

Rural Youth

Inclusive Finance
STUDY

Research design, data analysis and report by Embassy of Switzerland in Tanzania, Financial Sector Deepening Trust (FSDT) and Ipsos in consortium with Fundación Capital

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Rural Youth Inclusive Finance Study – Executive Summary

This study researches and evaluates the state of financial inclusion and finance for growth of rural youth in Tanzania, and concludes that their inclusion could significantly benefit rural communities and the country's economy as a whole towards an inclusive financial system.

The FinScope Tanzania study conducted in 2017 identified rural youth as one of the most financially excluded groups in Tanzania, with 45% having neither formal nor informal financial services. Rural youth are people in rural areas aged between 16-24 years old (about 4.4 million people or 16% of the Tanzanian population over the age of 16).

The Rural Youth Inclusive Finance Study will focus on this demographic with the aim to provide a holistic assessment as to the infrastructural and policy/regulatory environment within which the rural financial system of Tanzania operates, as well as to supply recommendations for the advancement of rural youth inclusive finance.

The key objectives of this study are to identify areas that will advance the access to and uptake of financial products by rural youth, as well as lead to advocacy and policy dialogue for youth-inclusive finance systems.

This study made use of a mixed-method approach, using primary and secondary data sources triangulated sufficient evidence and applied a gender lens to uncover specific constraints and opportunities for female rural youth to produce accurate conclusions and provide relevant and effective recommendations. The primary research conducted involved interviews with rural youth and relevant stakeholders from financial institutions as to the demand for, and supply of, finance in rural areas of Tanzania.

To determine the demand, disaggregated data analysis of FinScope Tanzania 2017 data was performed and qualitative research was conducted in eight locations in Tanzania, selected to represent the eight identifiable zones of the country: the Lake Zone, Central Zone, Coastal, North, South, Southern Highlands (SAGCOT), Zanzibar (Unguja and Pemba) and the Western Zone.

The primary research was conducted through focus group discussions and random-selection immersions which followed the day-to-day lifestyles of rural youth. These immersion interviews were completed to discover the financial patterns, products, services, drivers and barriers to financial inclusion experienced by male and female rural youth respectively.

To gain insights as to the supply, key informant interviews were conducted with relevant stakeholders from financial institutions, youth organizations and relevant ministries.

Based on the conclusions reached through the research conducted, certain

recommendations have been set forward by this paper.

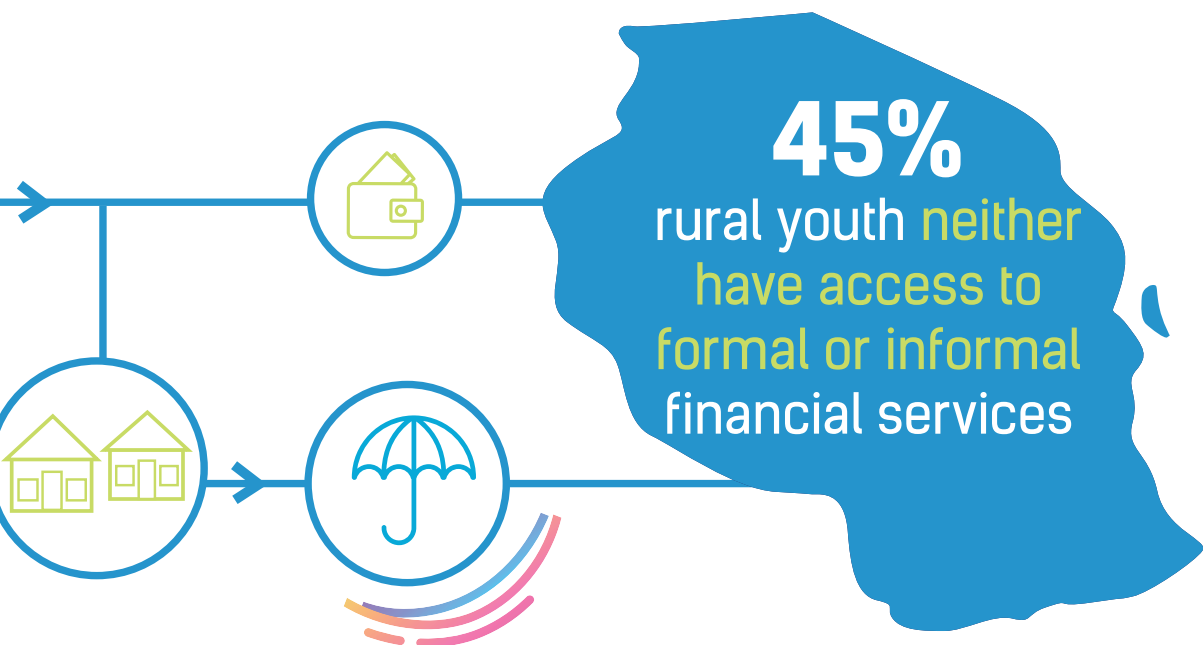
- Address the needs of rural youth by understanding their economic situation and aspirations; rural youth financial inclusion goes hand in hand with their economic empowerment.
- Introduce tiered due-diligence requirements for mobile and bank agents.
- Support linkages between informal channels (i.e. savings groups) and formal channels as female rural youth appears to be more drawn to informal channels.
- Increase partnership and shared infrastructure to maximize reach and increase rural penetration of financial institutions, e.g. through increasing availability of mobile money and promoting financial education/literacy.
- Change the financial behavior of rural youth through communicating solutions through channels relevant to them, e.g. on a digital platform such as a smart phone.
- Explore various pathways to increase mobile phone ownership among rural youth and female rural youth in particular.
- Increase rural youth participation in meaningful economic activities by, e.g. entrepreneurship knowledge and skills through partnership with government and NGOs.
- Structure entrepreneurship programs so that they provide room to compensate or provide time for female participants and their increased social roles in their households
- Push messages through key influencers of rural youth e.g. elders and footballers.
- Provide proactive and rural youth intentional enforcement of the existing policy environment.



1. Introduction

Rural youth are people residing in rural areas aged between 16 and 24 years old. In 2017, this age bracket totaled approximately 4.4 million people, accounting for 16% of the Tanzanian adult population aged 16 years and above. In the FinScope Tanzania study conducted in 2017, they were identified as one of the most financially excluded groups in the country, with 45% of the rural youth depicted as having access to neither formal nor informal financial services. This is 17% lower than the national average. Furthermore, their income levels are below the national average, with the median income of rural youth being 40,000 TZS compared to the national median income of 50,000 TZS. This disparity is also reflected in their PPI scores, where they appear significantly less affluent with 65% of them falling in the last two quintiles. When looking at PPI scores on a national scale, only 58% of people fall into the last two quintiles. The National Financial Inclusion Framework 2018-2022 has recognized the youth as a key demographic in need of increased efforts to ensure not only their financial inclusion, but also to aid them in preparing for the future. This is of vital importance considering that the youth of today will be the Tanzania of tomorrow.

Like many sub-Saharan countries in Africa, Tanzania has seen increased urbanization rates since its independence, with urban centers such as Dar es Salaam, Mjini Magharibi, Arusha, Mbeya, Mwanza and Dodoma growing constantly over the past five decades. Urbanization is driven mainly by the rural youth as they move to urban centers in search of employment and other livelihood opportunities (NBS Migration and Urbanization Report, 2012). However, this migration to urban areas has resulted in widespread unemployment amongst the country's substantially young population, as well as causing poor living conditions to develop in these urban areas. Given the high disparity between population distribution patterns in urban and rural areas, there is a need for the formulation of population redistribution policies which encourage rural development. This will, to some extent, help to rectify population distribution imbalances between rural and urban areas, as the 2012 NBS Report on Migration and Urbanization points out.



It is essential to work with rural youth in our attempts to reduce the level of financial exclusion on a national scale, as well as to contribute towards poverty reduction for this demographic. This report aims to unlock insights as to the needs, behaviors and perceptions of and about rural youth in order to challenge the perceived notion that there is a lack of opportunity in rural communities. Through this, it is hoped that rural-urban disparities can be reduced. Fostering rural youth development will lead to a collaboration between urban youth and rural areas in order to reverse demographic trends in these rural areas. This is in alignment with the SDGs, particularly SDG 11a. Development in rural areas will not only increase the quality of life in these areas, but also improve the quality of life in urban areas due to reduced urbanization rates. For rural youth to remain in rural areas, these areas must be attractive enough and be able to provide the right skills and opportunities for them to progress and improve their quality of living.

The interlinkage between rural and urban areas will be in the following areas:

- A. Urban and rural youth may support agri-businesses through acting as a market for the produce produced in the rural areas.
- B. Urban and rural youth will have the opportunity to come up with innovative technological products to be used by both urban and rural youth.

Inclusive finance for rural youth carries the potential to not only increase their welfare, shock resilience and economic productivity, but also contributes to the leveling out of existing disparities and amplifying of youth development across all settings.

In light of the above, the Embassy of Switzerland in Tanzania, and the Financial Sector Deepening Trust (FSDT) partnered together for this study in order to better understand the financial behaviors and difficulties faced by rural youth, as well as to inform strategies

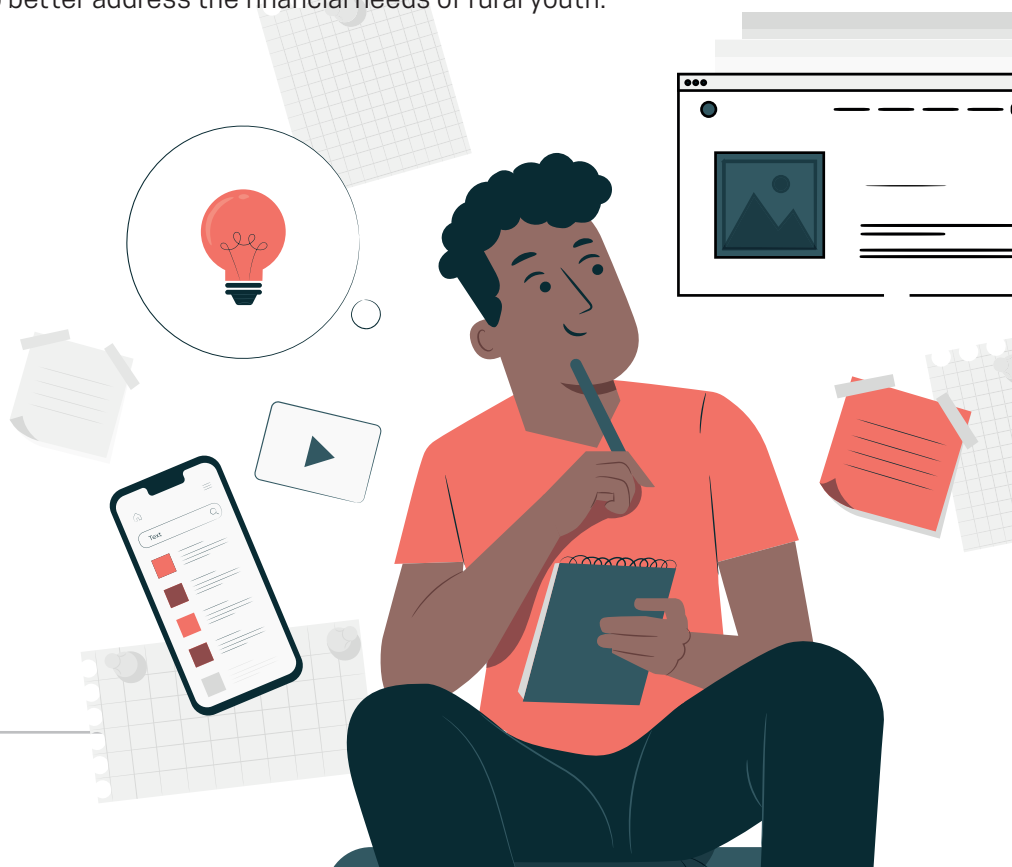
aimed at optimizing the transformative potential of financial inclusion in terms of the employment status, income levels and quality of life for rural youth.

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 primary and secondary data sources.

Key Objectives of the Study

This study sought to inform the development of interventions, solutions and strategies that aim at increasing gainful self-employment for rural youth through enhanced financial inclusion. To enhance these outcomes for female rural youth a gender lens was applied throughout the report to uncover specific constraints and opportunities for female rural youth. The overarching objectives were to identify areas that will lead to:

- **Access to and uptake of financial products:** To provide rural youth, particularly females, with improved access to and use of financial services. This will be achieved through financial service providers developing and offering relevant and affordable products.
- **Advocacy and policy dialogue for youth-inclusive financial systems:** Favorable policy solutions, based on regional cross-learning, enhancing the financial inclusion environment and enabling stakeholders to better address the financial needs of rural youth.





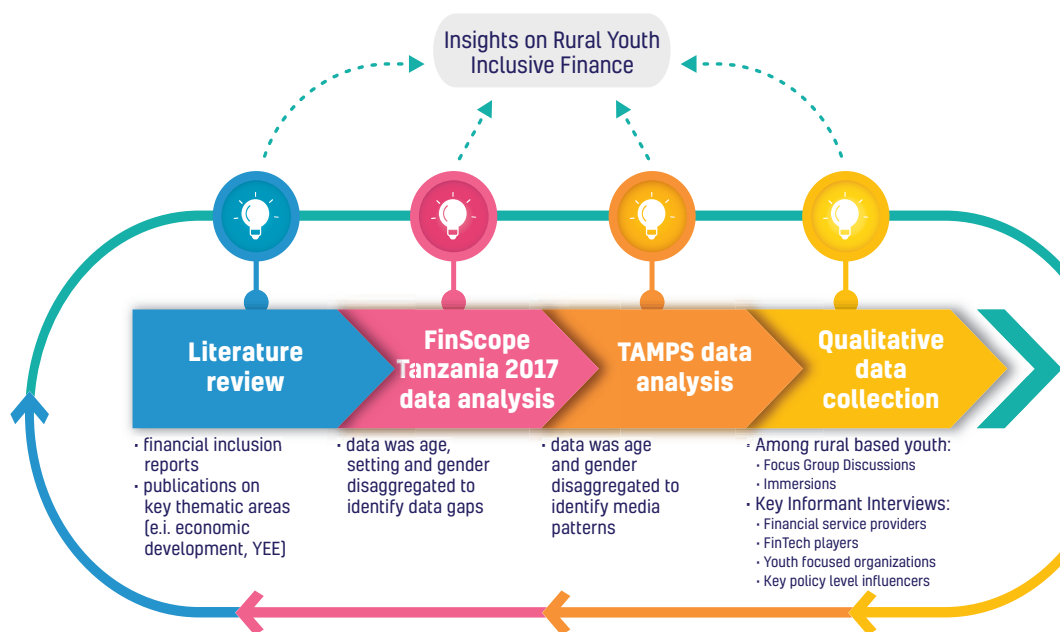
2. Methodology





This study made use of a mixed-method approach system which covered several key areas and allowed for a holistic assessment of supply and demand as well as the infrastructural and policy/regulatory environment within which the financial system operates. The study adopted a mixed method approach using both primary and secondary data sources, the findings of which were later triangulated to produce this report.

Figure 1: **Research Approach**

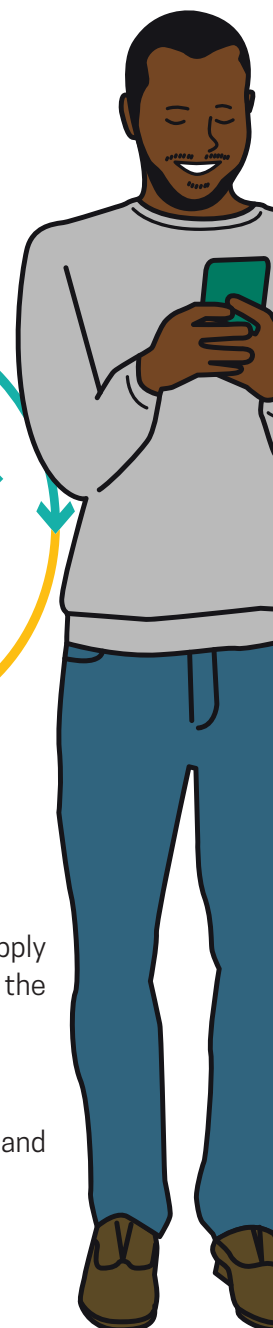


Sample Design of Primary Research

The primary research consisted of interviews about the demand and supply dimensions. This was done in order to obtain a holistic understanding of the landscape.

Demand Side

Qualitative research was conducted through Focus Group Discussions (FDGs) and Immersions.





MAP 1: ZONES AND SELECTED REGIONS FOR PRIMARY DATA COLLECTION



FDGs were conducted among rural-based youth spread across eight locations in Tanzania. These eight locations were selected to represent the eight identifiable zones in Tanzania, namely: the Lake Zone, Central Zone, Coastal, North, South, Southern Highlands (SAGCOT), Zanzibar (Unguja and Pemba) and the Western Zone. The map above specifies the regions selected in each zone, respectively. Refer to Annex 1 for detailed research locations. The FDGs sought to uncover the profiles of rural youth in Tanzania. These profiles included demography, income-generating activities, struggles in life, knowledge, awareness and use of financial products, as well as entrepreneurship, among other factors. In each zone, two FDGs were conducted; one male-only and one female-only. In addition, focus group participants were selected based on their source of income and were grouped as casual laborers, self-employed in farming activities, self-employed in non-farming activities and dependents (two from each segment of the FDG).

After participation in the focus group discussions, immersions were conducted with randomly-selected youth from each focus group (one male, one female). The immersions sought to follow the day-to-day lifestyles of youth to better understand:

- A. how they make money, what they do with their money, what drivers and barriers exist to financial inclusion, what products/services do they need, what gaps in terms of lifestyle choices do they have, etc.;
- B. use of gender lenses in the description of their behavior: are some things more accessible to men than women, what social, economic or structural barriers exist that favor males/females, how do they get paid, how do they use money, what is their decision-making process for financial issues, is there evidence of gender influence in decision making on financial issues, how is money made, spent, saved and stored. Moderators followed youth from morning to evening and observed as they went about their daily businesses to understand the financial pain points.

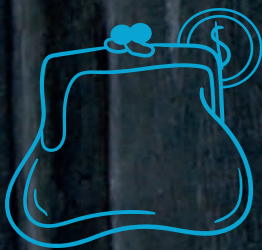
Though the immersions were conducted to mirror the day-to-day life of the individuals, the risk of changes in behavioral patterns persist. This is due to the fact that the individual is aware that s/he is being observed. To minimize these risks, the immersions were conducted by researchers of the same gender as the respondents.

Supply Side

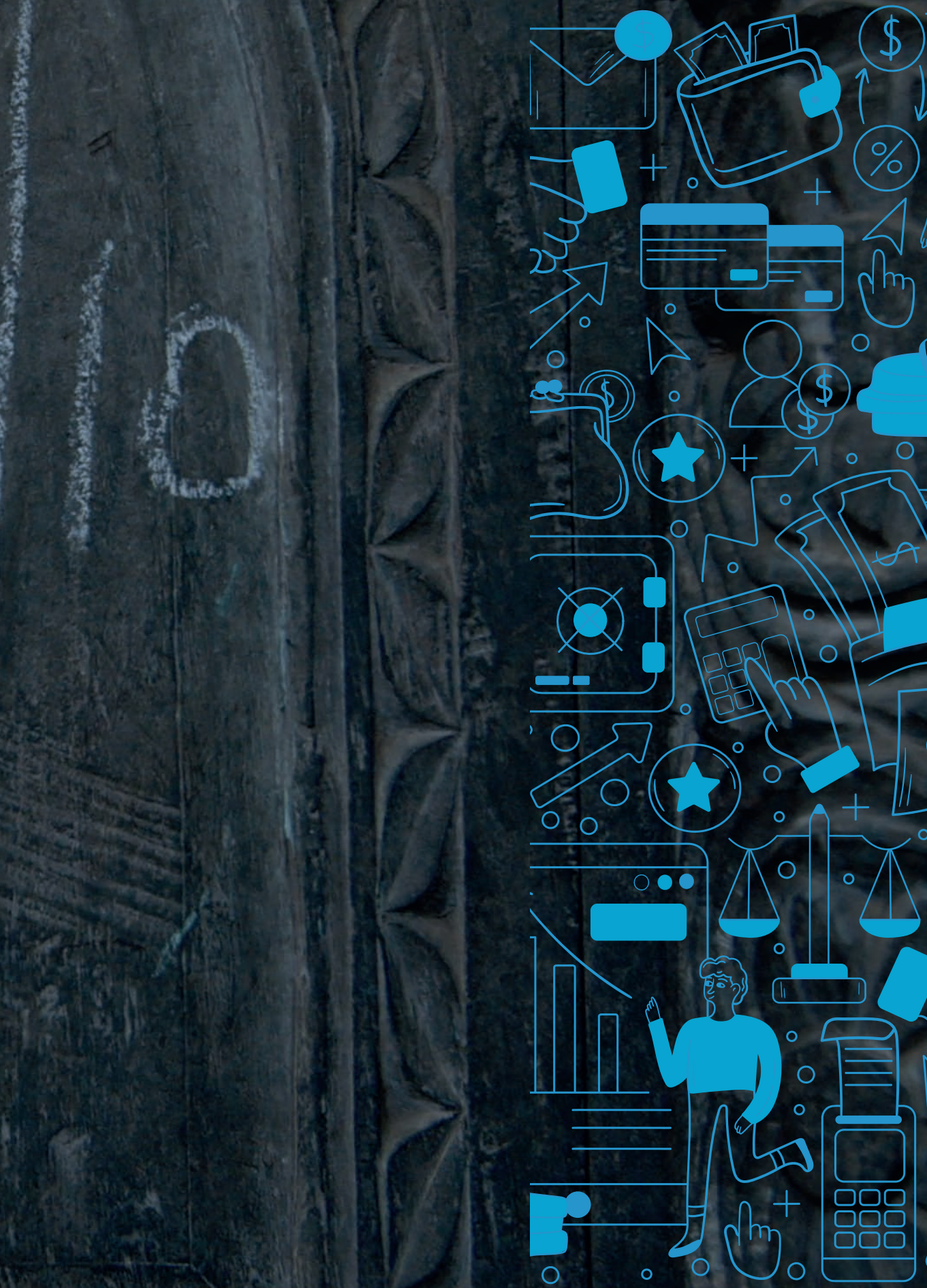
Key Informant Interviews were conducted with relevant stakeholders from financial institutions, youth organizations and relevant ministries. This was done to gather information pertaining to the financial inclusion of rural youth, as well as to ascertain what enables and challenges them in regards to the implementation, supply and demand of the financial inclusion space, gaps in policy, as well as implementation of said policies. These included:

Solution Providers Financial Service Providers	Youth Organizations Supporting Financial Inclusion & Youth Entrepreneurship	Policy Level Relevant Ministries, National Council on Financial Inclusion
Targeted to provide insight as to the perceptions of investing in rural youth, the availability of products targeting rural youth, the challenges to providing products in rural areas, any enablers or barriers to investing in rural youth, regulatory frameworks, as well as other factors.	Targeted youth organizations with programs or projects focused on financial inclusion activities, female (woman or girl) focused projects, as well as projects involved in youth entrepreneurship.	Engaged relevant ministries and policy implementers to establish their point of view regarding the regulatory framework on financial inclusion for youth, policy on youth entrepreneurship. Obtained proposals on how to improve the overall financial inclusion of rural youth by dealing with policy barriers.

3. Findings



This section provides detailed findings of the Rural Youth Inclusive Finance Study. The study findings are divided into various categories for ease of reading. It will unpack the demographics and characterize the addressability of the study results by investigating the financial behavior and the uptake and usage of financial services for rural male and female youth between the ages of 16 to 24 years old across Tanzania. Furthermore, due to the key role mobile money plays in the Tanzanian financial sector, this study will also provide a deep dive into mobile phone ownership, access and usage to mobile money, as well as the potential of mobile money to effect living standards.



3.1 Demographics

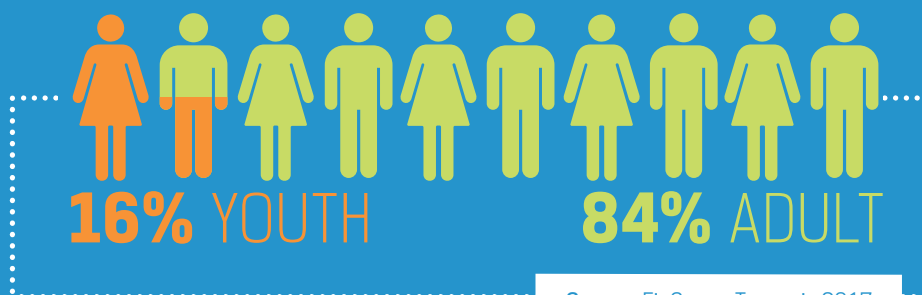
By definition, this population segment has several basic demographics that are defined within it. These include their setting being rural and their age group being 16 to 24 years old. This section will further unpack the characteristics of this demographic from who they are, where they are from and what they do.

Rural youth accounted for about 16% of the Tanzanian adult population in 2017, which translates to approximately 4.4 million people. They are located in the rural areas, but rural penetration is not equal across Tanzania.

Rural youth are distributed unevenly across the country. As demonstrated in the map above, some regions have a higher percentage of rural youth than others. In particular, the Lake Zone, Western Zone, Zanzibar and Tabora have relatively higher concentration levels of rural youth. Dar es Salaam wasn't included in this analysis because the entire region is urban.



Figure 2: **Percentage of Rural Youth in the Tanzanian Adult Population**



Source: FinScope Tanzania 2017



FACT 2

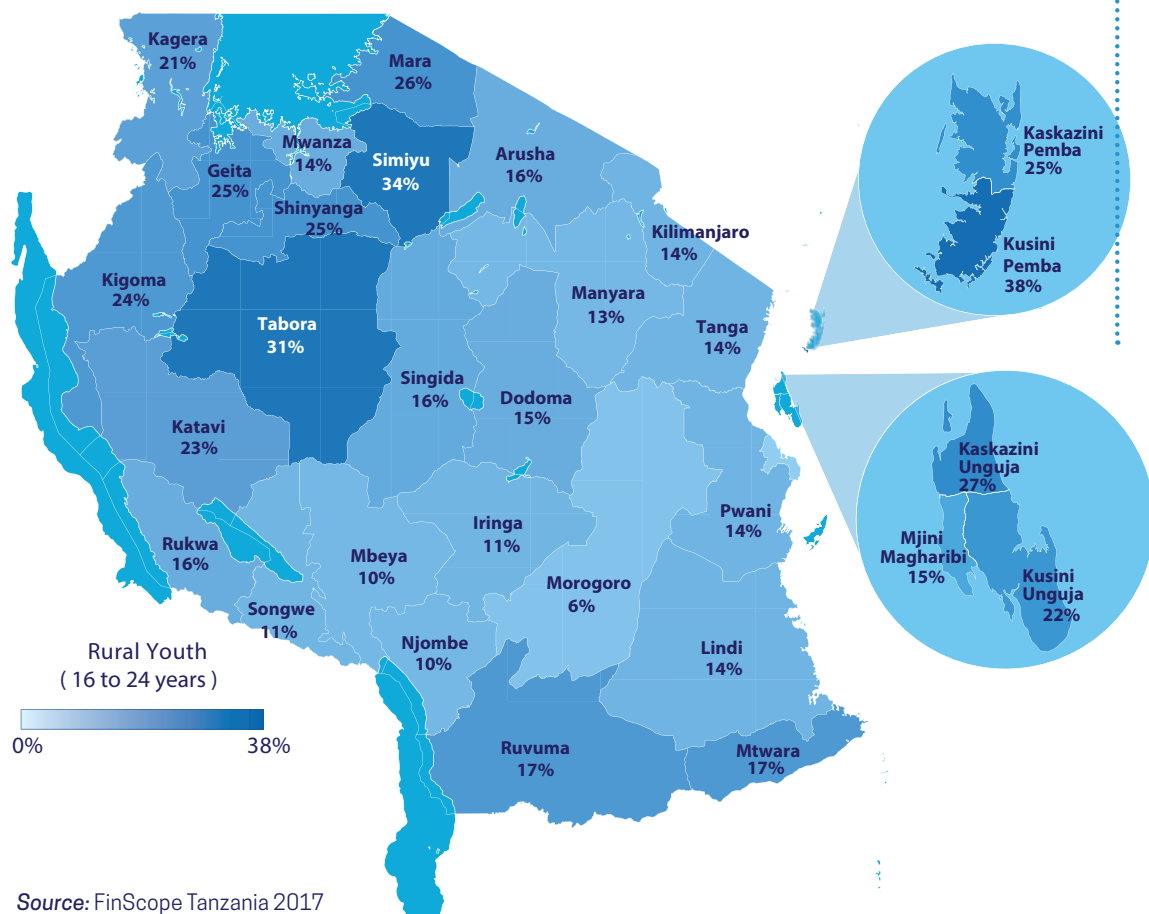


Kusini Pemba has the

**highest percentage
of rural youth**

in their population

MAP 2: PROPORTION OF RURAL YOUTH IN EACH REGION



Source: FinScope Tanzania 2017



FACT 3



2 in 10 rural youth

are below

18 years



Figure 3: **Percentage of Rural Youth Below 18 (16 and 17 years)**



Rural youth, though already confined to an age group in this study, still have normal demographic pyramid dynamics. It is important to note that 21% of them are below 18 and, as such, are not yet legally accepted as adults. As a result, they lack certain rights and responsibilities which effects their potential to interact with formal financial services.



FACT 4

There is an almost **equal**
number of male and
female rural youth

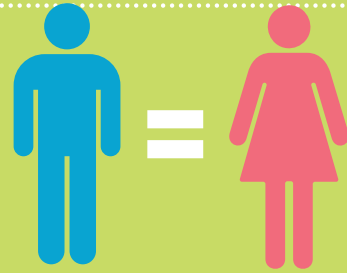
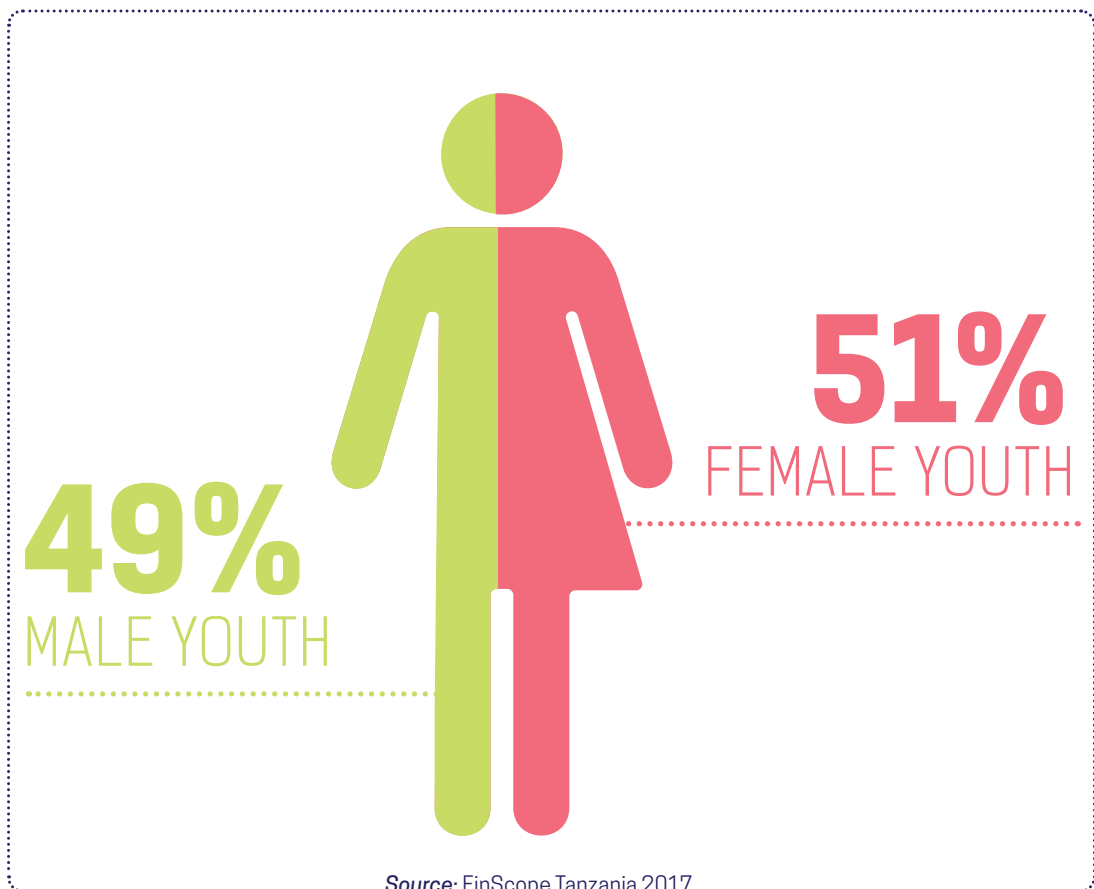


Figure 4: **Gender Split**



Similar to the national average, there is an almost equal split between male and female rural youth. The study notes that youth are not a monolithic block and that, even in the group of rural youth, further segmentation has to be made to better understand this group. In particular, the study applied a gender lens to uncover specific constraints and opportunities for female rural youth.

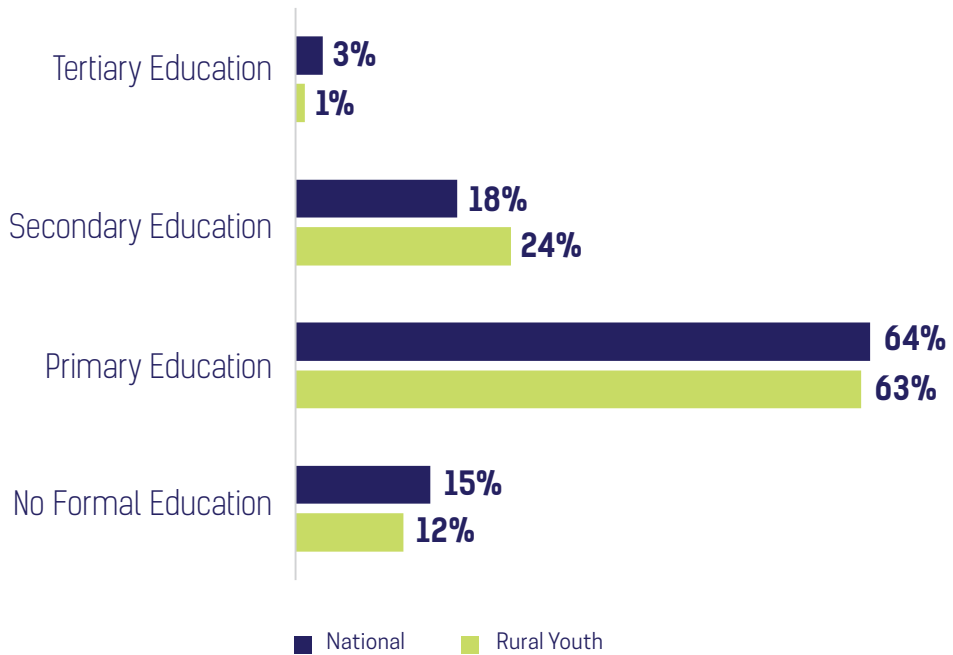


FACT 5

A **quarter of rural youth** have attained **secondary education or more**



Figure 5: **Highest Level of Education Achieved**



Source: FinScope Tanzania 2017

Rural Youth are slightly better educated than the national average, which presents itself as an advantage. Furthermore, qualitative research findings reveal that rural youth aspire to obtain further qualifications in the future. Female respondents repeatedly stated that they dream of achieving higher academic levels and professionalism, while male respondents stated that they wanted to broaden their knowledge in the agricultural sector and learn more about technological devices, such as computers.



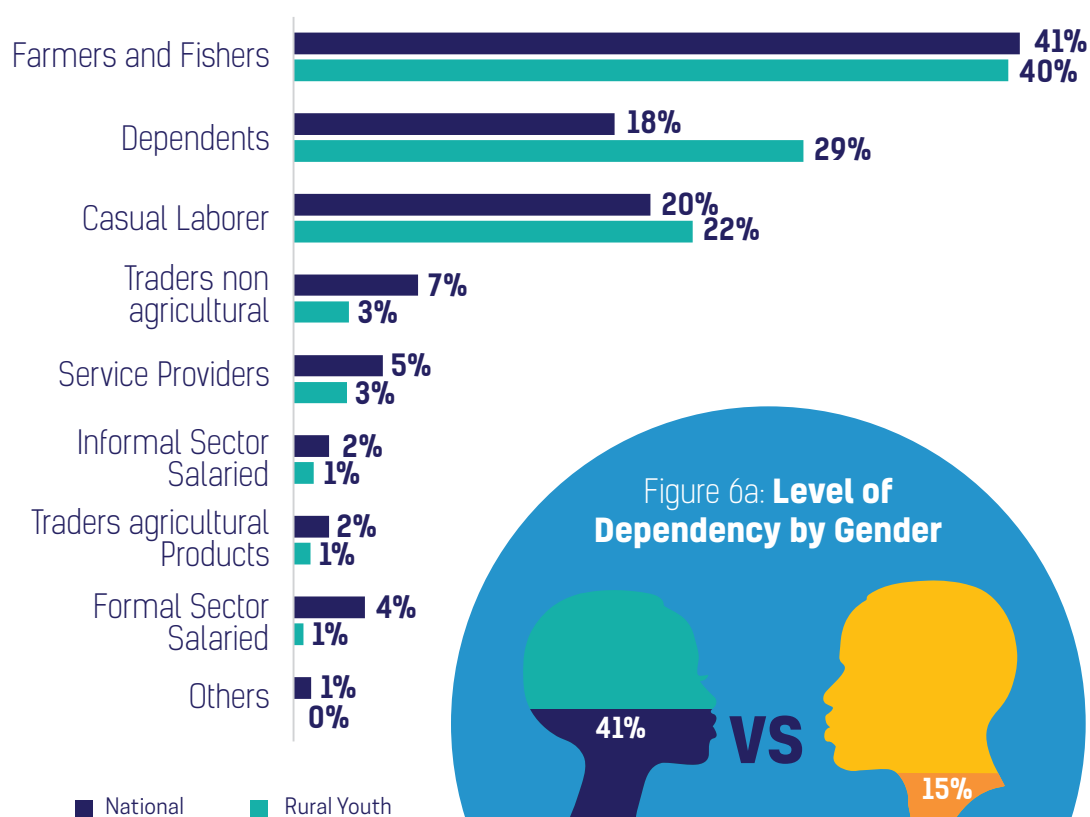
FACT 6

3 in 10
rural youth

are dependent on
someone else's income

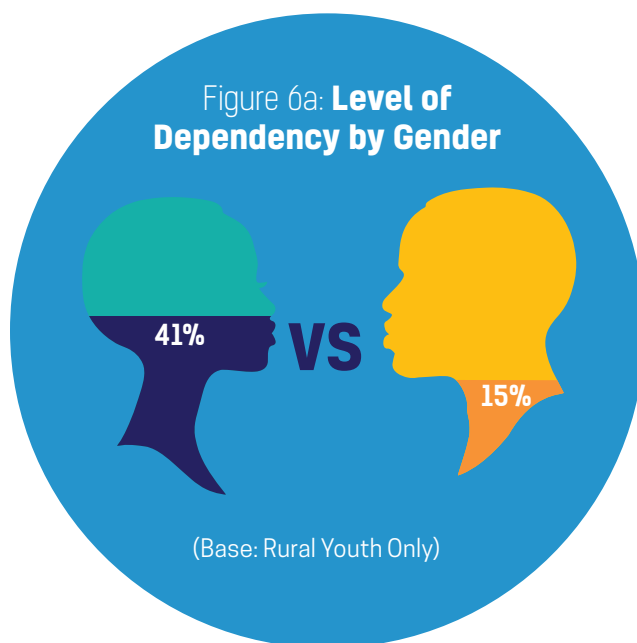


Figure 6: **Main Economic Activity**



Source: FinScope Tanzania 2017

Figure 6a: **Level of Dependency by Gender**



According to the Household and Budget Survey (2012), 61% percent of rural households engaged in only agricultural activities; 28% of rural households are farm/non-farm mixed households; and about 11% are non-farm only households. A similar trend can be observed among rural youth, with 40% of rural youth engaging in agricultural activities. However, 29% of rural youth are dependent on someone else's income. Dependency is even more prevalent among female rural youth, wherein four in ten young women are dependent. Another key economic activity, accounting for 22% of rural youth, is casual labor. The types of non-farm entrepreneurial activities vary depending on the economy of an area as well as other contributing factors. Existing perceptions within the society, such as 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 labeled 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.”***

Overall, there were some businesses that seemed popular across the qualitative study regions. These included the 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 product shops (vibanda); and some service businesses like bicycle/motorcycle repair and motorcycle/car wash. Other youth have also taken the opportunity of being agents for Mobile Network Operators (MNOs) and banks.

An assessment of the frequency of rural youth income sources, both from FinScope Tanzania 2017 and qualitative data collected, posits that the revenue earned from trading was mainly seasonal while casual labor was paid daily whenever they were engaged in this work. In order to effectively serve the rural youth population, financial service providers must consider this factor in order to determine which relevant products fit the income profile of rural youths.

FinScope Tanzania 2017 further shows that rural youth obtain income sources from various engagements, which, for those that are not dependent, is at a median of 40,000 TZS per month. This leaves them 10,000 TZS below the national median income of 50,000 TZS. Similarly, their PPI sees 65% of them falling within the lowest two quintiles, while national average sees only 58% falling into this group (FinScope Tanzania 2017).



FACT 7

Rural youth have responsibilities in their household



Figure 7: **Are Rural Youth Head of Household?**

(Base: Rural Youth Only)

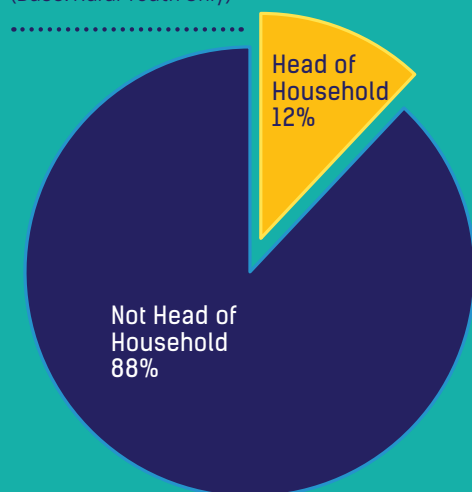


Figure 8: **Marital status**

(Base: Rural Youth Only)

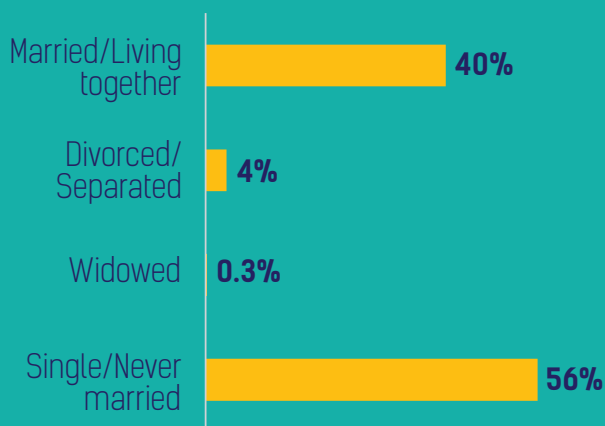
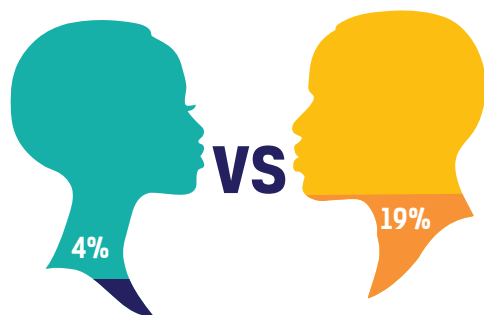
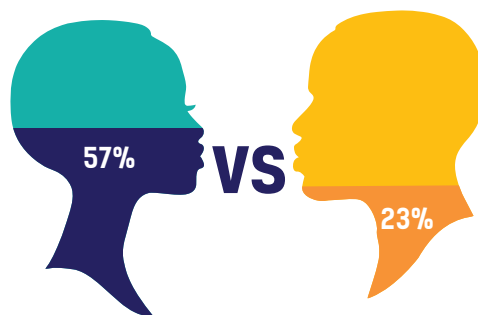


Figure 7a: **Level of Head of Household Role by Gender**



(Base: Rural Youth Only)

Figure 8a: **Level of Marriage/ Cohabitation by Gender**



(Base: Rural Youth Only)

Source: FinScope Tanzania 2017



Though still young, more than one in ten rural youth is the head of their household. This applies more for male rural youth (19%) than for female rural youth (4%). Furthermore, four in ten rural youth are married, a number which is higher among female rural youth (57%). With being married or being a head of household, responsibilities follow. These responsibilities require not only financial muscle, but also voice and agency. However, 27% of rural youth report that they do not take part in decision making processes pertaining to finance in their households.

From the qualitative data, rural youth, particularly those of 20-24 years, are either heads of households with relatives that depend on them or, in other instances, are married. This shows the responsibilities that Tanzanian 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 of catering 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.

For the dependents, where many of the decisions were still made by their 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 was 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 that: ***“ladies, even when they are doing entrepreneurship, they are spendthrifts and complain they have high expenses.”***

Other elements that hindered the progress of women were the responsibilities they had at the household level. Taking care of children, preparing food, fetching water and a multitude of 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 the 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 5 am and farm up to 10 am, when I go back home to do cleaning, then cook for the kids and after which I will go out to do my small business until 1 pm when 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.”***

With the above in mind, it must be noted that as solutions or interventions are designed for rural youth, their household and social standing needs to be considered.



FACT 1



7 in 10 youth
can read and write
in Swahili

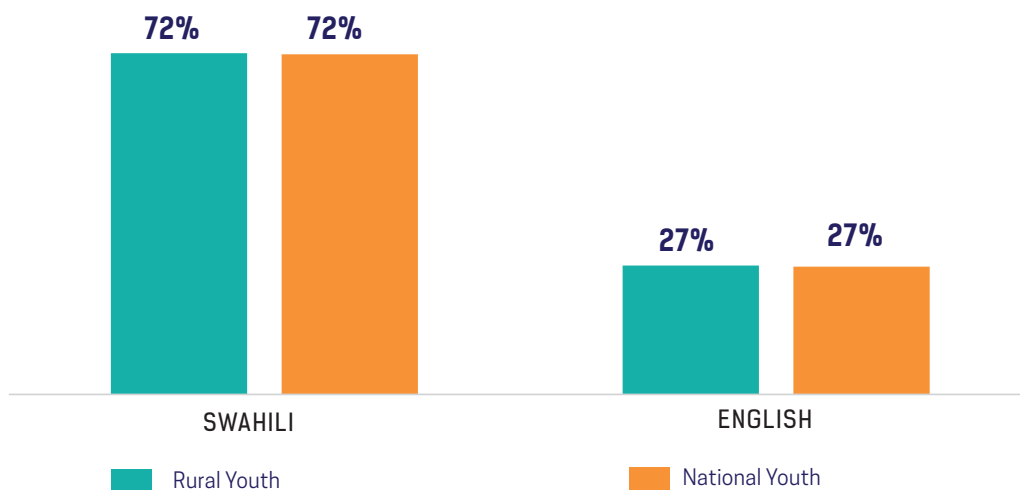


3.2 ADDRESSABILITY

This Section unpacks how far rural youth are addressed and able to be addressed by the financial sector. Addressability includes measures such as the ability to read and write and the ability to solve basic arithmetic, both of which are key to understanding financial products and contracts. Furthermore, it analyzes their ability to meet formal KYC requirements and how they are connected to various sources of transaction and information.

This section will also dissect how the youth use media channels that broadcast or publish financial service information and product offerings.

Figure 9: **Literacy Levels of Rural Youth**



Source: FinScope Tanzania 2017

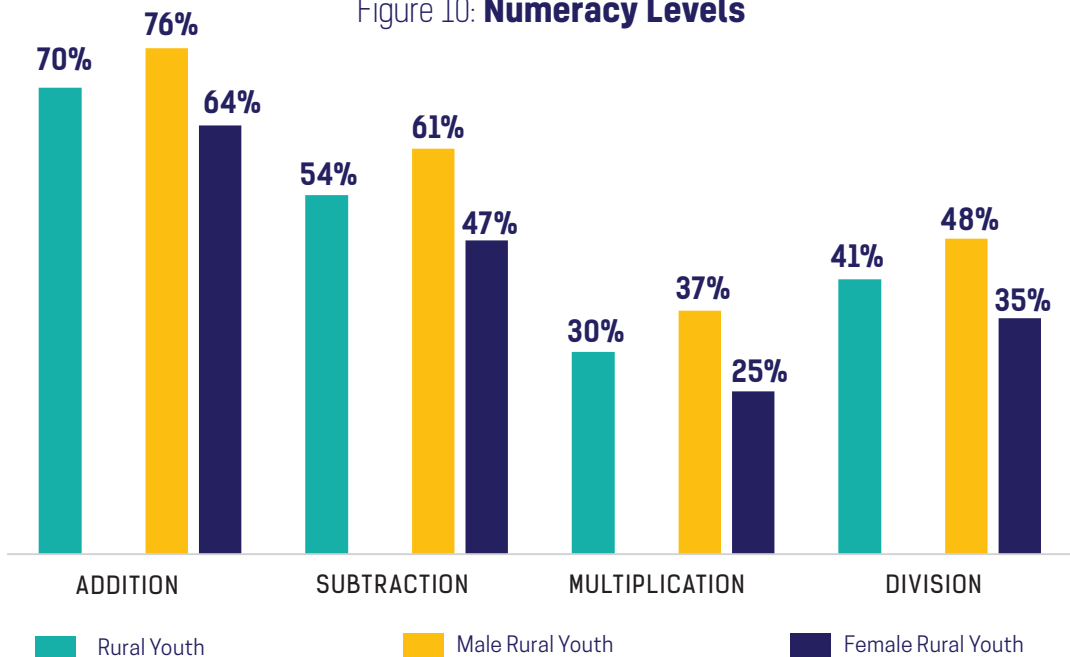


FACT 2

Numeracy levels **greatly vary** between **male and female rural youth**



Figure 10: **Numeracy Levels**



Source: FinScope Tanzania 2017

The same as the national average, 72% of rural youth can read and write in Swahili and only 27% can do so in English. There is no major disparity in literacy levels by gender. The ability to read and write is a key competency in the understanding of terms and conditions, such as for accounts, loans, and so on. Hence, with only 27% of rural youth being able to do so in English, these documents need to be reassessed regarding their appropriateness.

Although numeracy levels are slightly below the national average (which is: addition – 71%, subtraction – 59%, multiplication – 40%, division – 46%), the disparity between female and male rural youth in the resolving of basic arithmetic is clearly observed with significant differences across the various tasks. Such differences can significantly influence a young woman’s ability to understand the financial service offerings presented to her.



FACT 3

Rural youth **lack assets** that can act **as collateral** for **credit acquisition**



Figure 11: **Do You Own the Land You Live On?**

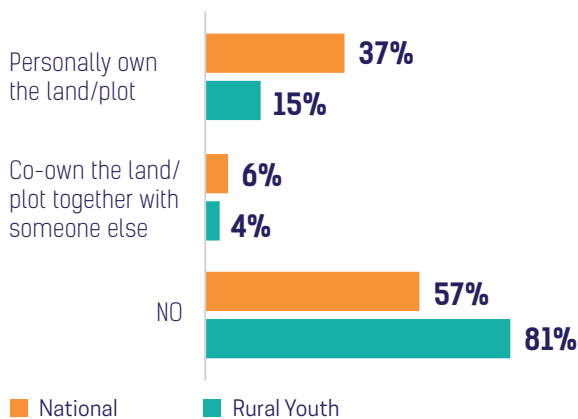
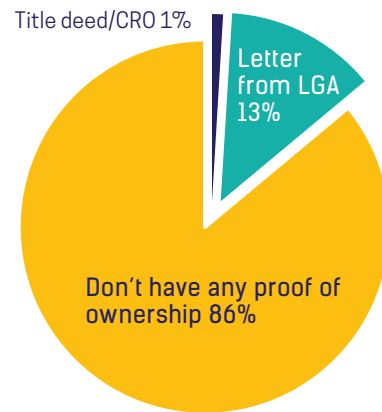


Figure 11a: **Do You Have Any Proof of Ownership?**

(Base: Rural Youth that Own the Land They Live On)



Source: FinScope Tanzania 2017

Asset ownership is an important element for the acquisition of short and long-term credit from financial service providers. Analysis in FinScope Tanzania 2017 indicates that rural youth hardly have any assets, with only 15% owning the land/plot on which they live. Of these, only 1% owned the title deeds that serve as proof of ownership for the land/plots on which they live, while 13% have a letter from a local government authority. The qualitative insights observed that some traditions and customs also hinder female ownership of assets, especially in societies where they are viewed as the 'lesser' gender. When assessing the supply side data collected during the 2017 Supply Side Survey, it becomes apparent that there are no specific credit products for youth and that 84% of available credit products on the market require a traditional collateral. This provides an access hurdle for rural youth, as only 14% of those with land have some form of legal proof of ownership. This is further noted in sentiments that transpired during KIs with financial service providers, which indicates that FSPs shy away from giving credit to the youth as they are considered a 'risky segment'.



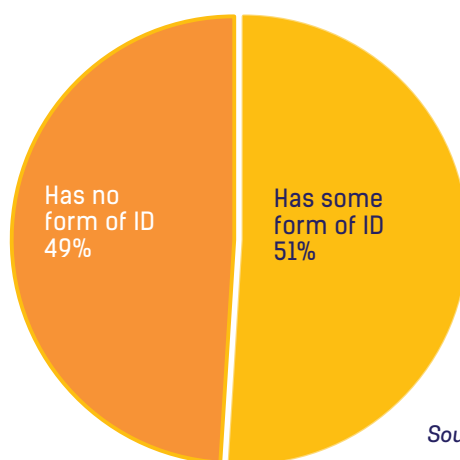
FACT 4

Only **half** of **rural youth** have **identification documents**



Figure 12: **Do Rural Youth have IDs?**

(Base: Rural Youth that Own the Land They Live On)



Source: FinScope Tanzania 2017

Policy requirements for account opening at a formal financial institution are that a person must have a form of identification document for the financial service provider to open an account for them. This identification document can be in the form of a national ID, passport, driver's license, voters ID card, and so on. FinScope Tanzania 2017 data suggests that possession of a basic ID is not a major barrier to accessing financial services for Tanzanians in general, as 84% of them have some form of ID. Among rural youth, however, only half (51%) have some form of ID. This lack of basic ID among half of 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 become the main national identifier document. With this push, it is likely that more youth will acquire national identification cards and thus be able to access formal financial services. The challenge, however, is with regards to the youth below the age of 18, who are by law not allowed to get a national ID. This study suggests that a special arrangement should be made to enable youth in this age group to have a special kind of national ID for minors which would allow them to access necessary services.



FACT 5

4 in 10 rural youth own a **mobile phone**

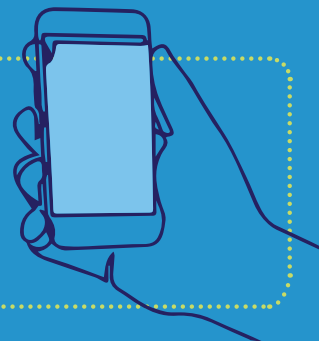
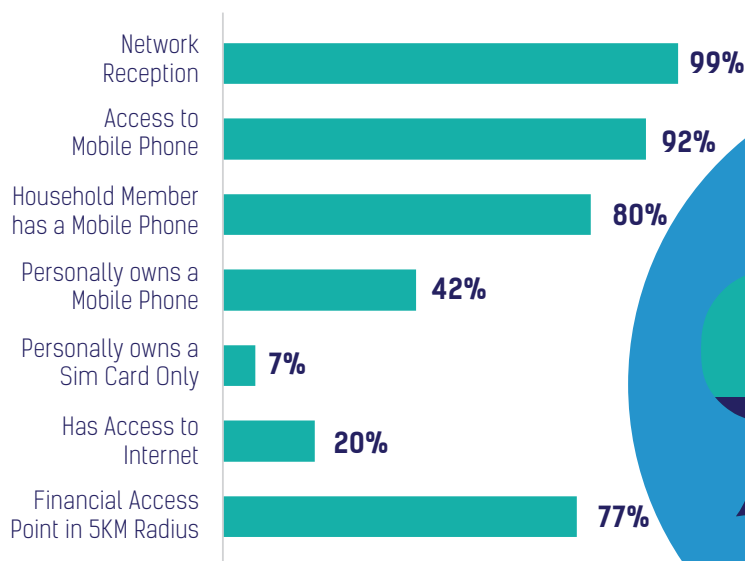


Figure 13: **Do You Have Access To?**

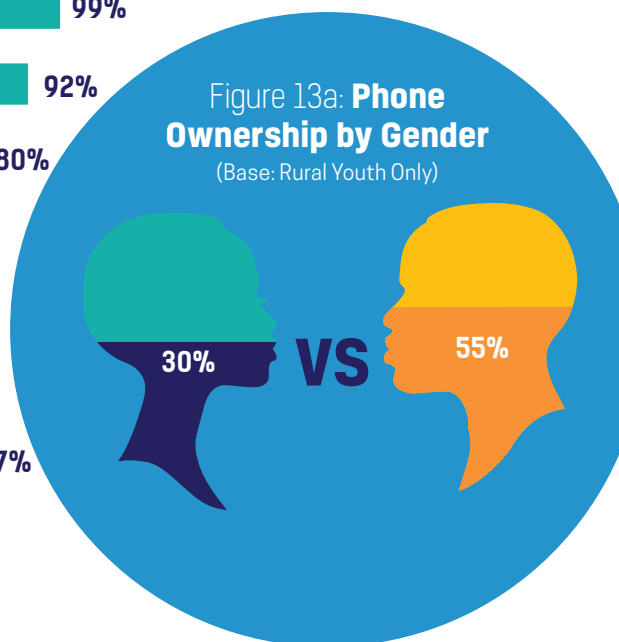
(Base: Rural Youth that Own the Land They Live On)



Source: FinScope Tanzania 2017

Figure 13a: **Phone Ownership by Gender**

(Base: Rural Youth Only)



Digital financial services continue to heavily drive the financial inclusion of Tanzanians. As per FinScope Tanzania 2017, mobile money services saw a 10% increase in use when compared to mobile money service use in 2013 (50%). While 63% of the total adult population own mobile phones, the youth are still lagging behind on this with only 54% of them owning mobile phones. Rural youth have even lower ownership levels with only 42% of them owning a mobile phone, as per FinScope Tanzania 2017. Deeper gaps become apparent when the data is analyzed by gender, with only 30% of rural female youth owning phones compared to 55% of their male counterparts. Access to mobile phones for rural youth through others is, however, widespread (92%), but this impacts on their privacy as well as their liberty to use these mobile phones whenever they want or need to.

Media Addressability

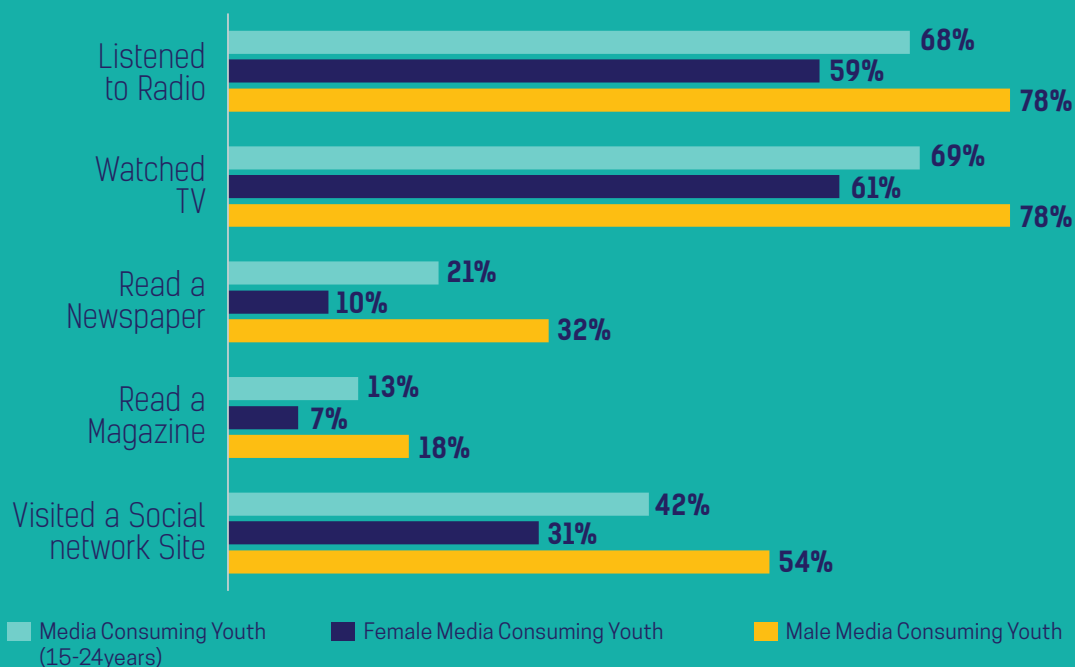
As financial service providers and other financial sector players try to reach out to rural youth, they want to communicate with them via traditional media channels and campaigns.

FACT 6

Regional and community radio stations are key channels for communicating with rural youth

Figure 13: **Media Consumption of Youth in the Past 7 Days**

(Base: Media Consuming Youth Between 15 and 24 years)



Source: Ipsos TAMPS Q3 2019

According to Ipsos' Tanzania All Media Products Survey (TAMPS) on audience data for Q3 of 2019, it can be observed that youth are more active media consumers compared to the general population.

When analyzed according to 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 their female counterparts, with 15% more male youth tuning in to these media forms than females.

The implication of this finding is that radio and television are the two media forms with the highest consumption rates among the youth and therefore can be used for general communication with this demographic. The existing dynamics of radio in Tanzania and the expanse of the country itself has nurtured strong and popular regional radio stations. A communication strategy using radio may have a more significant impact if it capitalizes on regional radio stations rather than on national radio stations. For television, the top national stations have a sizable reach across the entirety of the country.

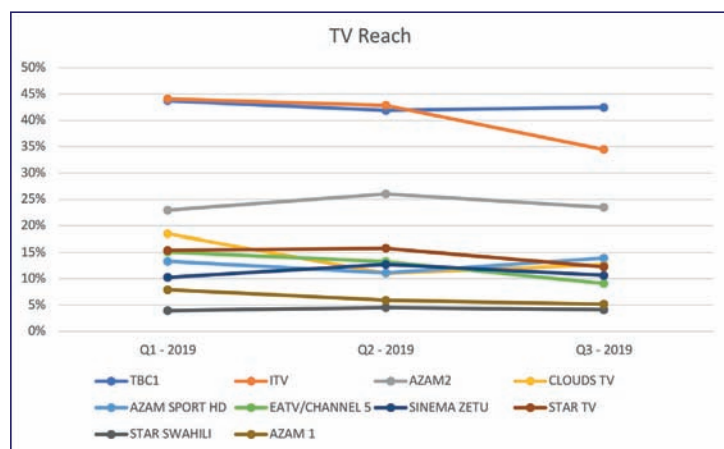
A notable finding is that new-age media, such as social media, has attracted the youth. Male youth are the most active on these media platforms, with more than half having engaged in social media in the last seven days. The implication of this finding is that the youth are more receptive to new-age media and, where their access is enabled through mobile phones, targeted communication can be conducted with them through these media platforms.

Another 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 as a means to communicate with Tanzanian youth.

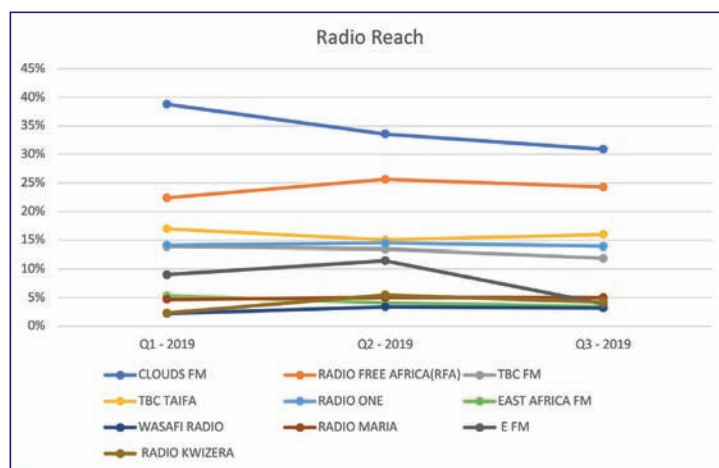


Figure 15: **National Reach for TV and radio**

(Base: Media Consuming Population)



Source: Ipsos TAMPS Q1, Q2 and Q3 2019



Trends in the reach of radio and TV in Tanzania during the year of 2019 are as shown in the figures above. Clouds FM seems to stand out, followed by Radio Free Africa (RFA). All other radio stations form a cluster below these two. The regional dynamics are seen to vary across the country. On TV, the top three spaces are competitively occupied by TBC 1, ITV and AZAM, each reaching about a third of the population. All other TV channels form a cluster below the top three.

That being said, it should be noted that there is not necessarily a need to directly address the youth with a media campaign for every circumstance. As outlined earlier in the section on demographics, youth play various roles within society and, as such, they are also capable of being influenced by other people in their household or by their community at large.

3.3 FINANCIAL BEHAVIOR

This section analyzes the financial behavior of rural youth through looking into their cash flow management, investment in productivity, asset building and risk mitigation.

Cash Flow Management

As outlined in the demographic section above, income sources are mainly seasonal or dependent upon day-to-day labor engagement and are thus their cash flow is predominantly hand to mouth. In this section, deeper attention is given to the challenges rural youth experience while trying to achieve their aspirations. Four key areas will be discussed as we focus on the cash flow of rural youth. These are: financial decision making and spending behavior, savings, credit and payments.

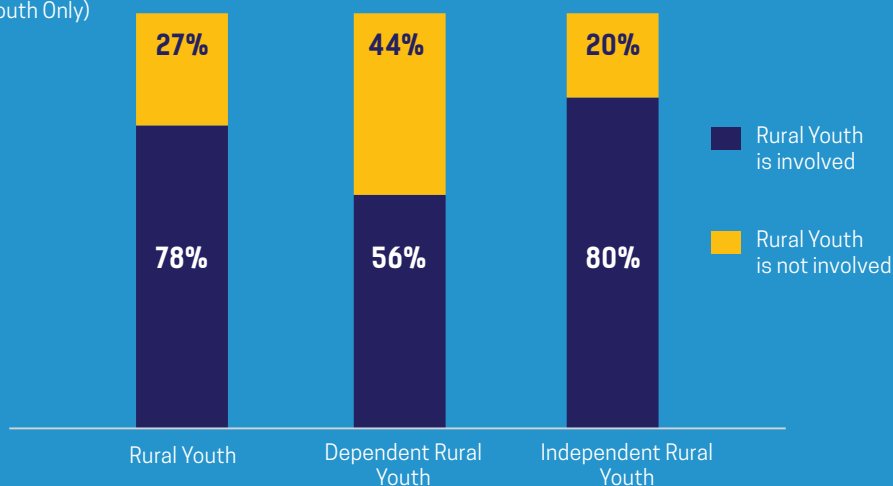
A- Financial Decision Making and Spending Behavior



FACT 1 **Contribution** to the household income by rural female youth **increases their agency** to be involved in financial decisions making



Figure 16: **Are You Involved in Your Household's Financial Decisions?**
(Base: Rural Youth Only)



Source: FinScope Tanzania 2017



According to FinScope Tanzania 2017, more rural youth (73%) are involved in the financial decision-making process than urban youth (66%) within their own household. Evidence suggests that the financial decision-making powers of the youth become more visible as they become independent and responsible

for the management of their sources of income (80% for those that are independent vs. 56% for those that are dependent). For those that are still at home, financial independence was only present when they were able to earn money from small-scale income generating activities. Interviews with rural youth unearthed a shift in decision making, whereby the current generation of female youth collaborate more in the making financial decisions than that of their parent's generation where decision making was mainly a man's role.

Where the man is the main income earner, decision-making powers related to major expenses (construction, school fees, capital for business, etc.) are mainly his responsibility. Most married male youth, nonetheless, have expressed both their role as the head of the household and an appreciation for 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. This is due to having one's own source of income as well as 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 wanted some money, she was in a position to make the decision. In Singida, this independence was explained by a female respondent who said:

"...if you are craving something it is not that you must tell your husband, you can just buy it on your own because you already have your own money." However, the data collected indicates that decisions made mainly 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."

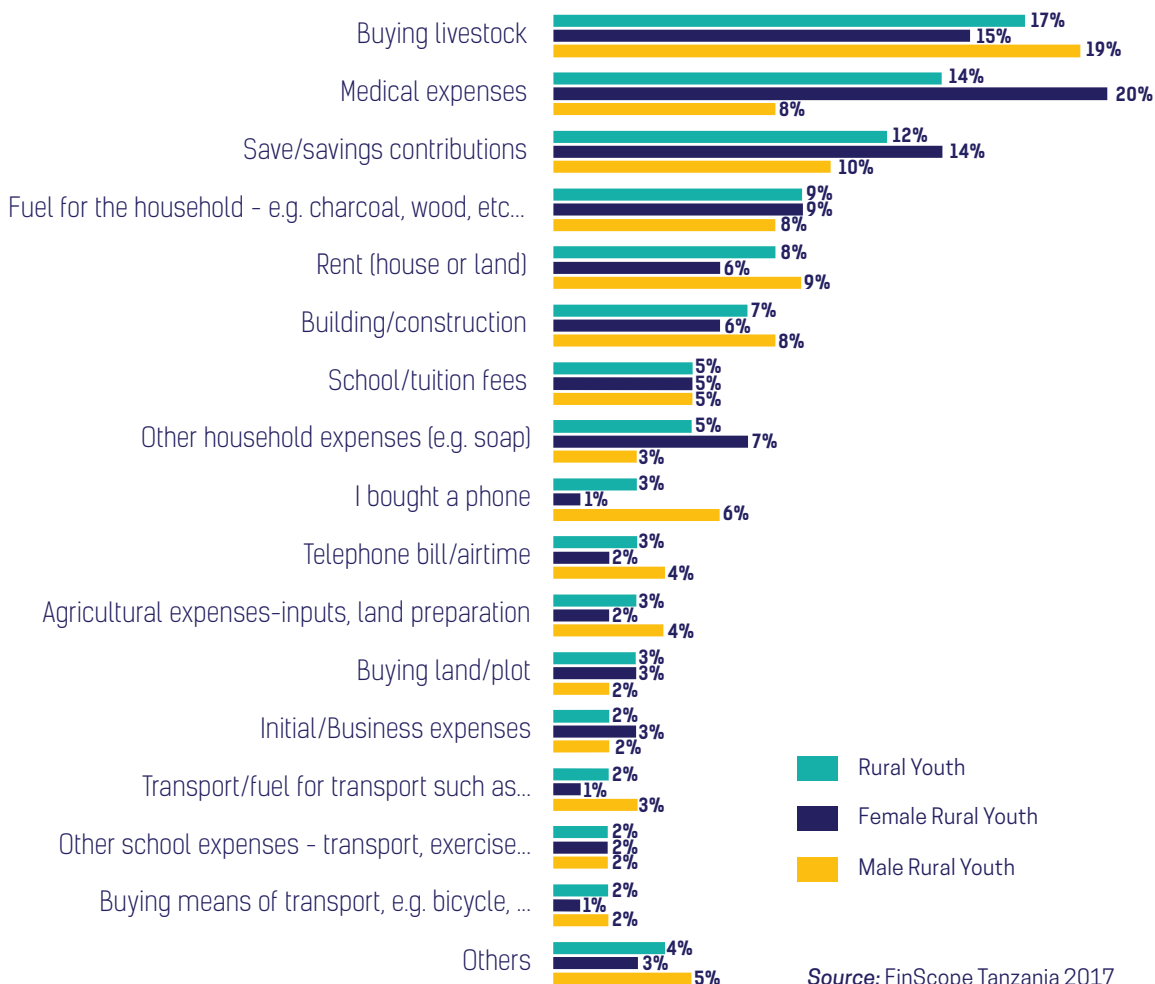


FACT 2

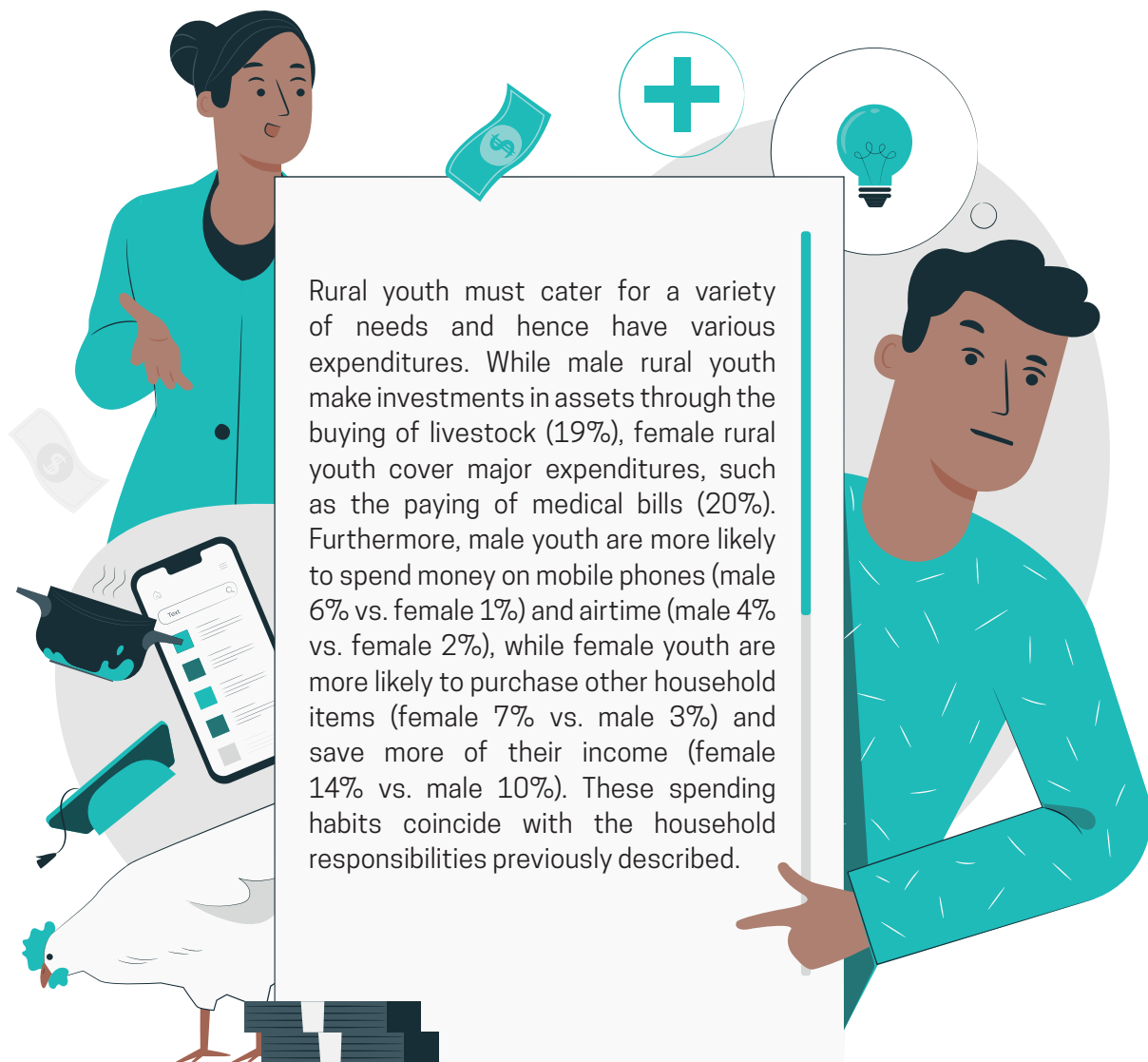
Key expenditures differ among male and female rural youth due to their roles and responsibilities in society and households

Figure 17: **What is the most important payment to make when you get money (excluding food and clothes)?**

(Base: Rural Youth Only - those that have mentioned other expenses)



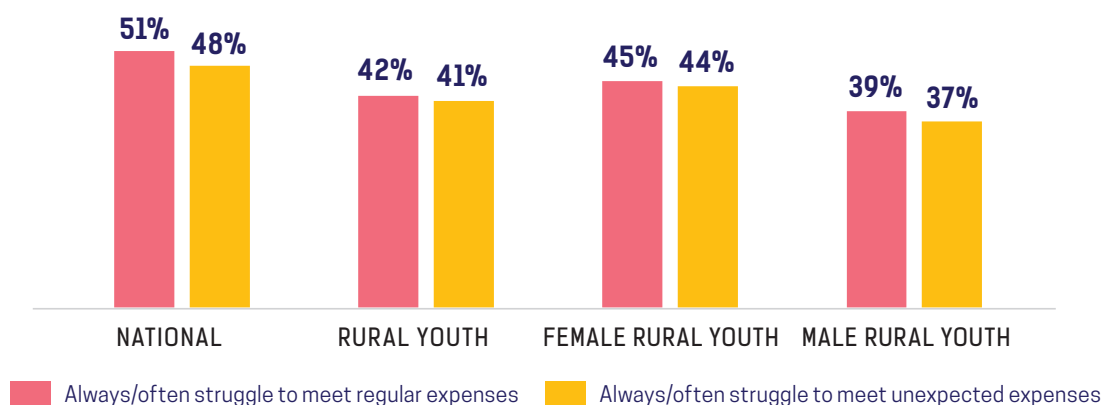
Source: FinScope Tanzania 2017



Rural youth must cater for a variety of needs and hence have various expenditures. While male rural youth make investments in assets through the buying of livestock (19%), female rural youth cover major expenditures, such as the paying of medical bills (20%). Furthermore, male youth are more likely to spend money on mobile phones (male 6% vs. female 1%) and airtime (male 4% vs. female 2%), while female youth are more likely to purchase other household items (female 7% vs. male 3%) and save more of their income (female 14% vs. male 10%). These spending habits coincide with the household responsibilities previously described.

The rural youth are seen to be struggling less than the national average in terms of meeting both regular and unexpected expenses, though female rural youth are more likely to struggle with expenses than their male counterparts. Borrowing from friends and family (41%) or reliance on savings (14%) and crop stock (14%) are key coping mechanisms that rural youth utilize to cover unexpected expenses.

Figure 18: **Do you struggle to meet your regular and unexpected expenses?**



Source: FinScope Tanzania 2017

C - Savings behavior

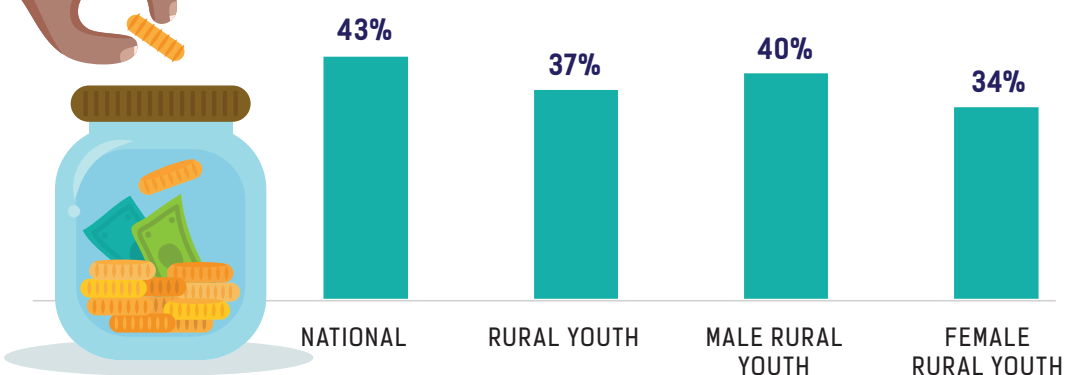


FACT 3... **Less than 4 in 10 rural youth save**

and even those that are able to save mainly do so to manage cash flow



Figure 19: **Have you saved money in the past 12 months?**



Source: FinScope Tanzania 2017

The FinScope Tanzania 2017 study sought to understand the saving behavior of the Tanzanian population. The reasons given for saving were mainly to accomplish immediate as well as future aspiration. Only 37% of rural 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. While by gender, female youths save less (34%) compared to the male rural youths (40%).

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 Tanzania 2017, whereby 28% of rural youth that save do so to cater for emergencies (i.e. medical treatment, bereavement) and 49% for daily cashflow smoothening purposes. More women compared to men, used their savings to cover such costs, which is a possible linked to their role in the community and household.

D - Borrowing behavior

FACT 4

Medical emergencies are a key reason for rural youth to borrow



Figure 20: **Did you borrow in the past 12 months?**

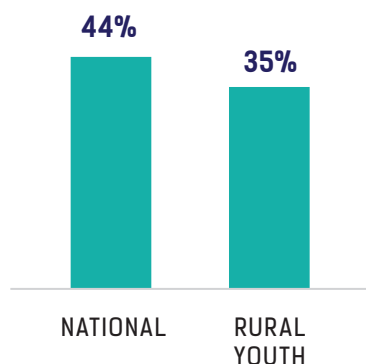


Figure 20A: **What did you borrow for?**

(Base: Only Rural Youth That Borrowed)

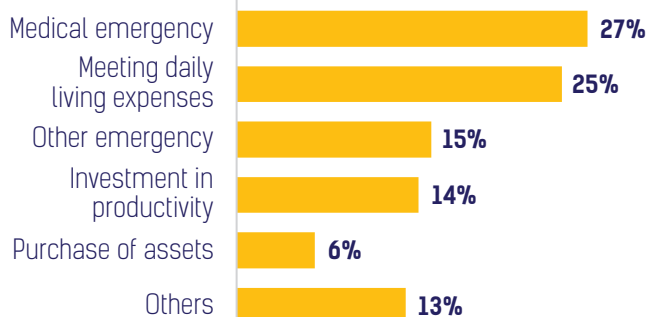
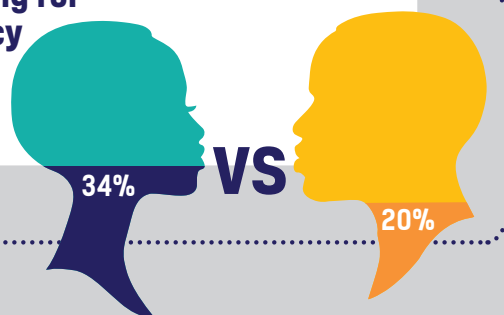


Figure 20B: **Borrowing for Medical Emergency by Gender**

(Base: Only Rural Youth That Borrowed)

Source: FinScope Tanzania 2017





Rural youth borrow less than the national average. The main reasons posited by those that did not borrow were that they are worried about the repayment of the loan (40%), did not need a loan (30%), or felt that borrowing money was not right (13%). Even though these statistics do not differ much from the national picture, it is important to note that 7% of rural youth that didn't borrow mentioned that they did not do so due to constraints placed on them by their social networks (family, spouse). The national average recorded only 3% who claimed this same reason for not borrowing.

Among the rural youth that did borrow, 27% claimed that they did so to cover medical emergencies. Disaggregating this data by gender, it becomes apparent that 34% of female rural youth borrow to meet these expenditures while only 20% of male rural youth do so. As mentioned in the section on savings behavior, this might be linked to different responsibilities in the household, as female rural youth care more for the sick, the elderly and for children; all of whom are more likely to be in need of medical care and medicine, as indicated in FGDs and immersions.

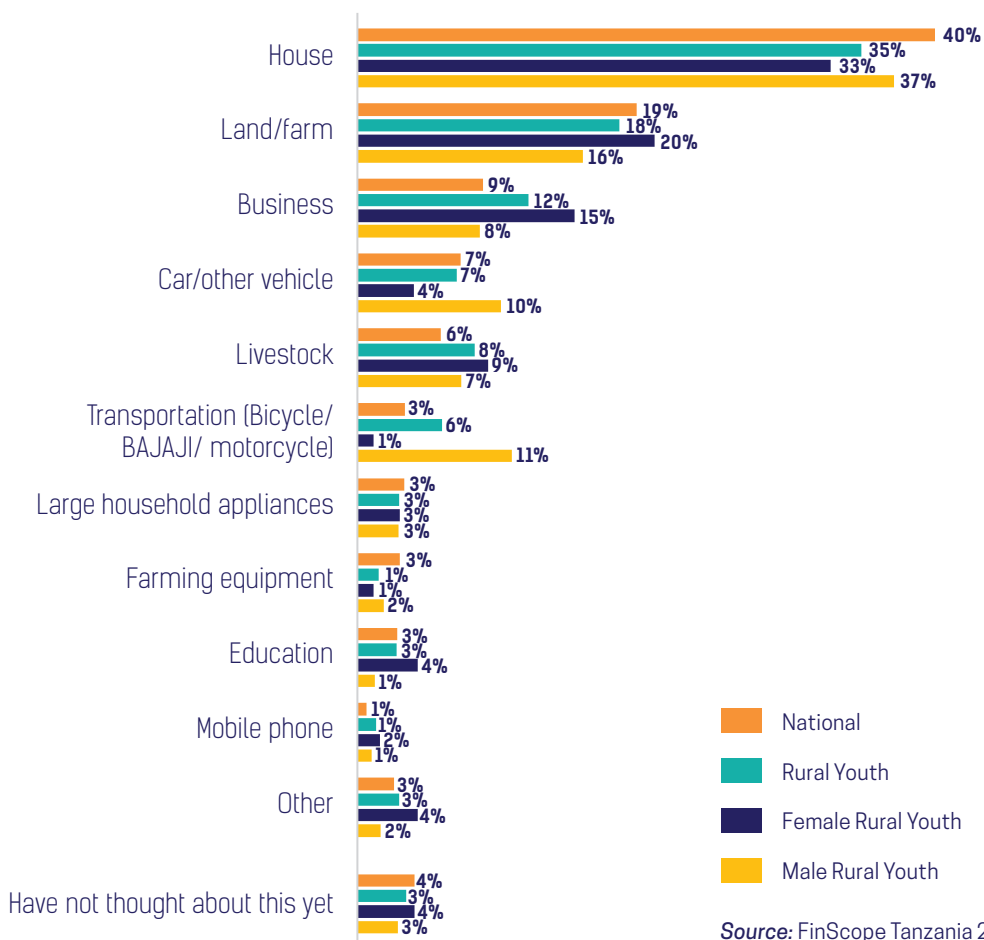
E – Aspirations

FACT 5

Ownership of a house is a key aspiration of rural youth



Figure 21: **We all have things that we would like to buy for ourselves or our families in the future. Can you think about something you want to buy that you cannot afford right now but you would like to buy if you have the money?**



Source: FinScope Tanzania 2017

Qualitative research further shows that female rural youth are aspiring to become professionals, to start businesses and, through such activities, to increase their income and improve their living conditions. Female rural youth also aspire to gain employment or higher academic levels and to start their own business. On the other hand, male rural youth aspire to expand their businesses or to start one, to pursue ventures in agribusiness and increase their knowledge on agriculture and to increase their crop yield and livestock. Furthermore, male rural youth dream of having their own bodaboda business, of learning more about computers and of building their own houses.

3.4 UPTAKE AND USAGE OF FINANCIAL SERVICES

3.4.1 USAGE AND UPTAKE OF FINANCIAL SERVICES

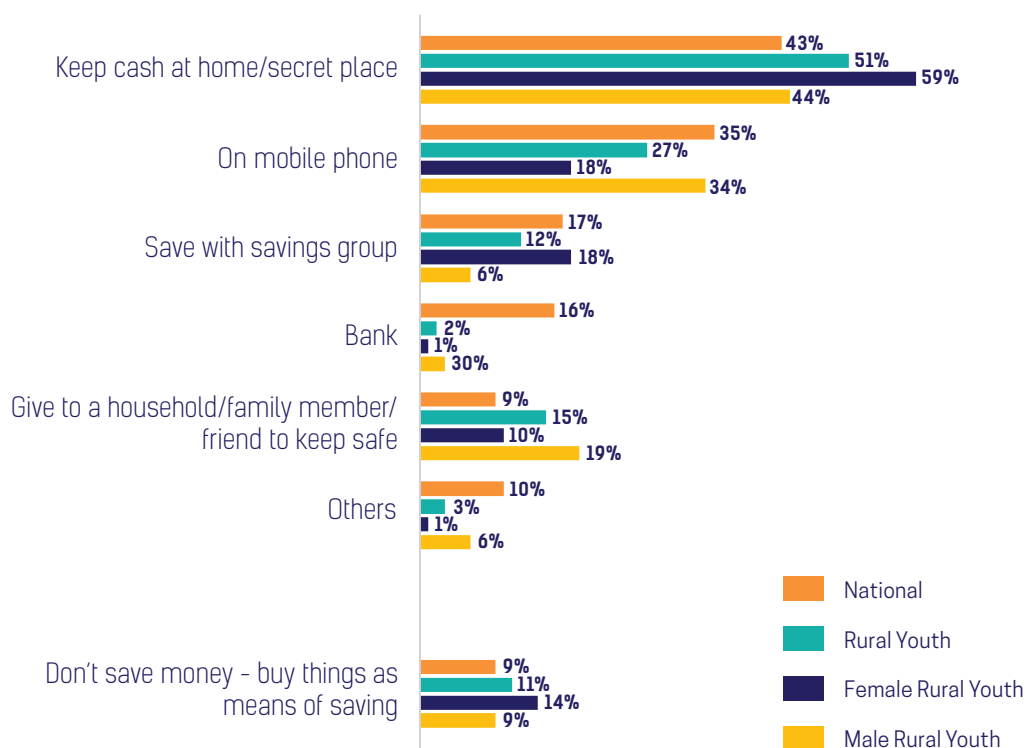
A - Saving

FACT 1 Rural youth **prefer saving at home**, but **male** rural youth **see storage of money on their mobile phone** as a credible **alternative**



Figure 22: **How have you saved in the past 12 months?**

(Base: only those that save)



Source: FinScope Tanzania 2017

Rural youth mainly save at home (51%), which is in line with national trends. However, male rural youth utilize saving on their mobile phone as their preferred alternative (35%), while female rural youth utilize savings groups more (18%). In contrast to national trends, female rural youth also choose to purchase items such as livestock and small goods (14%) as a means of saving.

Reviewing the qualitative interviews, it was observed that youth in Singida, Manyara and Mwanza 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.”

The above goes hand-in-hand with what has been noted in the FinSights Lab Age Gap Report, which established that youth do like to save, but more often in unsafe or informal manners. This is not to imply that they do not want to engage with formal channels, but in the FGDs rural youth stated that their ability to access and use formal channels was limited by, for example, their lack of identification.

Even with the rise in the use of mobile phones for savings, informal channels are still very much the common modality. These include storing savings in a savings box or somewhere in the household, as well as with savings groups. From the qualitative research in Tanga, Kigoma and Mwanza, it emerged that rural youth in these areas save through savings groups and vicoba. In Manyara, however, vicobas are considered to be more of a female option for saving.



B - Borrowing

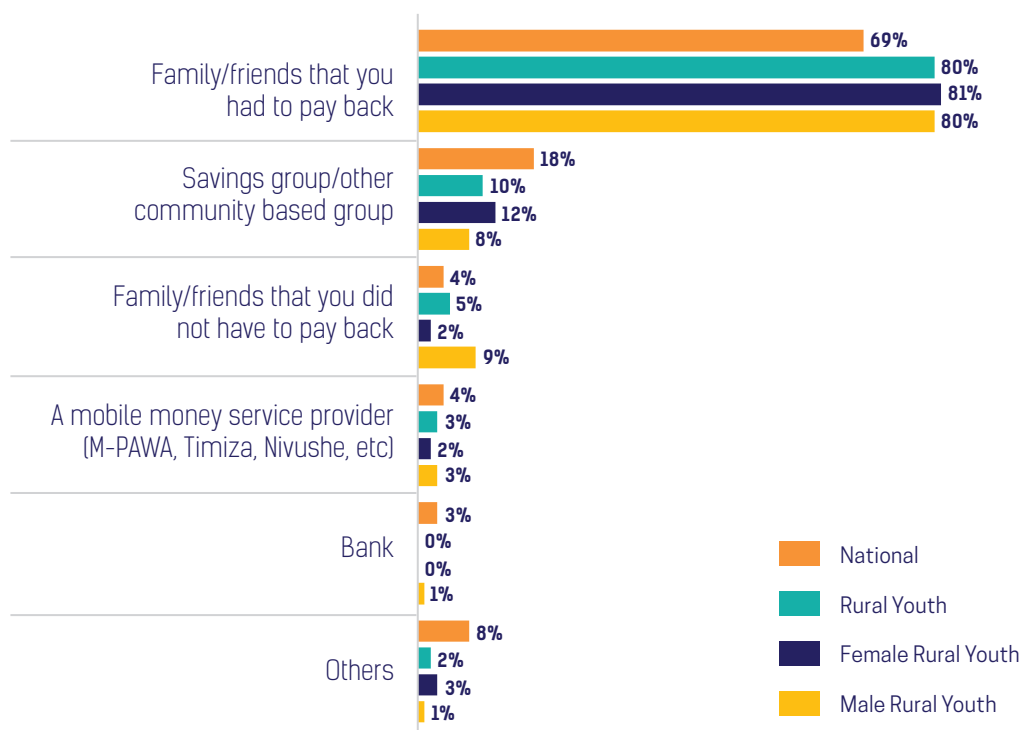
FACT 2

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




Figure 23: **Who or where did you borrow money from in the past 12 months?**

(Base: only those that borrowed)



Source: FinScope Tanzania 2017

Credit is an important element in cash-flow management for, in certain instances, it is through credit (loans) that businesses are initiated and expanded and risks are mitigated. FinScope Tanzania 2017 data indicates that much of the population (69%) is still heavily dependent on family and friends for credit opportunities (informal credit), followed by savings groups (18%) and mobile money (4%). This trend is also seen to exist among rural youth, with 80% relying on family for credit without repayment being expected.



For rural youth, opting to borrow money from family members was seen to mainly be because of challenges experienced in trying to acquire credit to start their businesses through formal channels. Across all regions of the qualitative fieldwork, rural youth explained that access to formal credit from banks and other financial institutions was difficult to obtain. This is due to a lack of collateral, not meeting the requirements (such as having an account and proper identification), a lack of proper registration (group and/or business) and, in some instances, due to a lack of a business plan, as well as the distance needed to travel to get to financial services. These factors all hindered the ability of rural youth to access credit. A general lack of awareness was also noted in the focus group interviews with the majority seen to be uninformed as to the how to access avenues in which they can seek provisional financial support. These avenues include interest-free youth funds from municipal councils and project funds from organizations and entities such as SIDO.

Moreover, interviews with financial service providers unearthed that these institutions do not consider investing heavily in rural youth because they consider them to have nonexistent and/or low and inconsistent cash flow, as well as lacking the collateral necessary to consider investing in them. For rural youth with access to mobile phones, mobile money has been the only enabler of formal credit, albeit in low amounts, used to cover their immediate financial needs. For the most part, rural youth have continued to depend on informal methods of getting credit.

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

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

Although the preference for informal savings channels is prominent due to the ease of acquiring the credit, it must be noted that savings groups are more female-driven, a fact indicated by both FinScope Tanzania 2017 and the qualitative data. In regions such as Singida and Kigoma, savings groups have been the primary channel for rural youth to acquire

credit as a form of starting capital. However, challenges such as collateral, interest rates and weak group governance plague many youth groups, and thus limit the foundations of their existence, as revealed by qualitative insights. In Unguja, for example, such groups are generally avoided due to negative experiences in regard to the mismanagement of funds.

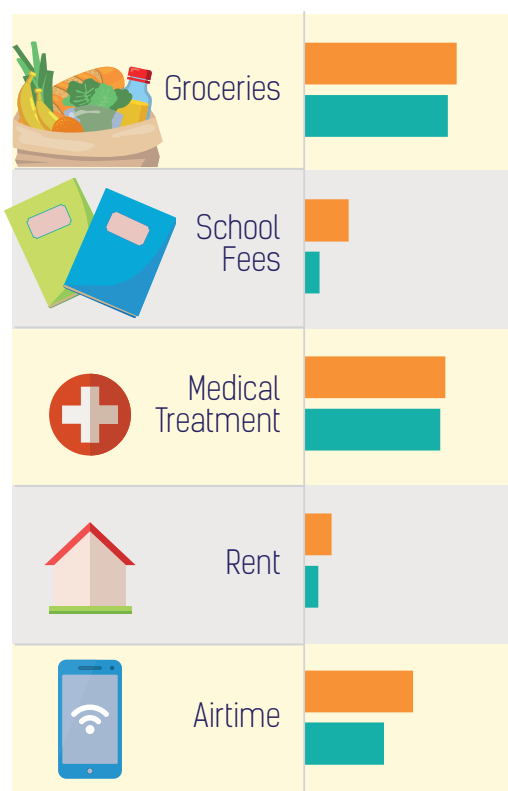
C - Payment and Transactions



FACT 3

Rural youth are **less engaged in payments**, but for the payments they do make, **they use cash**

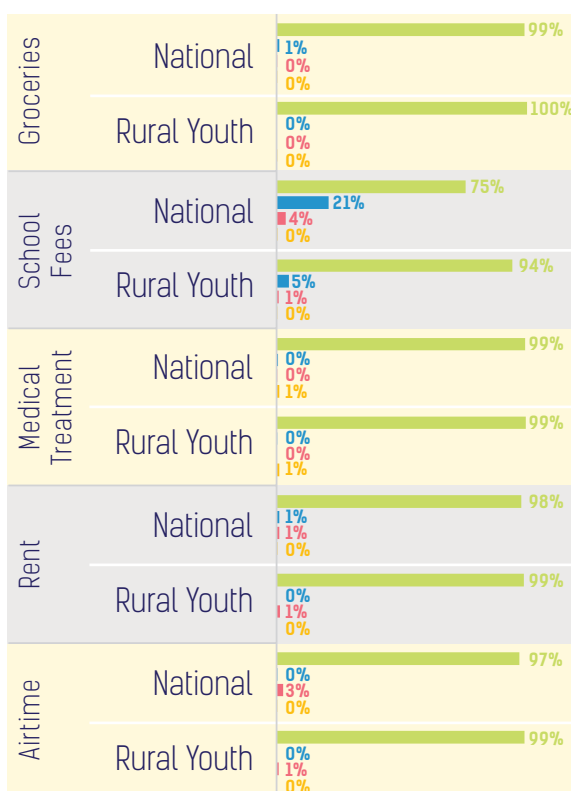
Figure 24: **Do they make payments for...?**



■ National
 ■ Rural Youth

Figure 24A: **How do you make these payments?**

(Base: Only Those That Make the Respective Payment)

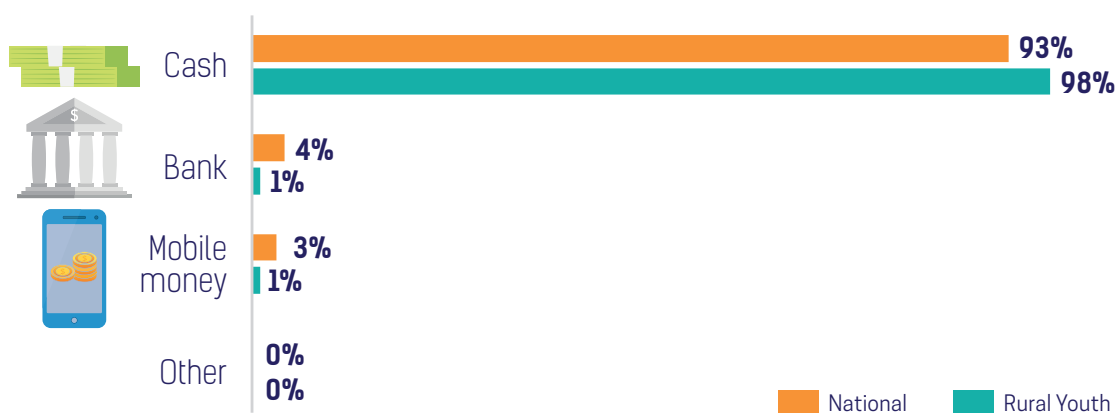


■ Cash
 ■ Bank
 ■ Mobile Money
 ■ Other

Rural youth are less likely to make common transactions. This is in part linked to the fact that they are dependent, and partly because some of them may not have a mobile phone, for example, to purchase airtime for. Nonetheless, about 90% of rural youth frequently purchase groceries using cash. Even for the 50% of rural youth who purchase airtime, only 1% does so through their mobile phones, while the rest still purchase airtime through buying scratch cards using cash. Though only 10% of rural youth make school fees payments, they do so in cash. The national trend towards bank payments isn't seen among rural youth, with only 4% making bank payments compared to 21% of the nation doing so.

Figure 25: **How do you receive money from your main source of income?**

(Base: Only Those That Receive Money)



It is not surprising that rural youth make most of their purchases using cash, considering that they also receive their main income through cash (98%). Penetration of mobile money and bank transfer payments to rural youth as a mode of payment is extremely low (2%), even in comparison with the national average, which sees at least 7% of payments being done electronically.

From the above, it can be noted that the expansion of the digital ecosystem into rural Tanzania has not reduced cash transactions. As highlighted in the addressability section of this report, 77% of rural youth live within a 5km radius of a formal financial access point (mainly mobile money agents). Yet, the majority of rural youth (98%) still receive their main source of income in the form of cash, which leads to the majority of payments for things such as medical bills (99%), school fees (94%) and the buying of airtime (99%) being primarily cash-based transactions.



FACT 4

Rural youth utilize the **use of mobile money to send and receive money** from friends and family

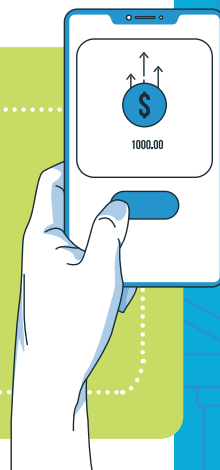
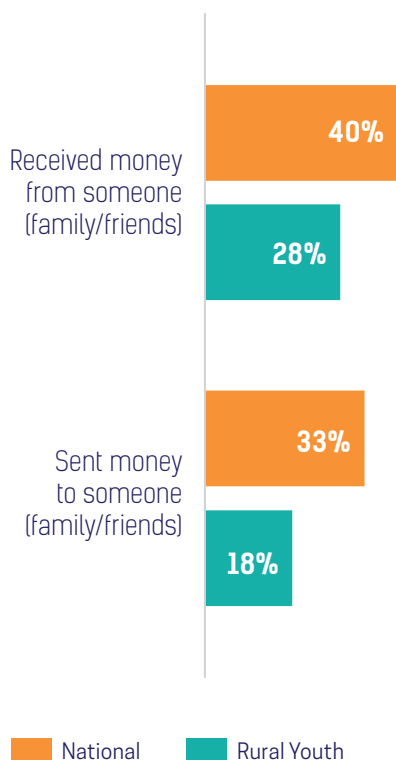


Figure 26: **Have you received money from or sent money to someone in the past 12 months?**



Source: FinScope Tanzania 2017

Figure 26A: **How do you make these payments?**

(Base: All Those that Received Money)

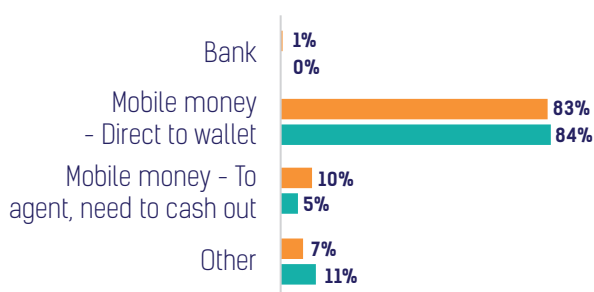
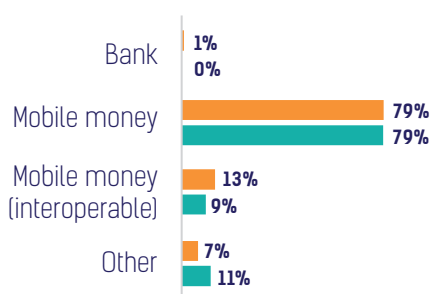


Figure 26B: **What do you usually use to send that money?**

(Base: All Those that Sent Money)



Mobile money services, however, do stand out from other formal financial services in terms of their use for sending and receiving money from family and friends. As seen in the graph above, approximately 18% of rural youth sent money to family and/or friends in the 12 months prior to the study being conducted, and they did so mainly through the use of mobile money (88%). Furthermore, 28% received money from friends and family directly

into their mobile money wallet (84%). Though their usage numbers are significantly lower than those of the national average, analyzing the data obtained from rural youth indicates that mobile money has taken up a key role in their transactional lives, has the widest reach and is more frequently utilized than other formal services.

Though the growth of mobile money has not necessarily reduced cash transactions, the qualitative results indicate that, for rural youth engaged in business, mobile money has eased payments of purchased goods from suppliers through, for example, eliminating travel costs. Aside from business transactions, the sending and receiving of remittances (as shown in figure 26 above) has also been eased due to mobile money. Similar trends are seen to exist when analyzing the sentiments of rural youth business owners as to mobile money usage. In data collected as part of the FinScope Tanzania 2017 study, it is seen that 35% of rural youth state easy usage as the key reason for the use of mobile money, followed by 32% who appreciate the speed of transactions and 23% who state that safety of transactions and safety of money storage are the key benefits.

Considering the above findings, clear limitations can be observed regarding the spread of mobile money and other electronic transactions. The most common barrier is the cost of transactions, resulting in the limited use of these channels for payments. In Lindi and Morogoro, for example, respondents admitted to only paying or receiving cash via mobile wallets when necessary.

Additionally, the lack of knowledge on transaction charges is a concern for most as they consider these costs as fraudulent. A male respondent in Mwanza stated,

“some charge 10,000 TZS while others charge 1,500 TZS ... some other areas charge 5,000 TZS when you withdraw while others 800 TZS.”

Besides transaction charges, the lack of ID, which is needed in order to register a sim card; the lack of ownership of a mobile phone, mainly for the female and dependent youth; and limited access to agents all influence the use of digital payments.

Interviews with FSP’s unearthed that rural penetration of mobile money is limited largely by infrastructural and Know-Your-Agent requirements. In terms of Know-Your-Agent, policy requires that financial service providers engage individuals who have been in business for more than a year, have a good credit score (strong financial statements) and possess capital amassing to approximately 800,000 Tanzanian shillings, among other factors. Cash flow in the rural areas is low compared to in urban areas, meaning that chances of meeting the requirements of money agents is a hard call in rural Tanzania. In Ghana, light agents (Susu collectors) with small capital requirements exist who equally collect and advance credit to the low-income segments of the population. This kind of organization could be adopted in Tanzania in order to boost the rural youth economy.

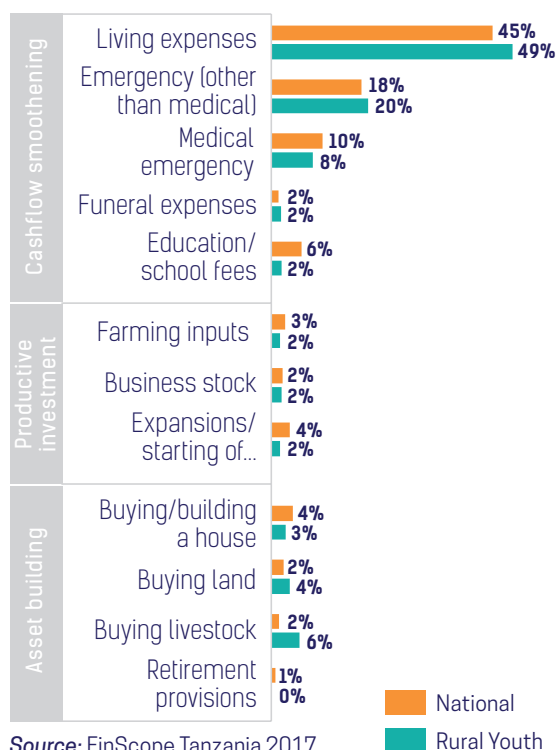
D – Asset Building and Investments

FACT 5

The **lack of** a long-term **savings culture** and of **social responsibilities limits youth efforts** to build assets and to make productive investments

Figure 27: **What did you mainly use the money you saved for?**

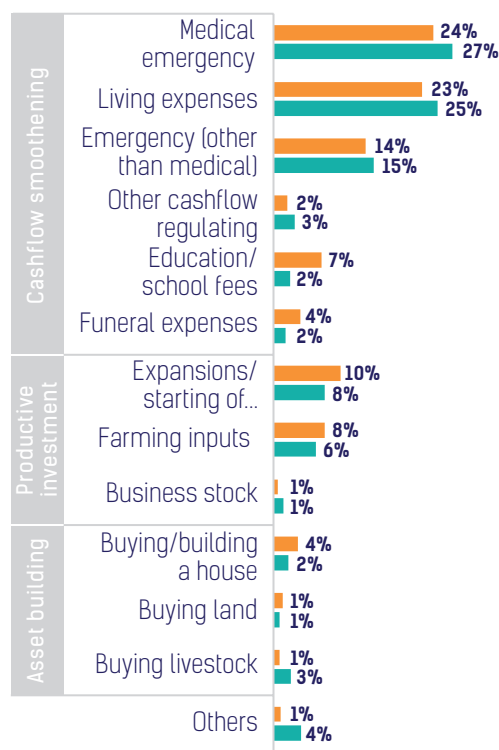
(Base: Only Those that Saved)



Source: FinScope Tanzania 2017

Figure 28: **What did you mainly use the money you borrowed for?**

(Base: Only Those that Borrowed)



The majority of rural youth savings are seen to go directly into cashflow smoothing or emergency mitigation (82%), with the same applying to the money that they borrow (75%). This was corroborated in the qualitative findings, which indicated that rural youth lacked long-term savings because of unforeseen challenges which resulted in the immediate use of savings, such as medical expenses.

As a result, their dreams and aspirations – which evolve around asset building and investments in productivity, as outlined in section 3.3 - remain largely unfulfilled. Furthermore, the FinSights Lab Age Gap Report unpacked that rural youth hardly have any tangible assets and that they tend to prioritize electronics (mobile phones, radios, etc.) over other assets, such as land. This places them at a disadvantage whenever they seek formal credit. With asset ownership being vital for the ability to access both long and short-term credit from a majority of financial service providers, the lack of the youth owning such assets to act as collateral resulted in the non-willingness of the financial sector to develop specific products targeted at the youth.

However, non-monetary forms of asset-building and investment can be observed. As a male respondent from Manyara elaborated on his business growth strategy through asset investment,

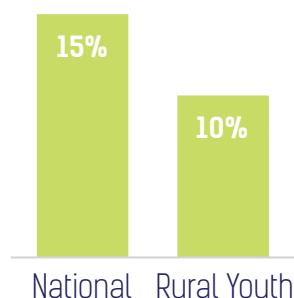
“when I need overalls or spanners what I do is I buy a goat and keep it for two months and once it is ready, I sell it and buy that equipment.”

E - Risk Mitigation

FACT 6

Youth hardly invest in insurance for risk mitigation purposes

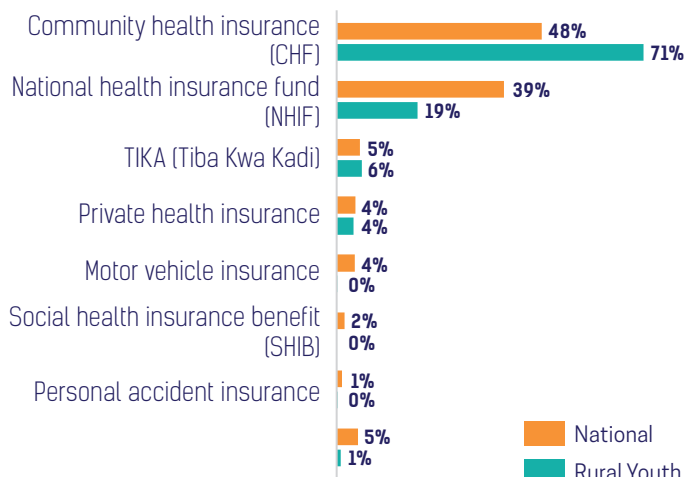
Figure 29: **Do you have insurance cover?**



Source: FinScope Tanzania 2017

Figure 29A: **What insurance cover(s) do you have?**

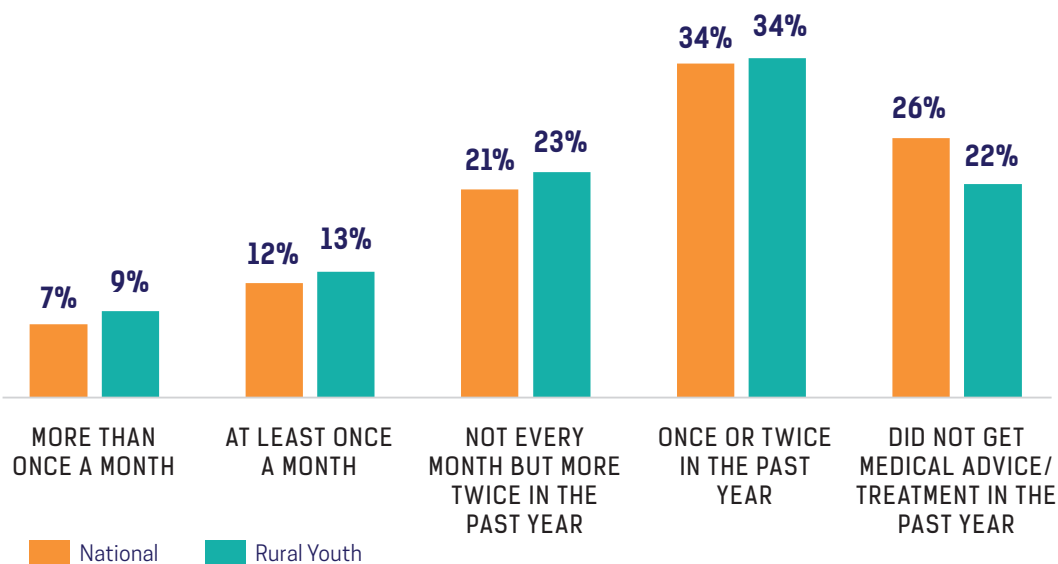
(Base: Only Those that Have Insurance Cover)



Rural youth are less likely to be insured (10%) than the national average (15%). Just as among the general population, health insurance products are the most utilized. Among rural youth, about seven out of ten of the insured have taken up Community Health Insurance Fund (CHF), which is not surprising considering that CHF is a product specifically designed for the rural population of Tanzania.

However, the above begs the question as to why rural youth are lagging behind in terms of the uptake of insurance products, especially considering that risk mitigation can prevent the drain of one's finances through providing a safeguard from unexpected eventualities. An investigation of the data collected by FinScope Tanzania 2017 into the risk-preparedness and management strategies used by rural youth indicates that, in the last 12 months, a fifth of rural youth experienced unforeseen expenses. This was more prevalent among females (23%) than males (19%). To cope with these unexpected situations, the majority of rural youth used savings (28%), while others borrowed money (18%). None of the rural youth surveyed had insurance cover to protect them from such eventualities.

Figure 30: **How often do you need medical attention/treatment?**



Source: FinScope Tanzania 2017

Similar sentiments are echoed in the Finsights Lab Age Gap report of 2018, where an assessment of the uptake of financial services for youth aged 16-24 illustrated that purchasing of insurance seemed to increase with age. As people get older, it seems, they become more aware and are in a position to invest in insurance products as a cover for unforeseen eventualities. Nonetheless, as the above figures indicate, rural youth are almost equally prone to medical emergencies as are the general population and, as such, they should consider similar uptake of insurance policies.

Explorations of the qualitative interviews showed that rural youth were hardly aware of insurance products and, as such, they did not invest in them. Similar findings are underlined by FinScope Tanzania 2017 data, which clearly indicates that 50% of rural youth are unaware of the benefits of, or modalities to obtain, health insurance. Furthermore, 39% claimed that insurance is simply not an affordable option for them.

Instead of through insurance, rural youth tend to manage unexpected expenses through support from family or friends, personal savings (thus affecting cash flow and limiting their chances of fulfilling their aspirations), as well as through 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 uncovered by qualitative insights.

3.4.2 STATE OF FINANCIAL INCLUSION

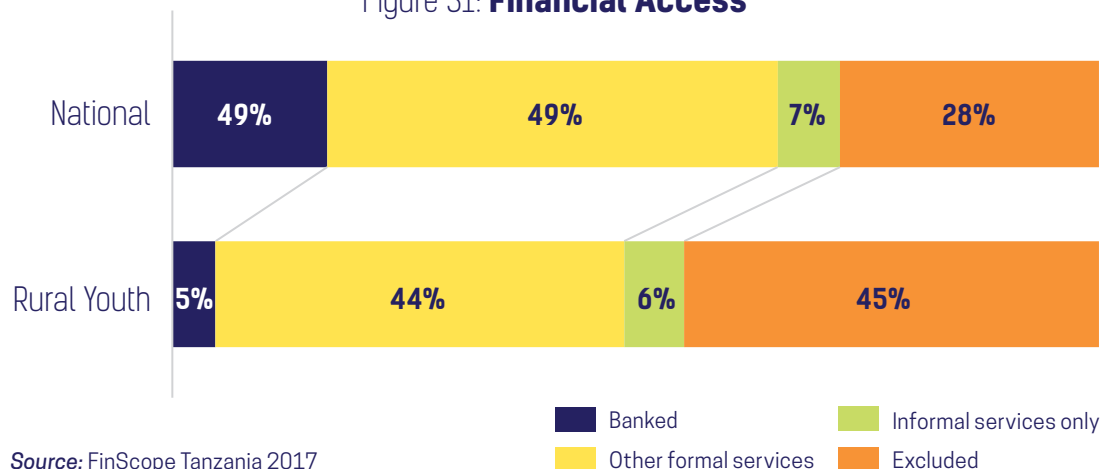


FACT 1

Rural Youth are highly **excluded** and **less likely to be banked**



Figure 31: **Financial Access**



Rural youth are one of the groups that has the highest levels of financial exclusion. 45% of rural youth between 16-24 years are financially excluded compared to only 28% of the general population. Rural youth are also over three times less likely to utilize banking services, with only 5% of them doing so.



Source: FinScope Tanzania 2017

Banked
 Informal services only
 Other formal services
 Excluded

When assessed according to gender, even larger discrepancies appear. Female rural youth are seen as more likely to be excluded and are even less likely to use banks or other formal financial services. However, more female rural youth rely solely on informal services.



FACT 2

Mobile money is the **leading formal financial service** among **rural youth**

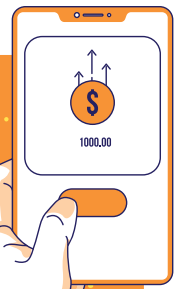


Figure 33: **Uptake of Formal Financial Services**

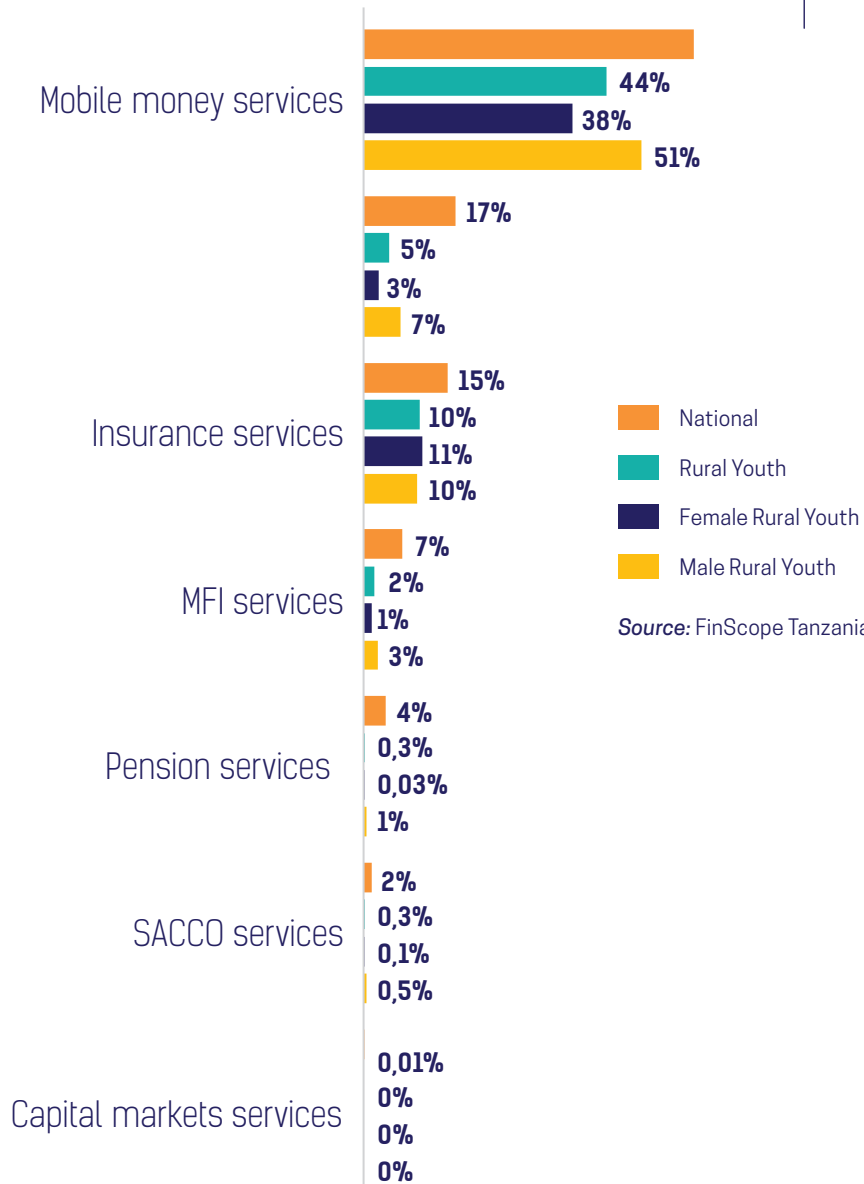
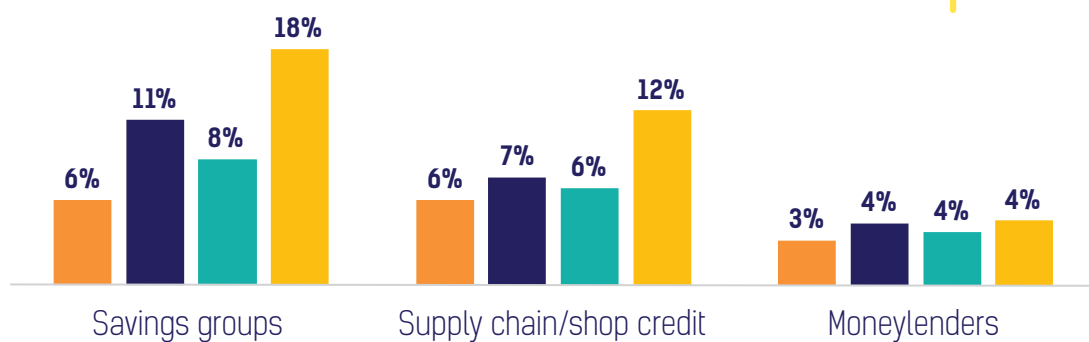




Figure 34: **Uptake of Informal Financial Services**



Source: FinScope Tanzania 2017

FinScope Tanzania 2017 data indicates a growing trend in the general population's use of formal financial services. Between 2013 and 2017, the number of adults using financial services grew by 15%. Among the rural youth, the most used financial service was mobile money (44%) compared to other services such as banks (5%) and insurance (10%). Male youth were more likely to access mobile money (51%) compared to female rural youth (38%) in terms of using financial products. Female rural youth seem to actively use informal channels, with savings groups being the main channel (11%).

The use of pensions (0.3%) and MFI (2%) services is particularly low among rural youth. This is not surprising, considering that MFI services are heavily concentrated around urban centers and pension services are strongly linked to formal employment, which is particularly low among rural youth (1%).



FACT 3



Accessibility, awareness and affordability are **key challenges** to the uptake and usage of **formal financial** services.

Qualitative research findings provide some more insights as to the core challenges of why formal financial services lack more penetration and usage among rural youth. In a nutshell, these challenges can be summarized as being those of accessibility, awareness/perception and affordability challenges.

(a) **Accessibility**

While mobile phone-based financial products seem to be highly preferred and used by rural youth, there are several factors that limit the broader and more frequent usage of such products. In terms of network, in most regions, the signal strength/stability (or lack thereof) of a mobile network greatly influences both the uptake and the usage of particular mobile network services.

Signal strength and its stability also influenced the 'choice' and 'trust' of mobile service providers by 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 the most users. In terms of 'trust', the signal strength factored greatly in terms of the usage of particular service providers. In more than one location, such as in Lindi, Singida and Manyara, the use of services was at times avoided due to signal strength issues. 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 operating in the same area.

Besides network unavailability and signal strength, another challenge to accessibility is the location of mobile product agents. All regions had agents, some within a short distance while for other regions travel to agents some distance away was required. In terms of what was required of agents, respondents expressed the need for an increase in float amounts for more reliable services, as well as the need to have their services operating for longer hours.

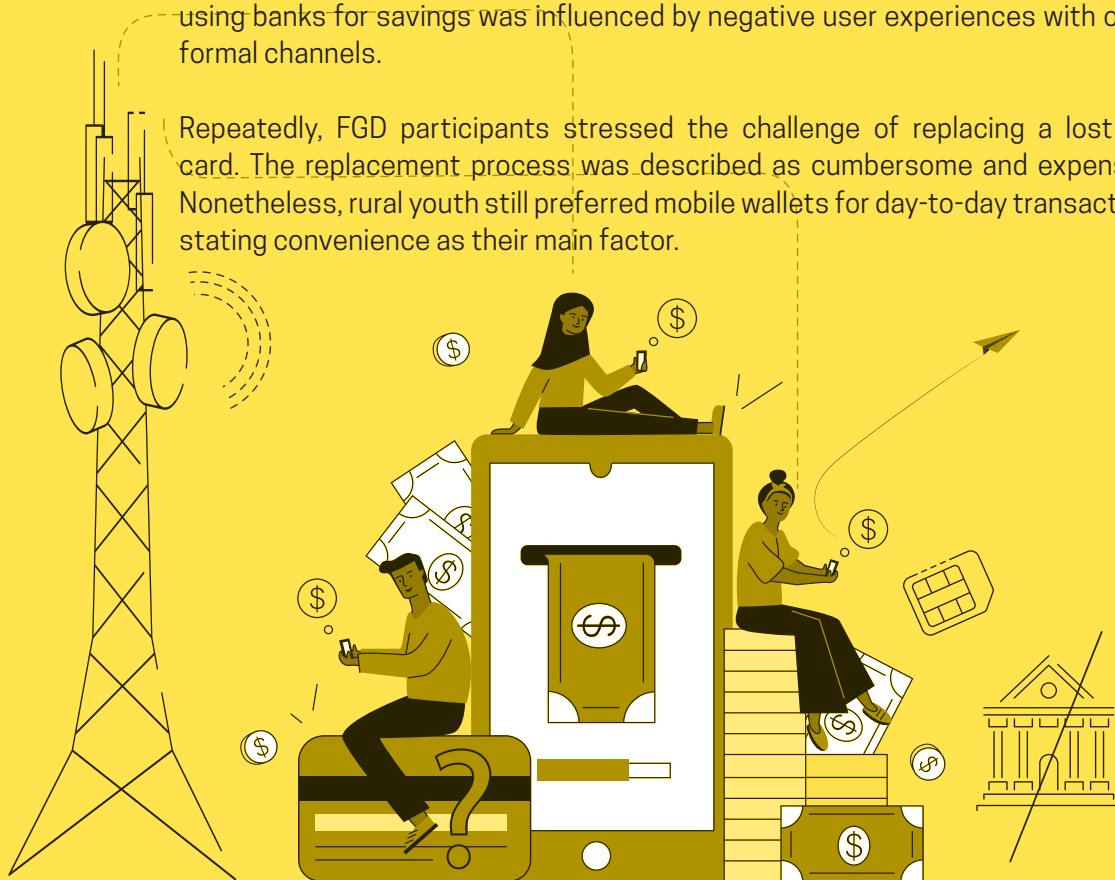
Limited floats by agents in regions such as Unguja led to the use of “informal agents.” A respondent in Unguja admitted to having used an individual’s (non-agent) services for both withdrawal and depositing, as this individual had more float and was often more convenient than actual MNO agents. In Singida, an informal agent was also recorded as providing services. However, it was noted that his costs were higher than 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 offered affected the uptake of bank products.

(b) Awareness and Perceptions

More respondents expressed having greater trust in banking services, particularly for saving, compared to other forms of savings products. This applied especially for long-term savings. Further qualitative insights revealed that the preference of using banks for savings was influenced by negative user experiences with other formal channels.

Repeatedly, FGD participants stressed the challenge of replacing a lost sim card. The replacement process was described as cumbersome and expensive. Nonetheless, rural youth still preferred mobile wallets for day-to-day transactions stating convenience as their main factor.



The overall concept of banking services and products is, however, still unfamiliar to many, resulting in MNO services being the preferred choice over banking services. Only one female in Manyara mentioned accessing banking products via MNO channels. One female respondent from Singida, elaborated this point by saying,

“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.”

(c) Affordability

Even with the expansion of the digital ecosystem and the establishment of agent channels, the use of cash is still the preferred option among rural youth. A common conclusion is that mobile wallets come at a high cost, and most tend to use them only when necessary. The majority of rural youth across all regions expressed a preference in conducting transactions using cash. Objections to mobile money usage revolved around its low transaction values which are exacerbated by transaction charges. In Lindi and Morogoro, for example, respondents admitted to paying or receiving cash via mobile wallets only when necessary, with some seeing this payment platform as fraudulent. While in Mwanza, a respondent described paying via mobile for convenience of the transactions, but most of his own transactions were mainly done using cash or through barter trade.

In some circumstances, rural youth understood how transaction fees differed from one network to another and, in order to avoid high transactions costs, they made sure to use 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. A few respondents were able to explain the processes and procedures of carrying out such transactions. In some instances, transaction charges were considered by some respondents to be agents taking the money while for others, they clearly stipulated that a transaction came with a cost attached to it. A male respondent in Mwanza stated,

“some charge 1,000 TZS while others charge 1,500 TZS ... some other areas charge 5,000 TZS when you withdraw while others 800 TZS”.

3.4.3 MOBILE MONEY AND ITS EFFECTS ON LIVELIHOODS

As indicated in the chapters above, mobile money is the key formal tool utilized by rural youth, as well as by Tanzanians in general, to transact, save and borrow, as well as to stay connected with friends and family. Due to its distinct role, mobile money provides a great opportunity to those who have access to it, but also significantly excludes those that may not have access to mobile phones. As such, the sections below unpack mobile phone ownership and uses, as well as mobile money usage and challenges, and ends off by unpacking details on mobile money and its effects on livelihoods.

3.4.3.1 MOBILE PHONE OWNERSHIP AND USE

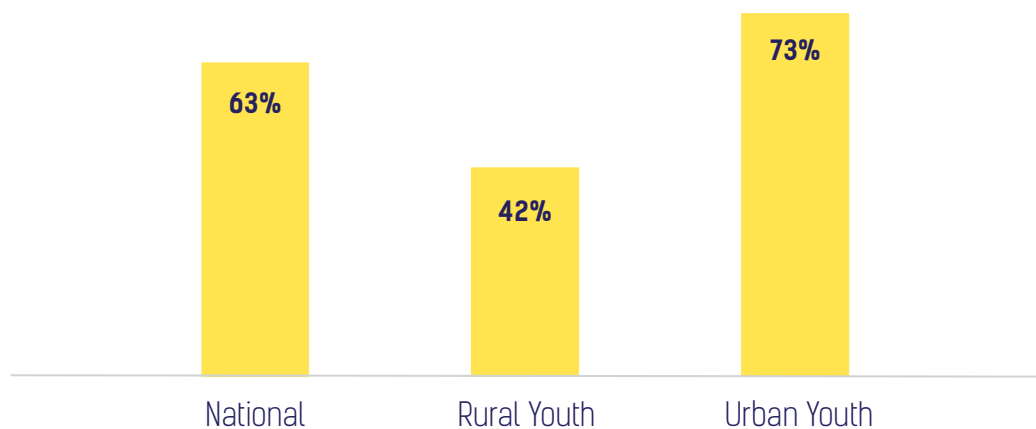


FACT 1

Mobile phone ownership and usage is **lowest amongst rural female youth**



Figure 35: **Mobile Phone Ownership**



Source: FinScope Tanzania 2017

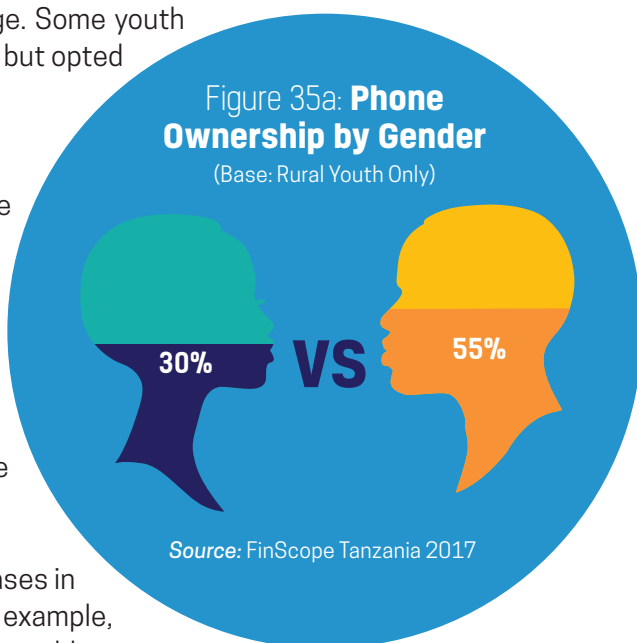
FinScope Tanzania 2017 data indicates that mobile phone ownership is lower among the youth (55%) compared to the total population (63%), and that youth in urban areas are more likely to own mobile phones (73%) compared to rural youth (42%).

Similar trends are recorded in the qualitative interviews conducted with rural youth. Across all the surveyed regions, both male and female youth had access to mobile phones. Although most owned a mobile phone, some were only able to access them through other household members. Dependents (students), for example, made use of their parents' phones for communication or for mobile money transactions. In terms of acquiring phones, most rural youth said that they purchased the phones themselves. This was especially the case for youth involved in business or for those that were employed. For those in business, the purchase of phones was done after making sales in their respective businesses, while employees saved and purchased phones after accumulating enough savings. For youth who did not purchase their phones themselves, they said that their parents/spouses/siblings bought phones for them for ease of communication with them. Another set of rural youth said that they saved money given to them by parents and bought phones after a while.

In terms of decision making processes pertaining to the use of their mobile phones, qualitative insights indicate that rural youth who owned mobile phones said that they were in charge of making decisions on how they used the phones without interference from anyone, while those who borrowed mobile phones were careful with how they used the phones as parents monitored their 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 ownership, FinScope Tanzania 2017 data indicated a large gap exists in mobile phone ownership between female and male rural youth, with more male rural youth owning mobile phones (55%) than female rural youth (30%). 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 needing permission while for girls, this was not allowed as they could use the phones 'wrongly'. In Unguja Kusini, married female youth said that the sharing of phones with their spouse sometimes got them in trouble, as their spouses did not like when strangers called them. Sometimes the husbands even accessed the ladies' phones and pried into their private conversations which led to confrontations. Below are the impacts of mobile phones on individuals and on households.





FACT 2

Mobile phones are enablers

for finance, communication, access to information and opportunities



Apart from the above-mentioned usage of mobile money, rural youth clearly outlined in the qualitative interviews that mobile phones fulfill multiple roles in their lives. They enable communication and provide access to information while also unlocking opportunities by providing a means of marketing and sales.

(a) Enabling Communication

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

(b) Ease of Access to Information in Terms of Job Opportunities

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

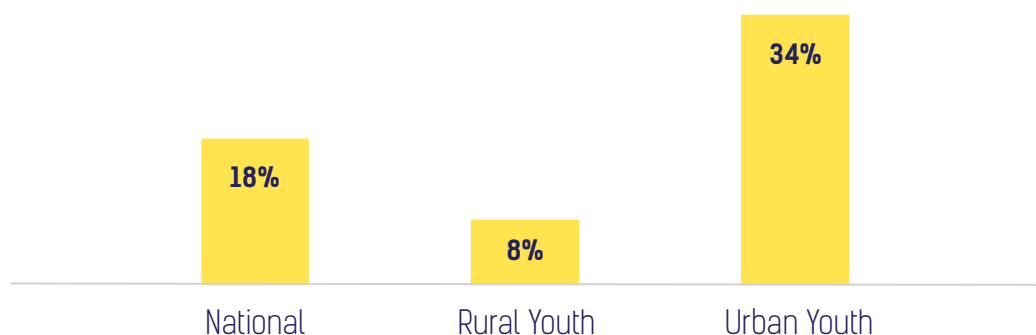
(c) Marketing and Sales

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

For consumers, mobile phones have made it easier to search for products, locate goods and make payments, as well as removing the need to go to markets to purchase goods and thus saving time and money (transportation costs).

Figure 35B: **Smartphone Ownership**

(Base: Those that Have a Mobile Phone)



Source: FinScope Tanzania 2017

Though mobile phones have opened new markets and created more opportunities, currently many new solutions focus more on mobile application development that requires the use of a smartphone. Generally, smartphone ownership among phone owners was relatively low, as indicated by FinScope Tanzania 2017. Only 18% of phone owners among the general population were in possession of a smartphone. Urban youth were clearly an early adopter of this technology, with 34% of the urban youth phone owners having a smartphone, while rural youth lagged behind with only 8% of rural youth phone owners using smartphones. Though android or iOS-based solutions may offer more functionalities (such as improved UX/UI design, possibilities to reach new customers, ease of data visualization and access to more financial service providers), they may also further exclude the already excluded.

3.4.3.2 MOBILE MONEY USAGE AND CHALLENGES

The majority of youth who have access to mobile phones used mobile money services. As outlined in previous sections for users of these services, transactions conducted include sending money, receiving money, paying bills, providing access to loans, saving money and the purchasing of internet bundles and airtime.

For youth engaged in businesses, 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 to go in person to make cash payments. In effect, this has helped save time and resources wasted on travel. For others, mobile money was said to have eased the process of sending money to family and friends. Mobile money is considered both safe and secure. As was a male youth in Kibondo reported,

“even if one lost their mobile phone, they can still access mobile money once they renew their line, this is safer than keeping money at home which can easily be stolen.”



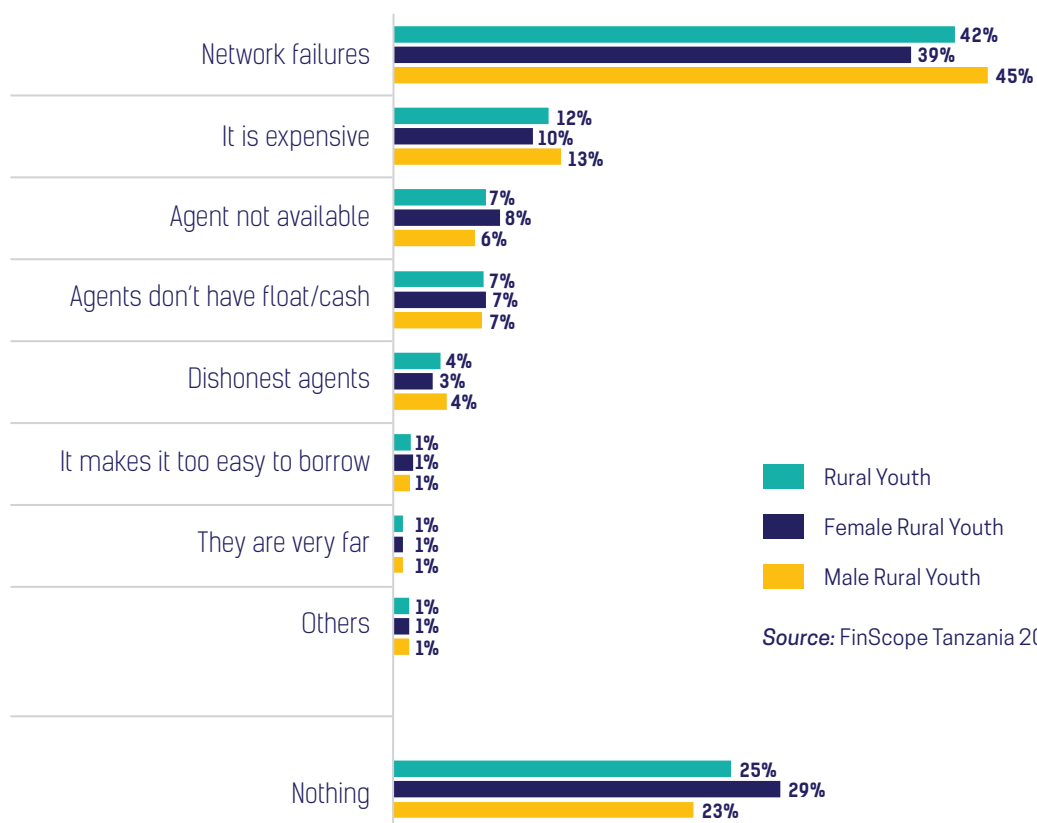
FACT 3



Network failure is a key challenge for rural youth mobile money users

Figure 36: **What do you dislike most about using mobile money services?**

(Base: Rural Youth Using Mobile Money Services)



Source: FinScope Tanzania 2017

Users of mobile money admitted that, as much as the platform came with various conveniences, so too does it have its fair share of challenges. FinScope Tanzania 2017 clearly showed that one of the main challenges for rural youth (42%) was the unreliability of the network as they utilized mobile money services. A similar trend was observed in the qualitative interviews, where rural youth complained that poor network reception while conducting mobile money transactions was a common phenomenon which limited the completion of transactions or resulted in them taking longer than they should. This was especially the case in Kibondo, Singida and Manyara.



Further qualitative interviews unveiled that, in almost all areas under study, a key complaint about mobile money usage was the scantiness of mobile money agents. Rural youth felt that mobile money operators did not try to invest in deep rural areas, thus limiting their ability to use mobile money services. Similarly, during FinScope Tanzania 2017 survey, 8% of rural youth mentioned this same reason as a key challenge, as well as complaining about the distance needed to travel to get to the agent (1%) and non-availability of the agent (7%).

In FinScope Tanzania 2017, rural youth stated that charges for mobile money transactions were too high (12%). This limited them from using the platform as a means to save money or to use it as often as they would have liked. Rural youth also considered the transfer of funds from one network to another as being too expensive. Qualitative insights also revealed that in some instances, due to the unavailability of mobile money agents, rural youth were forced to send money to someone else using an available network in order for them to withdraw the money on their behalf. This ended up doubling transaction costs and hence deterring youth from appreciating mobile money services.

Another key challenge with mobile money services in rural areas was cited as being insufficient float carried by mobile money agents (7%). More often than not, whenever rural youth visited mobile money agents to either deposit or withdraw money, these agents seldom had sufficient float, which limited the availability of mobile money services at times of need.

Qualitative insights further show that there were instances in which fraudsters sent messages to rural youth informing them that they had sent them money erroneously and requesting them to send it back. In other instances, these fraudsters lied by saying that they (rural youth) had won the lottery and that they should send some money to a number in order to claim their prizes. Such fraudulent cases made rural youth lose trust with mobile money services.

Other frustrations with mobile money services arose when rural youth erroneously sent money to a wrong recipient or when the input agent entered the codes incorrectly and the money went to a different agent than the one intended. Rural youth said that in these instances they sometimes did not know how to reverse the transaction, or that it took a long time before the network provider reversed the money and thereby inconvenienced them.

These challenges directly impact the user experience for mobile money users in rural areas and hence hinder their intentions to increase and broaden their usage of mobile money services. These challenges need to be overcome if mobile money is to become a true alternative to cash.

3.4.3.3 EFFECTS OF MOBILE MONEY ON LIVELIHOODS



FACT 4

Mobile Money has shown positive effects on consumption, savings behavior and income generation



► LIVE FROM THE MARKET!

In a country-wide representative longitudinal study conducted in Kenya between 2008 and 2014 by IPA to assess “The Long-Term Effects of Access to Mobile Money in Kenya”, remarkable outcomes were observed. IPA summarized them in the below three categories:

Consumption: Poverty (defined as those living on less than USD 2 per day) and extreme poverty (living on less than USD 1.25/day) both dropped, driven primarily by female-headed households. For female-headed households, an area which went from zero to six M-PESA agents would have 22% fewer female-headed households living in extreme poverty than an area of the same size in which no new agents entered during the same time period (43.3% versus 34.1%). Similarly, there was a 13% drop in those living on USD 2 day (66.6% to 58%) for female-headed households. There was no corresponding drop for male-headed households. Based on the sample, the researchers estimate that 194,000 households nationally were moved above the poverty line.

Savings: Female-headed households in an area which went from zero to 6 M-PESA agents reported 22% higher financial savings than an area with no increase in M-PESA agents.

Occupational Choice: Women in areas where numbers of M-PESA agents grew were more likely to change occupations from farming to business and retail sales, regardless of whether they lived in male-headed or female-headed households. Based on the sample, the researchers estimate that 185,000 women switched occupations as M-PESA expanded in their local area.

While conducting the qualitative fieldwork, the below trends were observed that appear to hint in a similar direction as the IPA outcomes.



(a) Saving Platform

Qualitative insights indicate that mobile money platforms were said to influence 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 investments, mobile money platforms have provided a more formal means of saving that is now being opted for by a proportionate number of rural youth.

(b) Resilience and Coping with External Shocks

Mobile money has also been vital in helping households cope with unexpected and adverse events such as medical emergencies, floods and food shortages. One female youth in Kibondo noted that mobile money had given her household a platform on which they could save money to use whenever emergencies arose. In effect, the household was better placed to enjoy life without worrying about unforeseen medical expenses.

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

(c) Access to Credit

Across all regions, rural youth complained that they could not access formal credit from banks and other financial institutions due to a lack of collateral. Interviews with financial service providers also unearthed that these institutions did not consider investing heavily in rural youth because they have low-to-none levels of disposable income and lacked the collateral necessary to consider investing in them. The creation of some credit products by MNOs, which some rural youth expressed knowledge of, opened an opportune space for these youth to gain access to small amounts of formal credit accessed through their mobile phones.

4. Financial Literacy and Education



.....

Awareness has been mentioned various times in the previous segments of this report as a key barrier to the financial inclusion of rural youth. Furthermore, it has been made apparent that one of the key aspirations of young people is to further their education and develop their professional skills. It should also be noted that financial education and literacy is a topic that is often raised when considering financial inclusion of the youth. The below section unpacks the topic of financial education and its role in rural development.

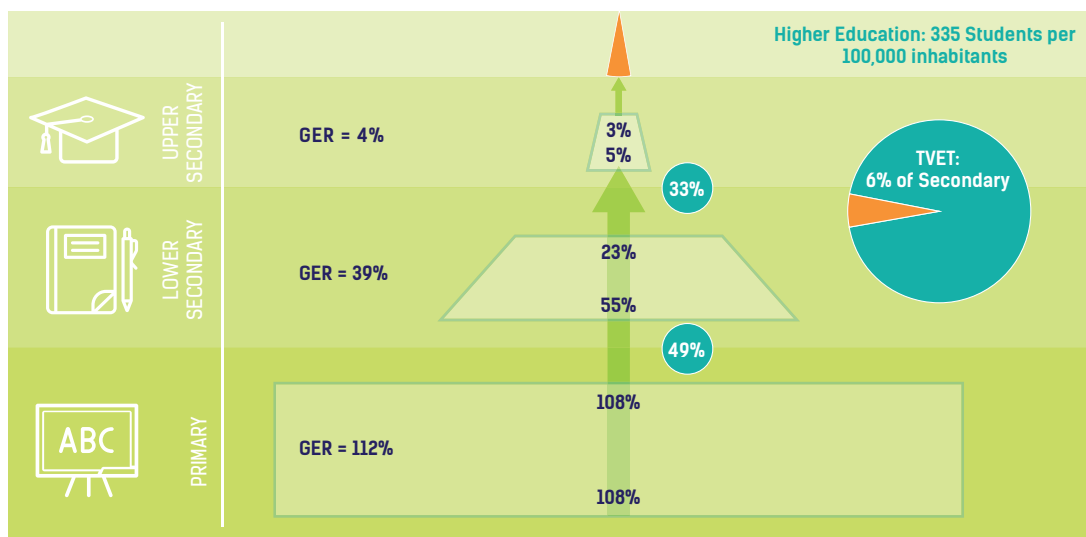




FACT 1

Extracurricular **financial literacy** and **skills training** are key measures in the reaching of the majority of Tanzanians

Figure 37: **Education Levels and School Dropouts in Tanzania**

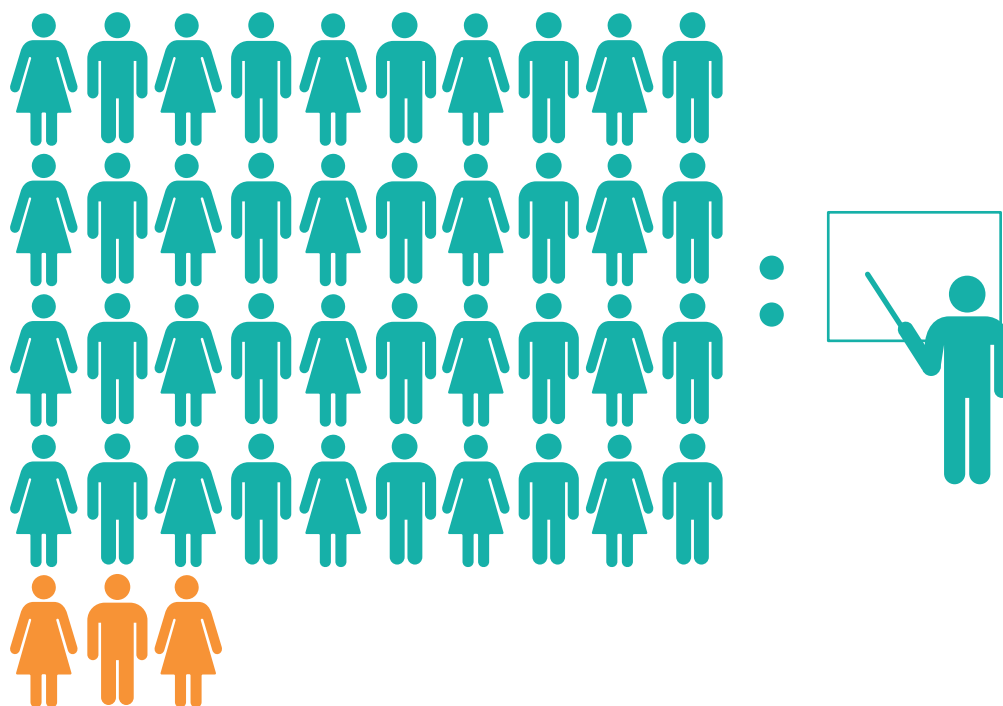


Source: UNESCO-Tanzania education sector analysis

The structure of the formal education and training system in Tanzania constitutes of two years for pre-primary, seven years for primary education, four years for junior secondary education (O-levels), two years for senior secondary education (A-levels) and at least three years of tertiary education. From one level to another, there is a high dropout rate among students. For example, from primary to secondary, it is estimated that only about 50% of enrolled students progress to the next level. Transition rates are even lower from secondary to high school with only 5% progressing, and only 3% are seen to 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 drop 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 create income-generating activities. In this regard, financial literacy and education is one of the least developed skills possessed by youth (and rural youth, in particular). Financial literacy is not part of the core curricular in primary schools, which is the level of education reached by the majority of rural youth.

Figure 38: **Teacher-Pupil Ratio in Tanzanian Primary Schools (2018)**



Source: UNICEF Education Budget Brief Tanzania 2018

However, even though students attend primary school, the teacher-pupil ratio at primary schools in Tanzania is high (1:43). It is higher than the sub-Saharan average as well as the number commonly referred to as the international standard of 1:40¹. In these overcrowded classrooms, learning outcomes might be affected.

Hence, it can be said that the formal education system does not provide suitable ground in terms of its ability to incorporate skills development and financial services training. Rather, extra-curricular training and apprenticeship programs provide suitable pathways needed to increase financial, business and employability skills. In reviewing various financial, educational and youth empowerment programs that have been implemented around the globe, several key themes became apparent. These themes should be considered seeing as similar programs are implemented in Tanzania. These themes are:

- Short-term training programs with apprenticeships increased workforce readiness and integration - especially among women - which aided in the increasing of income levels.
- Programs that made use of a participatory approach performed better as they dire

<https://www.unicef.org/tanzania/media/1236/file/UNICEF-Tanzania-2018-Education-Budget-Brief.pdf>



- Programs with civic engagement increased life, leadership and work-readiness skills, as well as soft-skills.
- Involvement of adults/older household members in programs was key for social acceptance.
- Social responsibilities of young women may have impacted negatively on the success of interventions. Other programs have given a stipend to participants (with an increased stipend given to women with children in order to cover not only income loss, but also childcare).

Though Tanzania has developed the National Financial Education Framework, its implementation is yet to be followed through with in terms of achieving tangible interventions. Furthermore, it is essential to streamline financial literacy in other rural development projects, as it seems to be one of the least important aspects in many of the existing rural development projects. A few available projects concentrate more on technical skills (sewing, carpentry, etc.), as well as life and business skills. Financial literacy is approached as a link for beneficiaries to access loans and financial assistance rather than as a means of creating their personal capabilities to manage their financial situations. Key informant interviews reveal that 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.

Qualitative insights reveal that the levels of literacy seem to facilitate levels of interaction with information received. Most youth have some understanding of this information, but overall, very few interact with the opportunities offered. Most were aware of the existence of some financial institutions and services, but an in-depth understanding of such financial institutions and services was unclear for most. As it stands, in terms of 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.

5. Personas



Based on a variety of different economic activities, social status and level of dependency, as well as age and gender, various personas emerge amongst the rural youth of Tanzania.

A persona is a fictional character which is created based upon research in order to represent the different user types that might make use of services and products, as well as might require regulations, policies and so on. Creating personas helps in the understanding of users' needs, experiences, behaviors and goals. It can help solution designers and policy makers to recognize that different people have different needs and expectations, and it can also help them to identify with the user that the solution or policy is being designing/developed for. Personas make the design task at hand less complex, guide the ideation processes and help to achieve the goal of creating a good user experience for the selected target user group².

Considering that it is established financial service providers, FinTechs, regulators, program managers and development partners who develop programs, solutions and regulations for rural youth, it is easy to lose touch with who the rural youth really are. From the above analysis, broadly four personas can be derived that can be utilized by FSPs, FinTechs, regulators, policy makers and program managers to develop needed solutions and policies, as well as enabling regulations and suitable programs.

Persona 1 – The Independent, Formal Rural Youth

Persona 2a – The Independent, Informal Male Rural Youth

Persona 2b – The Independent, Informal Female Rural Youth

Persona 3 – The Dependent Married Female Rural Youth

Persona 4 – The Dependent Inactive Rural Youth

² <https://www.interaction-design.org/literature/article/personas-why-and-how-you-should-use-them>

Persona 1 – The Independent, Formal Rural Youth



Name: Amos

Sex: Male

Age: 24

Marital status: Married

Education: Completed form four

Aspirations: To establish a stationary shop and ultimately own his own nursery school

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)

Financial behavior:

- Decision making: makes most of his financial decisions, gets advice from his wife
- Use of financial institutions: mobile money
- Savings: using mobile money
- Risk mitigation: social security

Challenges:

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

Opportunities:

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

Persona 2a – The Independent, Informal Male Rural Youth



Name: Lucas

Sex: Male

Age: 22

Marital status: Married

Dependents: Four (pregnant wife, one child, two siblings)

Education: Form two

Aspirations: Admires his suppliers and would like to grow and become like them. Wants to build a house and buy more land

Income Generating Activity (IGA):

- Activities: farm (3 acres), small shop, saloon (barber shop)
- Year(s) 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 TZS 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 the 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 a bicycle to get there
- Business recording: memorizes in his head
- Business skills: Never received, would like to learn entrepreneurial skills
- Source of information: radio, phone

Financial behavior:

- Decision making: makes most of his financial decisions, gets advice from wife and sometimes from his father
- Use of financial institutions: non-user due to lack of awareness or lack of access (unavailability of FI in the village)
- Saving: saving through buying assets, such as cows and land
- Access to credit: never borrowed
- Payment: mainly cash and barter trade, sometimes mobile money
- Asset building: buys cows and land
- Risk mitigation: by purchasing assets, particularly cows

Challenges:

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

Opportunities:

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

Persona 2b – The Independent, Informal Female Rural Youth



Name: Faima

Sex: Female

Age: 20

Marital status: Single

Dependents: One child, stays at home with her parents and other family members

Education: Form four

Aspirations: To grow the business and improve the supply chain ("I don't have to go up and down myself"), for diversification of the business and to acquire business skills

Income Generating Activity (IGA):

- Activities: fishmonger
- Year(s) in business operation: 1 year
- Capital: 90,000 to buy fish, 20,000 for indirect costs (transport, oil, spices and labor costs)
- 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: memorizes in her head
- Business skills: no formal training, learned the business from a neighbour
- Source of information: mainly a mobile phone

Financial behavior:

- Decision making: makes her own financial decisions, but she must contribute to family expenditures
- Use of financial institutions: informal savings group, but would like to have a bank account
- Savings: saving box, informal savings group
- Access to credit: never borrowed, only gets her accumulated savings from the savings group
- Payment: mainly cash-based, few mobile payments
- Asset building: informal savings group
- Risk mitigation: saving box

Challenges:

- Challenged by the coordination of the savings group, not always sure that she will get her savings as planned
- Unreliable transport
- Sometimes lack of customers and fails to sell all the stock
- Pricing vs costing
- Credit sales, customers delay in paying

Opportunities:

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

Persona 3 – The Dependent Married Female Rural Youth



Name: Sabaha

Sex: Female

Age: 20

Marital status: Married, temporarily separated

Dependents: One child

Education: Form three

Aspirations: She aspires to have her own IGA

Her Story:

- Married at the age of 16
- Her husband refused to let her conduct any form of business
- Stayed at home as a housewife, remaining dependent on her husband for everything
- Periodically abused by her husband
- Decided to run away and went back home to live with 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:

- She aspires to have her own IGA as she is tired of depending on her husband
- She has faced the challenges of being dependent and is eager to gain independence

Persona 4 – The Dependent Inactive Rural Youth



Name: Lailati

Sex: Female

Age: 16

Marital status: Single

Dependents: None

Education: Student - form four

Aspirations: She aspires to do business, her parents are her role models

Her Story:

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

Challenges:

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

Opportunities:

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



6. Conclusion

This section provides conclusions based on the insights provided above and makes recommendations. Based on the findings of this report, it is evident that a comprehensive and systematic approach is needed in order to address different challenges that rural youth face in terms of attaining inclusive finance and economic empowerment. The approach should not only take into consideration the different types of youth that have emerged from the above analysis (which are summarized in section 5), but it should also consider the various players that contribute to an enabling financial sector.

Recommendation 1: Addressing the needs of rural youth by understanding their economic situation and aspirations

While addressing the needs of rural youth, the various segments and their needs and aspirations should be considered. The table below highlights potential areas to address existing challenges faced by rural youth based on the personas developed in section 5. Annex II provides details of potential skills and financial services needed, as well as how they could be communicated.



Recommendation 2: Introduce tiered due-diligence requirements for mobile and bank agents

Even though there is a 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, due-diligence requirements for mobile and bank agents in Tanzania seems to limit the penetration of financial services into rural Tanzania. Privy to the fact that cash flow in rural economies is lower when compared to urban locations, there is a need to consider lowering the due-diligence requirements from agents in rural Tanzania in order to encourage recruitment.

A concept of 'light Wakala's' could be adopted whereby the due-diligence requirements are lowered for agents who handle low-volume transactions, under a certain value per year (about 2 million). The table below illustrates the current due-diligence requirements versus a proposed model that would encourage the adoption of services in rural economies.

Current Due-diligence Requirements	Proposed Rural Due-diligence Requirements Modifications
Agents must have a business license or TIN number	Small entrepreneurs ID (Machinga ID) in combination with NIDA 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 operation
Minimum of TZS. 800,000 – 1,000,000 capital	Lower capital requirements to about TZS. 100,000 – 200,000

Recommendation 3: Increase partnership and shared infrastructure to maximize reach and increase rural penetration

(a) **Sharing of Telecommunication Towers by FSPs**

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

Projects such as the World Bank-sponsored 'Digital Tanzania Program'³ - 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.

(b) **Interoperability of Mobile Network Operators**

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

As similar system should be expanded to inter-channel interoperability (i.e. mobile money wallet to bank account transactions). Initiatives such as TIPS (Tanzania Instant Payment System) should be supported to enable faster and more affordable transactions across services.

(c) **Agent Interoperability**

To minimize float issues and increase the availability of agents, the interoperability of agents becomes key to maximize reach. If agents can operate on a proper interoperable system, they will be able to serve customers across networks and channels.

3 <https://www.gsmaintelligence.com/research/?file=783bb9b0ab8e6e53361607a838d25dcb&download>

(d) Creation of Systematic Structures

Drawing on the findings in this study, it can be seen that the lack of systematic structures in terms of 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, educating the youth on these products and assisting 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 that there is a youth product available which is developed based on realistic requirements for the youth and through which funds can be disbursed to youth groups via the banks and or even MNOs.


(e) Promotion of Financial Education/Literacy

While it is evident that there is a knowledge gap in financial products and services among the youth, financial service providers have not expressed interest in committing resources for conducting market awareness and training on the use of financial products. However, customer education is unavoidable if uptake is to be achieved. Hence, financial service providers should link service campaigns with educational elements to ensure consumers are well informed about their products. This will not only increase their uptake, but will also increase their usage as well as the level of satisfaction in the use thereof.

Recommendation 4: Communication of financial behavioral change can take various forms, but works best in combination with an actual solution

Financial literacy represents the level of aptitude in the understanding of personal finance. It often refers to having an awareness and knowledge of key financial concepts required for managing personal finances and is generally used more narrowly than financial capability⁴. 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 rural youth through building their knowledge, skills, attitudes and their responsibility in terms of conducting their own financial planning.

⁴ 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>



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


Aside from customization of content; environment, modalities or channels of delivery and timeliness of delivery all factor into the effectiveness of transformation. The use of mass media such as radio or television, for example, that already reach households around the world every day has proved to be beneficial in a number of different countries in sub-Saharan Africa. Examples of these are found in South Africa (Scandal), Kenya (Makutano Junction) and Rwanda (the “Nawe Birakureba” or “it’s up to you!” program material included ‘edutainment’ radio drama) suggest.

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In South Africa, for example, a popular soap opera Scandal! incorporated a storyline about financial mishaps. Through the program, viewers significantly increased their financial knowledge and borrowing from formal (and less expensive) sources, as well as engaging less frequently in gambling.

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

In Rwanda, under the Umurenge Saccos, financial education was provided in the form of ‘edutainment’ radio dramas that followed 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 concepts. Positive results were measured from the program, including a likelihood in having a written budget and saving regularly, among other improvements.



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

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

Problem

Promoting financial literacy and the 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 tool. The initiative circulated shared tablets and smartphones to youth in urban and semi-urban areas. Facilitators allocated time for participants to spend using the training application, so that they could learn from the comfort of their own homes and study at their own pace. The program also allowed users to customize their learning by focusing on topics most relevant to the youth. With 500+ youth reached, the immediate results indicated an increase in the usage of mobile wallets for savings, the designing of ideas for businesses and the outlining of business plans, 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, when disaggregated, should further assist in the design, development and promotion of products and educational content.

For rural youth, we recommend a design of content that is presented on a digital platform, such as can be accessed through the use of a basic smart phone. The content should be easy to understand and therefore should make use of the 'edutainment' effect, with the inclusion of visuals and sounds to assist the youth by making learning easier. Additionally, this recommendation comes with the consideration that, through this approach, youth will have the opportunity to learn at their own pace and time. For example, consider female youth, who from the data have been seen to be overburdened with domestic responsibilities. The content being accessible on a phone that can be left at one's home to be used at one's own pace could allow for their inclusion in the learning and adoption of formal financial products, especially if the content is bundled with product information.

Recommendation 5: Exploring various pathways to increase mobile phone ownership among rural youth

Studies across the region suggest that mobile phone ownership is an enabler in the 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 the youth should consider educating them on the importance of saving whatever little money they get in order to achieve the goal of purchasing even a basic phone. This will encourage them to make transactions and improve their credit score, which in turn will improve their chances of accessing credit in future. Youth in savings groups should also be encouraged to purchase phones, using the contributions they make or receive from the groups for their own personal gains.

Furthermore, the TASAF program in Tanzania is moving towards digitizing cash transfers made to its beneficiaries. This is being done to increase efficiency and reduce the amount of 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 in which they could afford owning mobile phones and sim cards registered to their name, which was mandatory in order to comply with the program's requirements for the shift in the mode of payment.

A potential solution to this problem is the lending of mobile phones, which then makes it possible make repayments through mobile money. Some FinTechs in Tanzania are already exploring these modalities, such as by upgrading basic phone users to smartphone users by assessing their GSM data. In order to widen this device-lending from an upgrading model to an initial-device lending model, a better understanding of lending behavior, trustworthiness and creditworthiness of rural youth (that are “thin filed” have no or small transactional records), is needed and models such as psychometric scoring⁵ may need to be explored further.

⁵ Psychometric scoring is a new method to assess credit risk or improve existing credit risk measures with psychometric assessments. A psychometric assessment assesses the traits and characteristics of an individual and as such provides insights on their typical financial behaviors. Unlike big data, psychometric scoring solutions are based on underlying theoretical models whose measured constructs are explainable (mostly based on self-report questionnaires), and do not require a lot of data training. Moreover, since psychometric tools do not use third-party data sources, their systems do not require collecting personal identifiable information. For further reference, see also: <https://nextbillion.net/psychometric-credit-scoring/>

Recommendation 6: Increasing rural youth participation in meaningful economic activities

Rural youth have high levels of dependency and have low income levels. As such, their engagement in economic activities needs to be increased in order to enable them to gain independence and increase their cashflow to aid them in achieving their dreams and aspirations.

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.

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There are several government organs and projects that aim to enhance rural entrepreneurship. The one most outstanding 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 providing 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 regional headquarters, they have a mechanism through which they can reach entrepreneurs in the rural areas. This is achieved through available government officers at the districts, wards and village levels. The District Executive Directors work closely with SIDO and, through using their personnel who are scattered to the level of villages (including Village Executive Officers and Extension officers), they are able to deliver information and opportunities available at SIDO to reach rural 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 have a particular interest in the groups that they support.

Another well-established government organization which is 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; the Centre for Agricultural Mechanization Rural Technology (CAMARTEC), which promotes appropriate technology for rural development; and the Tanzania Engineering and Manufacturing Design Organization (TEMDO), which specializes in machine design for rural development.

In this regard, institutions such as SIDO stand a very good chance in reaching rural entrepreneurs and in making an impact (if well-coordinated, supported and funded). SIDO has the best mechanism and network when compared to other rural entrepreneurship projects. However, the biggest challenge with most government initiatives like SIDO is the lack of skilled manpower needed to run businesses, the lack of facilities and equipment (i.e. cars) and a limited budget. Other than the points listed above, these initiatives could be very impactful.

There are several NGOs that have had different projects containing elements of promoting entrepreneurial knowledge and skills to 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 to employ themselves by training them in a variety of life and business skills, and through linking them to different business opportunities, such as selling solar. While NGO projects are normally equipped with skilled personnel, well thought strategies and funding; as it seems, running an NGO project with a large geographical coverage and reach (particularly in rural areas) is very expensive. Hence, most NGOs would only try to



reach a few thousand youth in some selected districts, which is not the most effective way of ensuring that rural youth are fully enabled with the relevant skills that they need in order to improve their lives.

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

The above feeds into national aspirations. According to the Tanzania National Baseline Survey of Micro, Small and Medium Enterprise (MSME), rural MSMEs account for 52% of total MSME employment. 72% of manufacturing MSMEs are in rural areas, while 52% of trade service MSMEs are in rural areas.

In analyzing the purpose of rural entrepreneurs according to whether they have survival motives or if they intend to grow, the MSME survey illustrates that 56.5% 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. This is seen to contrast with urban areas, where 11.3% in urban areas (except Dar es Salaam) and 9.7% in Dar es Salaam of MSME owners 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 entrepreneurial activities to cater for their daily needs.

All these factors indicate that rural youth entrepreneurs in Tanzania have the right aspirations and motivations and that they are likely to be more sustainable and contribute toward rural transformation and the country's economy. Herein lies an opportunity to create enabling environments and interventions to which, it is most likely, the youth will respond to positively.

Recommendation 7: Push messages through key influencers of rural 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. These include 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 effects the household, and potentially leading to the increased use of formal financial services.

Recommendation 8: Proactive enforcement of the existing policy environment

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

The National Microfinance Policy (NMFP) covers provisions of financial services to small and micro enterprises in rural and urban areas that are engaged in all types of entrepreneurial activities. There is also an implementation of the second National Financial Inclusion Framework and the National Financial Education Framework, both of which 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 terms of their implementation, such as with the Agricultural and Livestock Policy (ALP), which is 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. This can be achieved through improved access to finance and availability of tools, equipment and consumables, as well as simplified licensing and enhanced marketing.

The National Employment Policy, Gender and Women Development Policy, Cooperative Development Policy and National Environmental Policy, National Trade Policy all include policy areas such as: the consolidation of financial sector institutions and the deepening of financial instruments; enhancing micro-enterprise financing and long-term financing of SMEs; improving commercial dispute resolution to lower high-risks in lending brought about because of a culture of default; the development of a competitive domestic consulting industry; adapting and taking advantage of technological developments and new products; and capacity building for effective participation in regional trading for entrepreneurs. The Small and Medium Enterprise Development Policy aims to promote 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. Opportunity can be found in the consolidation of the policies and regulations dealing with the growth of rural youth entrepreneurship, harmonizing them and establishing/strengthening institutions mandated to implement those policies and regulations.



Annex 1

Table: Demand Side – Primary Research Distribution

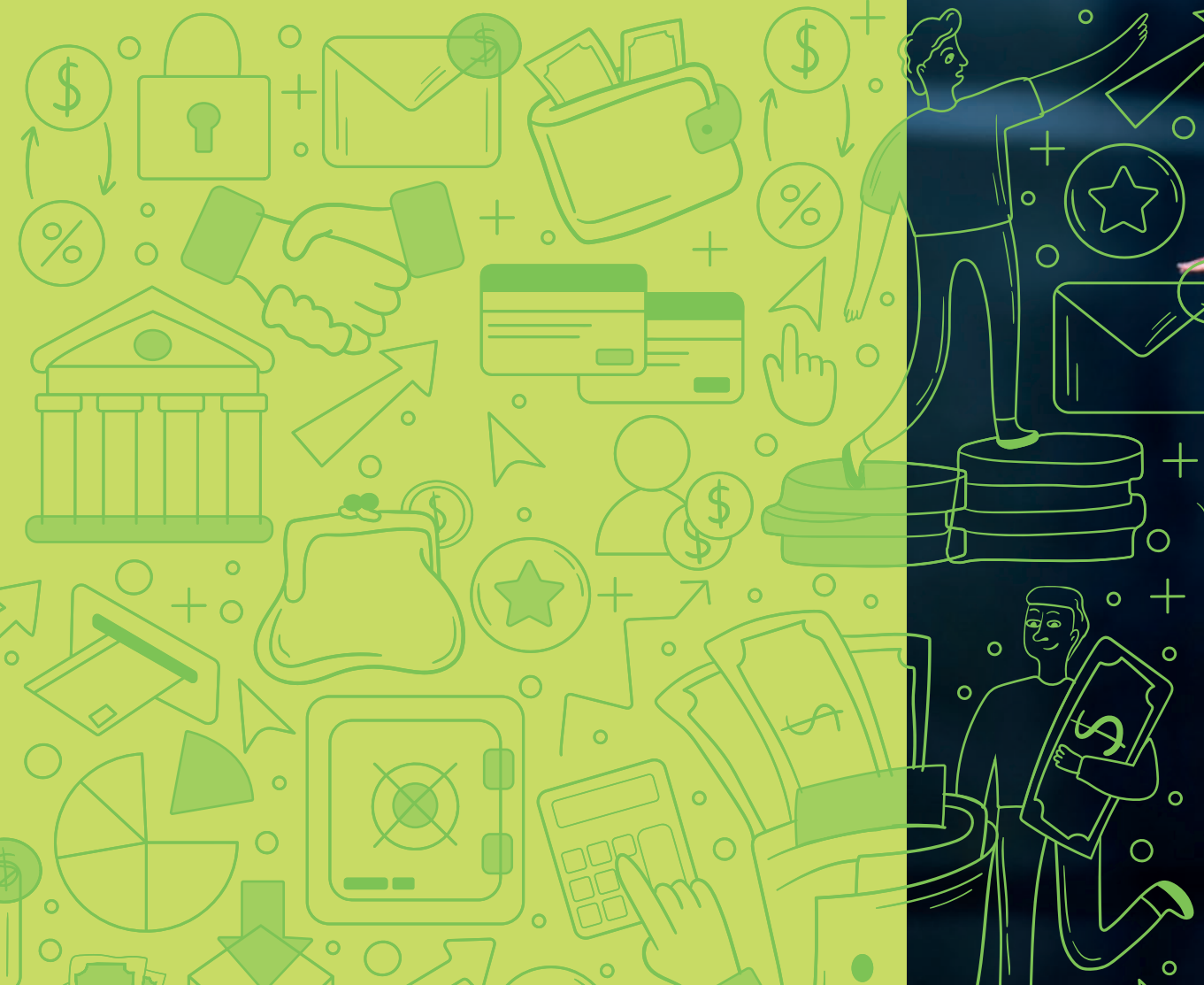
Zone	Region	District	Ward	Village	FGD'S	Immersion
Lake	Mwanza	Sengerema	Nyamazungu	Mwaliga	1 (male only)	1 male
		Sengerema	Nyamazungu	Mwaliga	1 (females only)	1 female
Central	Singida	Manyoni	Kitaraka	Kitaraka	1 (male only)	1 male
		Manyoni	Kitaraka	Kitaraka	1 (females only)	1 female
North	Manyara	Simanjiro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

Annex 2

Table: Skills and Financial Service Needs of Rural Youth

Category	Skills	Financial Services	Communication Method
Independent – Formal Youth	<ul style="list-style-type: none"> • 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 sessions on business planning, marketing, record keeping and financial management would be relevant. 	<ul style="list-style-type: none"> • Savings and credit products (that could be tied to their income) could be relevant for them in the immediate future. • Personal financial management tool (app-based, USD, or paper-based) to enhance their financial knowledge. • Sim banking is viable for this group. • Insurance (particularly health insurance) is as important to them as it is to other groups. 	<ul style="list-style-type: none"> • 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 than the rest of the groups, multi-media can be used to reach them (especially regional and community radios, and national televisions).
Independent – Informal Youth	<ul style="list-style-type: none"> • 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 and merchandising) and attach them to that institution for a few weeks in order to enhance their skills and provide a certificate that would enable them to gain formal employment or formalize, as well as stabilize, their enterprises, would be ideal. • In terms of entrepreneurship training, concentration should be focused on basic business management skills such as simple record keeping, business planning and how to access additional capital for their businesses. 	<ul style="list-style-type: none"> • Savings products to encourage their capital growth. • Short-term credit (based on traceability and business activity) to reduce the risk of default. • Record keeping tools to help them track their business transactions. This can even start from a paper-based system of simple record books and slowly advance to a digital tool. How business records are managed. • Insurance products (family health insurance) are vital for this group, as most use their saved assets and monetary savings for emergencies, which are mainly medical. 	<ul style="list-style-type: none"> • Most are fully engaged, but 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 partnership with an NGO/government program, aired out through regional 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 addition to in-person training that could be organized through partnership with government organizations that have a wider outreach, such as SIDO.

Category	Skills	Financial Services	Communication Method
Dependent Married Young Women	<ul style="list-style-type: none"> Life skills training is important for them to help them resolve the challenges they encounter in their day-to-day lives. The training should involve sessions on self-awareness, responsible decision making, as well as gender awareness and gender-based violence. It is important that the husbands should also be engaged in some of these sessions to maintain good family relationships and to avoid radicalization of the women. Alongside life skills, some entrepreneurship training should be introduced. Some of the important entrepreneurship training sessions include identifying business ideas and how to plan a business, as well as raising capital for the business. Some basic financial skills training (such as saving and planning a budget) would also be ideal. 	<ul style="list-style-type: none"> Mobile saving platforms with incentives for volume (interest, airtime). Savings Product to encourage capital growth (can be through informal channels such as VSLAs). Insurance products (family health insurance) is vital for this group as most are married and have young children. 	<ul style="list-style-type: none"> 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 this will allow them to learn at their own pace and time, considering that they are burdened with family responsibilities.
Dependent Inactive Youth	<ul style="list-style-type: none"> Given that the majority of the youth in this category are still in the 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 an interest in and aspiration for entrepreneurship. Some basic financial skills would also be useful for them. Some technical skills such as best farming practices, carpentry, motorcycle repairing and masonry would be very useful, especially for those who are already out of school but still inactive. These could be delivered in partnership with training institutions like VETA and SIDO. 	<ul style="list-style-type: none"> Youth-based saving products (especially for those that are funded by parents) may appeal. 	<ul style="list-style-type: none"> School clubs, peer groups and radio.



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