

PRESS RELEASE

Dar es Salaam, Friday June 27th 2008

UDEEC to Facilitate Access to Equity Finance for Small and Medium Enterprises

After the successful Business Plan Competition in 2007 which was organized by UDEEC in collaboration with BiD Network Foundation (BiDNF) and supported by various local partners, UDEEC will this year concentrate on recruiting potential high growth entrepreneurs who are seeking external finance and link them with private equity investors. Equity finance is a mode of accessing long-term capital whereby the entrepreneur acquires capital at no interest and in return agrees to share ownership of the business and hence profits with the external investor.

Speaking at the UDEEC Offices, the Director of UDEEC, Dr. Donath R. Olomi said that this year the Centre will focus on identifying entrepreneurs with brilliant business ideas for business start up or expansion, assess these ideas, plans and businesses and then link the most promising ones with both local and international private equity investors. This service is provided by UDEEC in collaboration with BiD Network Foundation based in the Netherlands and other local partners. Participating entrepreneurs will be required to post their business and personal profiles in a secured website (<http://www.bdnetwork.org/tanzania>), upload their plans and receive comments for improving them. This service is free of charge to the entrepreneurs. Above all, UDEEC will link the participating entrepreneurs to its associates and supporting partners for coaching, mentoring, training, and support in developing the business plans. However, Dr. Olomi also noted that the business support services will be provided on first come first served basis as UDEEC has a finite amount of resources.

Dr. Olomi also hinted at the possibilities of the participants in the investor matchmaking winning prizes. He added that UDEEC is still negotiating with potential Prize Partners and other Business Plan Competition organizers to see the possibilities of coming up with coordinating efforts, whereby plans submitted for investor matchmaking will be considered for prizes.

The coordinator for the Investor Matchmaking and BiD Challenge 2007 Mr. Tobias Swai said that this year's strategy will start with entrepreneurs participating in the

32nd Dar es Salaam International Trade Fair (Sabasaba). He said, our team will visit the pavilions and recruit potential entrepreneurs with viable businesses. For those who only have business ideas as well as those entrepreneurs not participating in DITF, there will be a desk at UDSM Pavilion under UDEC to recruit and orient them to our online system between 28th June to 7th July 2008. Afterwards the service will be provided through an online support and communications with UDEC offices". Mr. Swai said that under the investor matching service, entrepreneurs will get feedback on their plans in two weeks time after uploading their plans and there is no deadline for submitting the plans. However, once a plan is started entrepreneurs have two weeks to complete their ideas in the new system otherwise their entry will expire.

While UDEC is recruiting Tanzanian Entrepreneurs and potential private equity investors, BiD Network Foundation, which is headquartered in Amsterdam, has a team of investment brokers identifying European and American Private Equity investors interested in investing to Tanzanian Small and Medium Enterprises. The target for Tanzania this year is to reach at least 300 entrepreneurs, offer support to 50 high growth businesses and link at least 10 of these businesses with private investors locally or internationally.

+++++

A bit of Background

UDEEC in collaboration with the BiD Network Foundation of the Netherlands attracted over 391 entrepreneurs in Tanzania through a business plan competition which was branded BiD Challenge Tanzania "Make Poverty Your Business." The winner of the challenge Mr. Victor Mfinanga with his plan "Expansion of Shambani Graduates Enterprises" was also an International winner of the business plans which was conducted by 7 countries worldwide. A total of Tshs 44.5mil was given out as prize money in last year's competition. The competition focused on businesses that have positive impact on community through job creation, adding value to local resources, conserving the environment, etc.

Already a number of partners have shown interest in supporting the 2008 initiative. These include Dar es Salaam Stock Exchange (DSE), Tanzania Gatsby Trust (TGT), Akiba Commercial Bank, Commercial Bank of Africa, Confederation of Tanzania Industries (CTI), Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA), Mwananchi Communication, SIDO, TATEDO, Centre for Sustainable Development Initiatives (CSDI), Pamoja Associates, Richland Consultants, Tanzania Professionals Network (TPN), Ministry of Industry, Marketing and Trade.

Why equity investor match-making?

The focus on facilitating access to equity finance has been motivated by the fact that over 70% of small and medium business operators in Tanzania consistently identify access to finance as the most serious barrier to their development.

Most Small and Medium Enterprises lack the track record and collateral required for them to access bank loans. In addition, interest rates are still so high (18-25%), especially for small and medium enterprises meaning few projects can operate profitably with bank loans. Finally, banks generally prefer to provide short and medium term loans, making it difficult for projects with long gestation periods, such as manufacturing and agriculture, agro forestry, educational projects, etc to access finance. Equity finance, on the other hand, enables the entrepreneur to focus on developing the business without worrying about repayment, since the investors will wait to share profits. Another important benefit of using equity investor is that one can benefit from the experience, knowledge and networks of the other investor.

Private investors are individuals who can invest small, incremental amounts in projects as they develop mutual understanding and trust with the entrepreneur and the business. It must be noted that success in working with private investors relies heavily on trust. Anyone who is not trustworthy should not even contemplate working with a private investor.

To Submit your Plan login to <http://www.bdnetwork.org/tanzania>

Or Go to www.udec.ac.tz

For inquiry Please contact: Elia Yobu at +255 75 4376 328

Or Tobias Swai +255 75 4300 495

Or send us e-mail: udec@udsm.ac.tz