural youth. In some instances, due to the unavailability of mobile money agents, youth are forced to send money to someone else using the available network for them to withdraw on their behalf, this ends up doubling transaction costs hence deterring youth from appreciating mobile money services.

Another key challenge with mobile money services in rural areas was cited as insufficient float by mobile money agents. More often than not, whenever youth visit mobile money agents to either deposit or withdraw money, seldom do agents have float, this limits the usage of mobile money services at the time of need.

There are instances whereby fraudsters send messages informing youth they have sent them money erroneously and they should send it back. In other instances, these fraudsters lie to youth that they have won a lottery and they should send some money to a number in order to claim their prices. Such fraudulent cases made youth lose trust with mobile money services.

Other frustrations with mobile money services arise when youth erroneously send money to a wrong recipient or when they input agent codes wrongly and the money goes to a different agent than the one intended. Youth said in these instances they sometimes do not know how to reverse the transaction, or it takes a long time before the network provider reverses the money thereby inconveniencing them.

3.8. Impact of mobile money on poverty reduction

Saving platform

Mobile money platforms were said to have a significant impact on the saving behavior of youth across the regions. With the reality that formal banking institutions are not willing to invest in deep rural areas of Tanzania due to infrastructural challenges and the huge costs associated with making such investment, mobile money platforms have provided a more formal means of saving that is now being opted by several youths in rural areas.

Resilience & coping with external shocks

Mobile money has also been vital in helping households cope with unexpected adverse events like medical emergencies, floods and lack of food. A female youth in Kibondo said that mobile money has given her household a platform to save money that caters for emergencies whenever they arise, in effect, the household is better placed to enjoy life without worrying about unforeseen medical expenses.

A general observation on the purchasing power of youth and their financial independence shows that the majority of them are still highly dependent on friends and family for financial support. In this regard, mobile money has been the game changer for them as they use the platform to receive money whenever they request for help from others. The ability to instantly receive money on the mobile phone has helped youth cope with unexpected emergencies like medical emergencies, environmental shocks (floods) as well as poverty (lack of food).

Access to Credit

Across all regions, youth highly complained that they could not access formal credit from banks and other financial institutions due to lack of collateral. Interviews with financial service providers also unearthed that the institutions do not consider investing heavily on youth because they have none or low disposable incomes and lack collateral to necessitate investing in them. The creation of some credit products by MNOs which some youths expressed knowledge of, creates an opportune space for the youth to have access to small formal credits through their mobile phones.

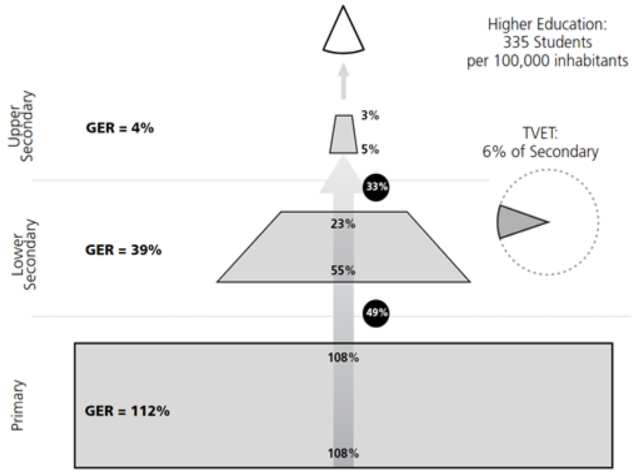
3.7. Financial Literacy and Education

The structure of the formal education and training system in Tanzania constitutes two years for pre-primary, seven years for primary education, four years for junior secondary education (o-level), two years for senior secondary education and at least three years of tertiary education. From each level to another, there is a high dropout rate of students. For example, from primary to secondary, it is estimated that about 50% of enrolled students, progress to the next level. Transition rates are even lower from secondary to high school as only 5% progress and only 3% progress to the university level. Only about 6% of students with a secondary school education get the opportunity to attend tertiary or vocational education training.

For those that dropped out of the formal educational system, most do not get an opportunity for any other form of training that would add valuable skills to their life and income generating activities. In this regard, financial literacy and education is one of the least skills possessed by youth and rural youth in particular.

The study noted that there are no vibrant efforts, either from the government, NGOs or the private sector that promote financial literacy among rural youth. Financial literacy is one of the least priorities in many of the rural development projects. A few available projects concentrate more on some technical skills (sewing, carpentry etc.), life and business skills. Financial literacy is approached as a link for beneficiaries to access loans and financial assistance, then creating their personal capabilities to manage their financial situations. Projects like the TLED project by VSO/CUSO have struggled to create a relevant financial education curriculum for their entrepreneurs, a similar struggle was also observed with the government-run initiatives like SIDO and the Youth Development Fund.

The levels of literacy seem to facilitate levels of interaction with information received. Most youth have some understanding of the information, but overall very few interact with the opportunities offered. Most were aware of the existence of some financial institutions and services, but overall in-depth understanding is unclear for most. As it stands, in keeping abreast with information, most learn either through their social channels such as family and through institutions sharing information via media mostly via text messages and advertisements. A few however were able to mention services offered by MNOs aside from the usual deposit and withdrawal transactions.



Source : UNESCO-Tanzania education sector analysis

3.8. Youth Segmentation (emerging profiles)

Based on the different financial situations, income generating and entrepreneurial activities as well as their independency or dependency situation explained in the above sessions. Rural youths can be segmented in four main categories as prescribed below. Specific youth persona that represents these four segments as analysed from qualitative data is also highlighted below:

1. Independent Formal Youth (AMOS)

- Rural youth who earn a salary – this is a very small segment, about 2% of about 4.4 million rural youth (about 90,000 youth).
- Formally employed (teachers, nurses etc) or running a business with some sort of formal registration (TIN, License)
- Mostly aged between 20 – 24 years
- These youth have a secondary level education and are skewed to males.
- They are independent, make independent financial decisions
- May be single or married and have extended responsibilities
- They own a mobile phone
- Use some formal financial services
- Received some formal skills training

2. Independent informal youth (LUCAS / FAIMA)

- These are rural youth doing a form of business, selling a service such as transportation or doing casual work. They include those who are informally employed (laborer), engage in informal business (run a small business like *mamalishe*, small shops etc), involved in agricultural activities mainly for subsistence but where they can sell the surplus.
- They form a majority of rural youth (over 50%) and do more than one activity to earn.
- They have no more than primary level education,
- Skewed more to males
- Mostly between the age of 20-24 years
- Mostly married and have extended responsibilities
- They range from some primary education to form four.
- Most of them own a mobile phone

3. **Dependent young married women (SABAHA)**
   - This segment forms about 30% of rural youth and consists of females who mainly rely on someone else – usually a spouse to provide for their needs. While some are totally dependent, others supplement their household budgets by doing casual work or small business activity depending on their level of education. They do not make independent financial decisions and may need empowerment.
   - Married young women, mostly got married between the age of 15-20 years.
   - Have children and extended household responsibilities
   - They range from being uneducated to form four
   - Most of them are housewives, whose main responsibilities is to take care of the children and household activities
   - They depend on their husbands for their livelihoods.
   - They may be providing support in the income generating activities, but they don't make decisions

4. **Dependent economically inactive youth (LAILATI)**
   - This segment is nearly 15% - 20% of the youth. these youth are those that may currently be in school, or just out of school and looking for something to do. By virtue of their needs being met by either parents or other care givers, they idle around villages. Their state may not be permanent, as they soon graduate to either segment – so they are fluid. Their empowerment needs to be short-term.
   - Mostly younger youths between the age of 15-19 years
   - Most of them are still students or have just completed school
   - Depends on remittances from parents and guardians
   - Don't have any income generating activity
   - They may be providing support in their family's income generating activities, but they don't make decisions

RURAL YOUTH PERSONA PROFILES

1. **Independent-Formal Youth (AMOS)**

Personal Data:

- Sex: Male
- Age: 24
- Marital Status: Married
- Education: Form four

Income Generating Activity (IGA)

- Activities: Nursery School Teacher at a Private school. Full time employment with a formal contract.
- Year in business operation: 5 years
- Income: 200,000 per month
- Main expenditures: Food and household needs, transport, supporting extended family (school fees for young brother)
- Aspirations: To establish a stationary shop and ultimately own his own nursery school

Financial behaviour

- Decision making: Makes most of his financial decision, get advice from wife.
- Use of financial institution: Mobile money
- Saving: Using mobile money
- Risk mitigation: Social Security

Challenges

- Supporting extended family
- Lack of capital to establish a business

Opportunities

- A good understanding of the financial services and products
- Knowledgeable and has some technical skills
- Exposed-attended some different opportunities

2. **Independent-Informal Youth**
a. Male: Lucas

Personal Data:

- Sex: Male
- Age: 22
- Marital Status: Married
- Dependents: 4 -pregnant wife, 1 child, 2 siblings
- Education: Form two

Income Generating Activity (IGA)

- Activities: Farm (3 acres), small shop, saloon (barber shop)
- Year in business operation: 5 years for farm, 1 year for shop
- Income generated: about 9 bags of rice per year, selling at an average price of 40,000 per bag. 100,000 Tshs daily sales from a shop, 15,000 per week from the barber shop.
- Capital: 200,000 to establish a shop
- Source of Capital: Money to establish a shop came from selling crops
- Expenses: 5000 for rent and 5000 for security per day, average 1000 per day for home expenses
- Customers: Villagers
- Suppliers: Sengerema town, about 20 km away, uses bicycle
- Business recording: Memorize by head

- Business skills: Never received, would like to learn entrepreneurship skills
- Aspirations: Admires his suppliers, would like to grow and become like them, want to build a house and buy more land.
- Source of Information: Radio, Phone.

Financial behaviour

- Decision making: Makes most of his financial decision, get advice from wife and sometimes from his father
- Use of financial institution: Non-user- lack of awareness, lack of access (unavailability of FI at the village)
- Saving: Saving through baying assets, cows, land
- Access to credit: Never borrowed
- Payment: Mainly cash, batter trade, sometimes mobile money
- Asset building: Buys cows and land
- Risk mitigation: By purchasing assets, particularly cows

Challenges

- Lack of enough capital
- Debtors delaying paying
- Lack of business skills

Opportunities

- Good motivation to grow his business
- Gained knowledge and experience of the business
- Growth potential in non-farm business

b. *Female - Faima*

Personal Data:

- Sex: Female
- Age: 20
- Marital Status: Single
- Dependents: 1 child, stay home with her parents and other family members
- Education: Form four

Income Generating Activity (IGA)

- Activities: Fishmonger
- Year in business operation: 1 year
- Capital: 90,000 to buy fish, 20,000 for indirect costs (transport, oil, spices, labor cost)
- Source of Capital: 50,000 grants from parents
- Income generated: 150,000, (an average profit of 20,000-30,000 per each business round)
- Customers: Villagers
- Suppliers: From the market in a nearby town
- Business recording: Memorize by head
- Business skills: No formal training, learned the business from a neighbour
- Aspirations: Grow the business and improve the supply chain (I don't have to go up and down myself), diversification of the business, business skills.
- Source of Information: Mainly a mobile phone.

Financial behaviour

- Decision making: Makes her own financial decision, but she must contribute to family expenditures
- Use of financial institution: Informal saving groups, would like to have a bank account
- Saving: Saving box, informal serving group
- Access to credit: Never borrowed, only gets her accumulated savings from the saving group

- Payment: Mainly cash based, few mobile payments
- Asset building: Informal saving group
- Risk mitigation: Saving box

Challenges

- Challenged by the coordination of the saving group, not always sure of getting her savings as planned
- Unreliable transport
- Sometimes lack of customers, fail to sell all the stock
- Pricing vs Costing.
- Credit sales, customers delay paying

Opportunities

- Good motivation to grow his business
- Gained knowledge and experience of the business

Growth potential in non-farm business

3. Dependent Young Married women (Sabaha)

Personal Data:

- Sex: Female
- Age: 20
- Marital Status: Married, temporarily separated
- Dependents: 1 child
- Education: Form three

Her Story

- Married at the age of 16
- Her husband refused her doing any business
- Stayed home as a housewife, depending on her husband for everything
- Periodically abused by her husband
- Decided to run away and went back home to her parents where she is yet to establish herself.

Challenges

- Disrespected and undermined by their husbands
- Lacking business needs as they depend on their husbands for everything
- Lack of confidence and self esteem
- Mobility controlled by the husband

Opportunities

- They aspire to have their own IGA as they are tired of depending on their husbands
- They have faced challenges of being dependent and they are eager to become independent

4. Dependent Inactive Youth (Lailati)

Personal Data:

- Sex: Female
- Age: 16
- Marital Status: Not married
- Dependents: 1 child
- Education: Student-form four

Her Story

- She is a student and a day school
- Lives with her parents
- Depends on her parents for her needs
- She doesn’t have a mobile phone; she can use her parent’s phone from time to time
- She is not completely free to make her decisions; she must ask for permission from her parents in most of the things she wants to do
- She aspires to do business, her parents are her role model

Challenges

- Sometimes lacking important needs for school
- Lack of information and awareness on business and financial opportunities
- Lack of freedom to decide what she wants to do

Opportunities

- Being part of the formal education system, there is an opportunity to training her on essential business and financial skills
- She still has enough time to learn and try different ideas in her life

SECTION 4: CONCLUSIONS & RECOMMENDATIONS

This section provides conclusions from the information gathered from both primary and secondary sources as well as recommendations that would guide development of the FSDT youth strategy.

4.1. Opportunities

4.1.1. A need for systematic and comprehensive approach to address youths' challenges

Based on the findings of this report, it is evident a comprehensive and systematic approach is needed in order to address different challenges that rural youths face towards attaining inclusive finance and economic empowerment. The approach should take into consideration of the different youths' segments based on their characteristics as described in the previous section. The table below highlight our point of view regarding the approach to address different challenges facing rural youths.

ACTION POTENTIAL: OUR POINT OF VIEW

Category	Skills	Financial Product	Communication method
Independent - Formal Youth	• More formal skills to further enhance their skills and build their expertise. • Short courses on specific entrepreneurial and financial skills would be ideal for them. Specific session on business planning, marketing, record keeping, and financial management would be relevant.	• Savings and credit product (that could be tied to their income) could be relevant for them in the immediate • Personal financial management tool (app based or USSD, or paper based) to enhance their financial knowledge • Sim banking is viable for this group • Insurance (particularly health insurance) is also important to them as it is to other groups.	• Most of them have mobile phones and hence they can be reached through texts and other mobile communication means. • Due to their higher analytical capacity that the rest of the groups, multi-media means can be used to reach them, especially regional and community radios and national televisions
Independent - Informal youths	• A need for formal skills to enhance the skills they have gained informally through apprenticeship. A partnership between an NGO program and a formal training institution like VETA or SIDO that would recruit youth with some skills gained informally (e.g. carpentry, masonry, food vending, merchandizing) and attach them to that institution for a few weeks to enhance their skills and provide a certificate that would enable them to get a formal employment or formalize as well as stabilize their enterprises, would be ideal. • In terms of entrepreneurship training concentration should be towards basic business management skills like simple record keeping, business planning, how to access additional capital for their businesses.	• Savings Product to encourage their capital growth • Short term credit – based on traceability and business activity – to reduce risk of default • Record Keeping tools to help them track their business transactions. This can even start from a paper-based simple record books and slowly advance to a digital tool. how business records are managed. • Insurance Product (family health insurance) is vital for this group as most use their saved assets and monetary savings for emergencies, mainly medical.	• Most are fully engaged with limited time. Local Radio programs will be the most valuable mode of communication. Some customized radio program on entrepreneurship and financial products produced in a partnership between and NGO/government program, aired out through reginal and community radios would be ideal. • The radio programs can also be used to promote financial products intended for this audience. Additionally, texts could be used to send information and instruction regarding financial products

			designed for this category of youths. • This in in addition to an in-person trainings that could be organized in partnerships with government organizations that have a wider outreach such as SIDO.
Dependent Married Young Women	• Life skills training is important for them to help them resolve the challenges they encounter in their day to day life. The training should involve session such as Self Awareness, Responsible Decision Making, and Gender Awareness and Gender Based Violence. It is important that during the training, the husbands should also be engaged in some of these session in order to maintain good family relationship and to avoid radicalization of the women. • Alongside life skills, some entrepreneurship training should be introduced. Some of the important entrepreneurship training session are such as Identifying Business Ideas, Planning Business and raising the business capital. • Some basic financial skills training such as saving and planning a budget would also be ideal	• Mobile saving platforms – with incentives for volume (interest, airtime) • Savings Product to encourage capital growth (can be through informal channels such as VSLAs). • Insurance Product (family health insurance) is vital for this group as most are married and with young children.	• Using trusted society structures; Peer groups or other group settings that engage the women as well as their spouses. • Some digitized training products delivered through basic smart phones or tablets would be ideal for them as will allow them to learn at their own pace and time considering that they are burdened with family responsibilities.
Dependent Inactive Youth	• Given that majority of these youths are still at formal school system, Life skills on topics like self-awareness, building confidence, communication skills and decision making are important for them. • Some entrepreneurship sensitization training will help them to develop entrepreneurship interest and aspirations.	• Youth based saving products – especially for those that are funded by parents may appeal	• School clubs, Peer groups, radio.

	Some basic financial skills would also be useful for them. • Some technical skills like best farming practices, carpentry, motorcycle repairing, masonry etc. would be very useful especially for those who are already out of school but still inactive. These could delivered in partnership with training institutions like VETA and SIDO.		

4.1.2. Proposed Youth Digital Financial Product

Based on the above assessment of youth financial and non-financial behavior, there is a need to develop some mobile based (digital) financial products that addresses all facets of youths' lifestyles. Below is a description of the envisaged relevant product for different segments.

Onboarding	Savings	Credit	Payments	Record keeping	Insurance
• 18-24 onboard using NIDA • 16-17 onboard using NIDA minor • Low to zero opening costs • Low to zero maintenance costs	• Short terms solutions • Long term solutions • Fixed accounts with interest • Savings group feature	• Short terms solutions • Long term solutions • Fixed accounts with interest • Credit scoring using transaction records • Long term repayment modalities • Seasonal repayments • Group collateral	• Payment feature that allows paying suppliers • Feature for receiving payments from customers • Low transaction costs • Interoperability function at a low cost	• Stock taking feature • Cash flow management feature	• Design of a platform that can tap into existing affordable insurance products e.g. CHF and make them more accessible
Continuous financial literacy education • (use of artificial intelligence to track youth financial behavior and tailoring customized messages for youth to encourage progression towards full financial inclusion)					

The development of these products could be enabled by an individual provider (MNO, Bank, MFI etc) or through partnerships of different providers. The partnerships in developing these financial products should intend to simply the conditions for rural youths to get access to the products and at the same time, make a business case and address the interests of the partners. For example, both District Youths Funds and SIDO have some money to give credit to rural youths, but they both lack banking expertise to manage the credits, while banks which have the expertise but regard rural youths as high risk clients. The partnerships between these three could allow a bank to give credit to rural youth through a mobile phone enabled account and manage the credit while having a credit guarantee from Youth Funds and SIDO. SIDO could therefore provide training infrastructures while Youths Funds which are under the District Executive Directors could be responsive in recruiting and sensitization of the rural youths using their wider network in rural areas through village and ward executive officers and extension officers.

In addition, the insurance product (particularly health insurance) can be a product of CHF collaborating by an MNO/s to enable its access through a mobile phone when beneficiaries can pay for it via mobile money.

4.1.3. Know-Your-Agent requirements

Even though there is demand for agency services (bank and mobile money) in rural areas, availability of these services tends to be low in some locations. Apart from network challenges, Know-Your-Agent requirements in Tanzania seem to limit the penetration of financial services into rural Tanzania. Privy to the fact that cash flow in rural economies is lower compared to urban locations, there is need to consider lowering the Know-Your-Agent requirements from merchants in rural Tanzania in order to encourage recruitment.

A concept of 'light Wakala's' could be adopted whereby the KYA requirements are lower for agents who handle low volume transactions up to a certain value in a year (about 2 million?). The table below illustrates the current KYA requirements versus a proposed model that would encourage adoption of services in rural economies.

Current KYA requirements	Proposed rural KYA modifications
Agents must have a business license or TIN number	Small Entrepreneurs ID (Magufuli ID) to be accepted as a viable business license for merchants in rural areas
Agent must be in business for more than a year	3 to 6 months of operations
Minimum of Tshs. 800,000 – 1,000,000 capital	Lower capital requirements to about Tshs. 100,000 – 200,000

4.1.4. Partnership modalities to enhance youth financial inclusion

- ***Sharing of telecommunication towers by FSP's***

Given the cost implications of individual FSP's investing in all rural locations of Tanzania to increase access of their services to the rural masses, it would be ideal for MNO's to consider partnering and sharing of telecommunication partners with their peers to lower this cost. FSP's can consider sharing the investment costs of setting up the towers in chosen locations, this will not only increase access of financial products to the rural economies but will also increase individual FSP's penetration in the market.

Projects such as the World Bank-sponsored Digital Tanzania Program[1] which aims to promote and harness the country's digital potential and increase access to high-quality, low-cost connectivity, including for those in the rural areas, will thus see to the inclusion of rural youth.

- **Interoperability of mobile network operators**

Although interoperability may lead to ease in cross transactional services between MNOs, the cost of these transactions still limits the usage of such services, particularly for the low-income individuals such as rural youth. A reduction in transaction costs can be leveraged through use of government gateways as opposed to 3rd party systems.

- ***Creation of systematic structures***

Based on the findings from this study, lack of systematic structures in the promotion and raising of awareness has resulted in youth not taking advantage of certain financial opportunities such as SIDO and the youth funds. Structured partnerships whereby the government works with other organizations including but not limited to NGOs in the promotion of these services and educating the youth on these products as well as assist them in acquiring the right requirements can see more youth engage with such initiatives. Additionally, entities such as SIDO and Youth Fund (TAMISEMI) should ensure there is a youth product which is developed based on realistic requirements for the youth through which funds are disbursed to youth groups via the banks and or even MNOs.

- ***Promotion of Financial Education/Literacy***

[1] https://www.gsmaintelligence.com/research/?file=783bb9b0ab8e6e53361607a838d25dcb&download

While it is evident that there is a knowledge gap on financial products and services among the youth, financial service providers did not express interest in committing resources for conducting market awareness and training on the use of financial products.

In 2017, Women World Banking in partnership with NMB Bank Tanzania through a program called 'Wajibu' conducted a campaign amongst selected parents and youth of 12-17 years on financial education. After this first phase, the proposition was changed and Wajibu clubs were launched in selected schools where they run every Wednesday. The clubs utilize a curriculum through which students are provided with financial literacy education through bank staff who visit them on the club days. This model has been instrumental in increasing financial literacy among students, incentives are also given to the students (t-shirts, school material) to encourage participation. Such models could be adopted across rural regions of Tanzania to help build knowledge and reduce the financial exclusion gap due to lack of knowledge. The government could consider adopting this model in each school or having financial literacy as part of school's curriculum from a tender age (grade one) as a first step towards broadening the countries knowledge of financial products thus leading to uptake and usage of financial products.

4.1.5. Design of effective digital financial education and literacy solutions (influence on financial behavior)

Financial literacy represents the level of aptitude in understanding personal finance. It often refers to awareness and knowledge of key financial concepts required for managing personal finances and is generally used more narrowly than financial capability.[2] The fundamental goal for the recommendations set in reference to the design of effective digital tools is the improvement of the financial well-being of the rural youth by building their knowledge, skills, attitudes and their responsibility towards their financial planning.

Bundled with product information, financial education will also be used to influence the building of *trust* and promotion of consumer protection, particularly where there is unfamiliarity in products and services being offered.

Aside from customization of content, environment, modalities or channels of delivery and timeliness of delivery, all factor in the effectiveness of transformation. The use of mass media for example, such as radio or television that already reach households around the world every day has proved to be beneficial, as learnings from South Africa (Scandal), Kenya (Makutano Junction) and Rwanda (the "Nawe Birakureba" or "it's up to you!" program material included 'edutainment' radio drama) suggest. In South Africa for example, through a popular soap opera *Scandal!* a storyline was incorporated about financial mishaps. Through the program, viewers significantly increased their financial knowledge and borrowing from formal (and less expensive) sources and engaged less frequently in gambling.[3]

In Kenya, the launch of Nawiri Dada ("Sisters Achieve" in Swahili) campaign in 2013, in partnership with Makutano Junction's production and three Kenyan banks introduced storylines that showed how banking can become a part of a woman's life proved successful as there was an increase in the number of accounts opened and reactivated due to the series and the marketing efforts. 83 % of viewers stated that they had received useful financial information from the series and 138,000 more low-income women

[2] Integrating Financial Capability into Government Cash Transfer Programs, A World Bank Toolkit (2018);http://documents.worldbank.org/curated/en/866461531462775238/Integrating-financial-capability-into-government-cash-transfer-programs-toolkit

[3] Evaluating the Impact of Financial Education in Mainstream Media, A WorldBank Report (2013); https://pdfs.semanticscholar.org/ca66/23577ec2a5878e7c0cc9253ac610f160df5f.pdf

reported having a bank account after watching the show—a 9 % increase in account ownership among low-income women in Kenya.[4]

Whilst in Rwanda, under the Umurenge Saccos, financial education was provided in the form of edutainment' radio dramas that follow the lives of the main characters as they confront and resolve common financial issues. With each episode, simple and actionable 'rule of thumb' messages, were also presented to affirm the key concept. Positive results were measured from the program, including a likelihood in having a written budget, saving regularly, among other improvements.[5]

Aside from mass media, use of software, IVR, applications and digital platforms to deliver financial services to consumers and businesses through digital devices such as smartphones, have become recognized as promising tools to promote financial inclusion. Fundación Capital has pioneered in the design and testing of such tools.

Case Study: Interactive ways of learning about formal financial services, building the users' knowledge and capabilities towards financial inclusion and the use of digital financial services.

Problem

Promoting financial literacy and building of basic business management skills for the youth through digital learning.

Solution

Fundación Capital in Tanzania designed the Jijenge, a financial capabilities application and Jifunze Biashara a business management skill took. The initiative circulated shared tablets and smartphones to youth in urban and semi-urban areas. Facilitators allocated participants time to spend with the training application, so they can learn from the comfort of their own homes and study at their own pace. The program also allows users to customize their learning by focusing on topics most relevant to the youth. With 500+ youth reached, immediate results outlined to an increase in usage of mobile wallets for savings, designing of ideas for a business and outlining of a business plan among others.

Source: Fundación Capital Research Reports

The channel used should be regarded as a potential 'teachable point' that can trigger specific behaviors, capabilities, or attitude changes amongst the youth. Lastly, data produced by the supply sector disaggregated should further assist in the design, development and promotion of products and the educational content.

For the rural youth, we recommend a design of content that is presented on a digital platform such a basic smart phone. Content should be easy to understand; thus, it should have the edutainment effect with visuals and sounds to assist the youth to learn easily. Additionally, the recommendation comes with the consideration that through this approach youth will have the opportunity to learn at their own pace and time. With female youths for example who from the data are overburdened by domestic responsibilities, the content being on a phone that can be left at one's home to be used at one's own pace can allow for their inclusion in the learning and adoption of formal financial products especially if the content is bundled with product information.

[4] https://www.womensworldbanking.org/insights-and-impact/popular-tv-show-shifted-social-norms-around-womens-banking-habits-kenya/

[5] https://www.poverty-action.org/sites/default/files/SACCOs%20Preliminary%20Results.pdf

4.1.6. Modalities of increasing rural youth ownership of mobile phones and use of mobile money

As per FINSCOPE 2017, only 54% of youth aged 16-24 years old owned mobile phones with a skew towards urban (73%) than rural (42%) youth. A further analysis by gender suggested that female youth (29%) were even more disadvantaged than male youth (56%) in terms of mobile phone ownership. The main reason cited by the youth for not owning mobile phones was lack of money/mobile phones were expensive (58%). This data might have significantly increased over the past 3 years as the qualitative study observed that majority of rural youths owned mobile phones. A few who didn't have phones were mainly dependents and particularly students.

Studies across the region suggest that mobile phone ownership is an enabler to adoption of formal financial services therefore, the lack of phones especially by rural female youth hinders them from being financially included. To address this barrier, programs that target youth should consider educating them on the importance of saving whatever little money they get with a goal of purchasing even a basic phone for it will encourage them to transaction and improve their credit score which will in effect improve chances of them accessing credit in future. Youth in savings groups should also be encouraged to purchase phones through contributions they make or receive from the groups for their own personal gains.

Case study of TASAF Beneficiaries efforts towards individual ownership of mobile phones

Problem

The TASAF program in Tanzania was moving towards digitizing cash transfers made to its beneficiaries in order to increase efficiencies and reduce time used to make cash payments. The problem was that most of the beneficiaries did not own mobile phones as they could not afford to purchase them on their own. The beneficiaries were left with the task of finding ways through which they could own mobile phones with sim cards registered to their names in order to comply with the program's requirements for the shift in mode of payment which was mandatory.

Solution

In a study conducted amongst TASAF beneficiaries in Tanzania by Fundación Capital, respondents in Ilala district said they formed a group through which for every payout they received from the government, every group member gave a contribution towards purchasing a phone for one member, in the end, all the group members were able to own individual mobile phones through collaborative effort which in effect allowed all the group members to receive digital payments from TASAF. Receiving digital payments for these respondents meant that they saved time which would have otherwise been wasted waiting for cash payments which mostly took up to 4 hours to complete. Another advantage reported was that mobile money recipients received their money way before the cash payment date, and they were able to cater for household needs on time. Also, mobile money would be received from anywhere and they did not have to be at the payment centers physically to receive the payments. Electronic payments also encouraged TASAF beneficiaries to save money on mobile wallets hence giving them an opportunity to accumulate money and use it for other goals like building houses, starting businesses, educating children among others.

Source: Digital Preparedness of TASAF beneficiaries for e-payments Report by Ipsos

4.1.7. Economic empowerment & entrepreneurship ecosystem

Entrepreneurship Knowledge and Skills

There are two key stakeholders who seem to work hard to promote and impart entrepreneurship knowledge and skills for rural youth, these are the government and NGOs. Each one of these stakeholders has several projects, initiatives and procedures intended to reach and empower rural youth.

There are several government organs and projects that aim to enhance rural entrepreneurship. The most outstanding one is the Small Industries Development Organization (SIDO). It was established in October 1973 as a parastatal organization under the Ministry of Trade, Industry and Marketing (now Ministry of Trade, Industry and Investment). Its objective was to develop the small industry sector in Tanzania. It was expected to fulfill a very wide range of functions from policy formulation to direct support to industries, to hands-on involvement in the establishment of SMEs in both rural and urban areas.

Although SIDO centers are located at regions' headquarters, they have a mechanism to reach entrepreneurs in the rural areas through available government officers at the districts, wards and village levels. The District Executive Directors work closely with SIDO and using their personnel who are scattered to the village levels (including Village Executive Officers and Extension officers), they are able to deliver information and opportunities available at SIDO to reach youth and other rural entrepreneurs.

SIDO also runs different customized programs that target different groups of people. These programs are normally supported by donors who would have a particular interest in the groups that they support.

Another well-established government organization important for rural entrepreneurship is the Vocational Education Training Authority (VETA). It has more than 630 accredited centers in the country offering training in more than 30 different entrepreneurial skills and activities. Other important government organizations and initiatives in supporting rural entrepreneurship (but with a smaller reach and activities compared to SIDO and VETA) include the Tanzania Industrial Research Development Organization(TIRDO) which supports local raw materials utilization; Centre for Agricultural Mechanization Rural Technology (CAMARTEC) which promotes appropriate technology for rural development; Tanzania Engineering and Manufacturing Design Organization (TEMDO), which specializes in machine design for rural development.

In this regard, institutions like SIDO stand a very good chance to reach rural entrepreneurs and bring an impact, if well-coordinated, supported and funded. SIDO has the right mechanism and network compared to many rural entrepreneurship projects. However, the biggest challenge with most of the government initiatives like SIDO is lack of skilled manpower to run businesses, lack of facilities and equipment like cars as well as a limited budget. Otherwise, these initiatives would have been very impactful.

There are several NGOs that have had different projects with elements of promoting entrepreneurship knowledge and skills for rural youth. SNV's Opportunity for Youth Employment for example, intends to equip rural youth with the necessary skills they need to get employed or employ themselves by training them in different life and business skills and linking them to different business opportunities including selling solar.

While NGO projects normally are equipped with skilled personnel, well thought strategies and funding, as it seems, running an NGO project that would have a big geographical coverage and reach, particularly in rural areas, is very expensive, and hence, most NGOs would only try to reach a few thousand youth at some selected districts, which is not the most effective way of ensuring that rural youth are fully enabled with relevant skills they need to improve their lives.

There is an opportunity of an established and well-coordinated and comprehensive structure to ensure that rural youth are reached and provided with sustainable solutions that enable growth of their technical and entrepreneurship and business skills. A partnership between the government (at all relevant levels) and other important stakeholders including the NGOs, can establish a systematic approach to complement each other's initiatives. A comprehensive system would for example engage NGO experts in planning, content development, use of technology to deliver entrepreneurship skills, and coordination of monitoring and evaluation of the programs while the government institution like SIDO being the main implementer of the program using the available infrastructures and personnel.

4.1.8. Aspirations for economic empowerment

According to the Tanzania National Baseline Survey of Micro, Small and Medium Enterprise (MSME), rural MSMEs account for 52% of total MSME employment. Seventy-two percent of manufacturing MSMEs are in rural areas while 52 per cent of trade service MSMEs are in rural areas.

In analyzing the purpose of rural entrepreneurs, to whether they have survival motives or they intend to grow, the MSME survey illustrates that 56.5 per cent of rural entrepreneurs report that their main occupation prior to starting the business was farming, very few respondents (4.8%) reported that they were unemployed prior to starting the business; contrary to urban areas where 11.3 percent and 9.7 per cent of MSME owners in other urban and Dar es Salaam report that they were unemployed before starting their business. Half of all business owners in rural areas say that the reason they chose their line of business is because they saw a market opportunity, this response is less common in Dar es Salaam and other urban areas.

The report goes further to elaborate that since farming activities are seasonal and can only provide an income during harvest season, a lot of the rural youth have established or aspire to establish some entrepreneurship activities to cater for their daily needs.

All these indicate that rural youth entrepreneurs in Tanzania have the right aspirations and motivations and are likely to be more sustainable and contribute to rural transformation and the country's economy. With this lies an opportunity of creating enabling environment and interventions and it is most likely that the youth will positively respond to those initiatives.

4.1.9. Use of key influencers for youth

The study points to a substantial impact in aligning information with people's personal beliefs. Rural youth tend to trust and are influenced by their social structures within communities such as village meetings, religious spaces, parents, sisters, brothers, friends, peers and other people in the community especially the elderly and people with influence. There is also an indirect influence from prominent people in the country particularly popular young people who have influence in different areas such as music, movies, business and sports (especially football).

Opportunity lies in the advancement of 'safe space conversations' within households and through intra-household dialogues, encouraging the promotion of positive perceptions especially for female youth and their engagement in economic activities. Normally, negative cultural perceptions and stereotypes have resulted in some denied opportunities. The direct engagement of all members within the household will allow for transformation that directly affect the household, and potentially the use of formal financial finances.

4.1.10. Policy Environment

There is a conducive policy environment to support the growth of rural entrepreneurship. The Sustainable Industrial Development Policy (SIDP) – places specific emphasis on promotion of small and medium industries by supporting existing and new industries in terms of promotion, simplification of taxation, licensing and registration and improvement of access to financial services. SIDP enables entrepreneurs with physical disabilities to take part in economic activities.

The National Microfinance Policy (NMFP) covers provision of financial services to small and micro enterprises in rural and urban areas that are engaged in all types of entrepreneurial activities. Whilst there is implementation of the second National Financial inclusion Framework and the National Financial Education Framework, both place an emphasis on youth financial inclusion.

Furthermore, policies that concentrate on the development of sectors in which youth are heavily involved should also take priority in their implementation such as the Agricultural and Livestock Policy (ALP) aimed at the development of entrepreneurs in agricultural and livestock sectors. The Minerals Policy of Tanzania (MPoT) identifies the artisan and small-scale mining operations as major targets of promotion through improved access to finance and availability of tools, equipment and consumables, simplified licensing and enhanced marketing.

The National Employment Policy, Gender and Women Development Policy, Cooperative Development Policy and National Environmental Policy, National Trade Policy – the policy areas include: Consolidation of financial sector institutions and deepening of financial instruments, Enhancing micro-enterprise financing and long-term finance of SMEs, Improving commercial dispute resolution to lower high risks in lending due to culture of default, Development of a competitive domestic consulting industry, Adapting and taking advantage of technological developments and new products, Capacity building for effective participation in regional trading for entrepreneurs. The Small and Medium Enterprise Development Policy– aims at promoting entrepreneurship among the public.

From the policy and regulation point of view, the rural entrepreneurship environment is not a challenge, the challenge however lies in putting those policies and regulations into action. An opportunity lies in the consolidation of the policies and regulations on rural youth entrepreneurship growth, harmonizing them and establishment/strengthening institutions mandated to implement those policies and regulations.

4.2. Baseline and targets (short term and long term)

The matrix below illustrates the ease of adoption and level of impact of proposed short terms and long-term targets.

Ease of adoption \ Level of impact	Low	Medium	High
Difficult			• KYA simplification for rural agents • Telecommunication tower sharing
Moderate		• Systematic structure of collaboration among stakeholders (MNOs, Banks, NGOs, Gov) • Youth digital financial product • Digital financial literacy solution	• Financial literacy curriculum for schools • Increasing mobile phone ownership among youth • Economic empowerment and entrepreneurship policies implementation
Easy		• Use of key influencers for youth	