

UNITED REPUBLIC OF TANZANIA



SYNOPSIS OF BUSINESS ENVIRONMENT IN TANZANIA

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Outline

1. Macroeconomic Context
2. Business Environment in Tanzania
3. The Roadmap
4. Way Forward

Macroeconomic Environment

- Tanzania has been able to achieve more in terms of the macroeconomic stability over the past decade.
- It has, by regional comparisons, sustained high economic growth rate at an annual average of over 6%.
- However, the sustained level of growth still fall short of the National Vision 2025 and MKUKUTA targets.
- To a large extent the situation has been contributed by among other things; poor infrastructure, global economic crisis, draught, pace of growth of technological changes and climatic changes .

Business Environment

- Despite reviews and changes aimed at improving the Business Environment, Tanzania has not fared well in Global Business Environment reports; including
 - the Investment Climate Assessment,
 - Doing Business Report and
 - Global Competitiveness Report.

Tanzania's Rank in DB for the last 5 years

FACTOR DESCRIPTION	TANZANIA				
	2007	2008	2009	2010	2011
Ease of Doing Business	142	124	126	125	128
Starting Business	127	95	109	120	122
Dealing with Construction Permits	172	170	172	178	179
Employing Workers	143	151	140	131	-
Registering Property	157	160	142	145	151
Getting Credit	117	115	84	87	89
Protecting Investors	99	83	88	93	93
Paying Taxes	113	104	109	119	120
Trading Across Borders	67	100	103	108	109
Enforcing Contracts	65	35	33	31	32
Closing Business	105	109	111	113	113

Tanzania: BB 2011 and DB 2010 Change in Rank

TOPIC RANKINGS	DB 2011 Rank	DB 2010 Rank	Change in Rank
Starting a Business	122	122	No change
Dealing with Construction Permits	179	179	No change
Registering Property	151	148	-3
Getting Credit	89	87	-2
Protecting Investors	93	92	-1
Paying Taxes	120	116	-4
Trading Across Borders	109	111	2
Enforcing Contracts	32	32	No change
Closing a Business	113	112	-1

Tanzania compared to selected economies

	DB 2010	DB 2011	Change in Rank
Mauritius	20	20	No Change
South Africa	32	34	-2
Botswana	50	52	-2
Rwanda	70	58	12
Ghana	77	67	10
Namibia	84	76	8
Kenya	94	98	-4
Uganda	129	122	7
Mozambique	130	126	4
Malawi	132	133	-1
Tanzania	125	128	-3

Ranking of other African Countries

	DB 2010	DB 2011	Change in Rank
Nigeria	134	137	-3
Madagascar	138	140	-2
Burundi	181	181	No Change

Countries with high investment Ranking

	DB 2010	DB 2011	Change in Rank
China	78	79	1
India	135	134	1
Brazil	124	127	-3
Vietnam	88	78	10

Ongoing Interventions to Improve Business, Investment and Competitiveness Climate

Examples include:

- Electricity: Power Master Plan
- Finance: Second Generation Financial Sector Reform Programme
- Taxation: Tax Administration Reform Programme
- Macro economy stability: NSPRP (MKUKUTA)
- Business Environment and Investment Climate: BEST, LSRP, PSRP, Local Government Reform Programme

Ongoing Interventions (Cont...)

- Transport: National Transport Investment Programme
- Education and worker's skills: MMES, MMEM, Tertiary Education Programmes
- Access to Land: Land Reform Programme
- Corruption: National Anti Corruption Strategy & Action Plan (NACSAP)

Regulatory Regime: Tanzania's Comparative Advantage

The GoT and the Private Sector community in collaboration with Development Partners are engaging in initiatives across sectors to transform the Business Environment both physical and the Business Regulatory regime

It will take time and a lot of resources to improve most of the investment climate infrastructure and labor related factors.

Immediate improvement can be achieved through less costly enhancement of regulatory regime.

Roadmap Development Process

- Due to continued deteriorating of Tanzania's ranking in Doing Business Reports, H.E President of the United Republic of Tanzania convened a meeting on 18th September 2009. The meeting discussed how to improve Tanzania's ranking in various business, investment and competitiveness reports
- The President directed all PSs and CEOs responsible for business environment and investment climate indicators to come up with the Plan of Action to reverse the situation.

Roadmap Development Process

- On 24th, Sept. 2009, a Steering Committee of PSs was formed and chaired by PS-PMO. Eight (8) Task Forces were formed each chaired by respective PS to review and propose interventions to improve Tanzania business environment in ten main indicators
- The Task Forces members were drawn from Sector Ministries, Agencies and the Private Sector
- The Outcome has been development of a Roadmap on Improving Tanzania's Performance in Doing Business.
- The Roadmap is being implemented through Comprehensive Action Plan that outlines activities to be undertaken and budgets for three years.

Action Plan and Budget

- The implementation of the Roadmap is mainstreamed in the National MTEF which stipulates activities and budget thereof.
- Comprehensive Action Plan is at the stage of being finalised
- In 2010/2011 about Tshs. 61 bn has been allocated
- Starting and Closing Business allocated Tshs. 3.54 billion e.g. under MITM
 - BRELA modernization has been allocated Tshs. 2.55 billion
 - MSMEs Baseline Survey allocated Tshs. 0.9 billion

Roadmap Interventions

- **Quick wins administrative changes** – start implementation immediately
- **Medium term reforms:** these require legislative mandate
- **Longer Term Reforms:** continue with core reforms which require longer time span for implementation

Progress made in quick-wins implementation

1. Starting and Closing Business:

i) Improved services during registration

- Companies / Business Names Search system available online at BRELA's website. About 12,720 customers have used the service since introduced in June, 2010.
- Taxonomy of acceptable Companies and Business Names available at BRELA's website. This has reduced rejection of application as compared to the previous period
- online application of TIN

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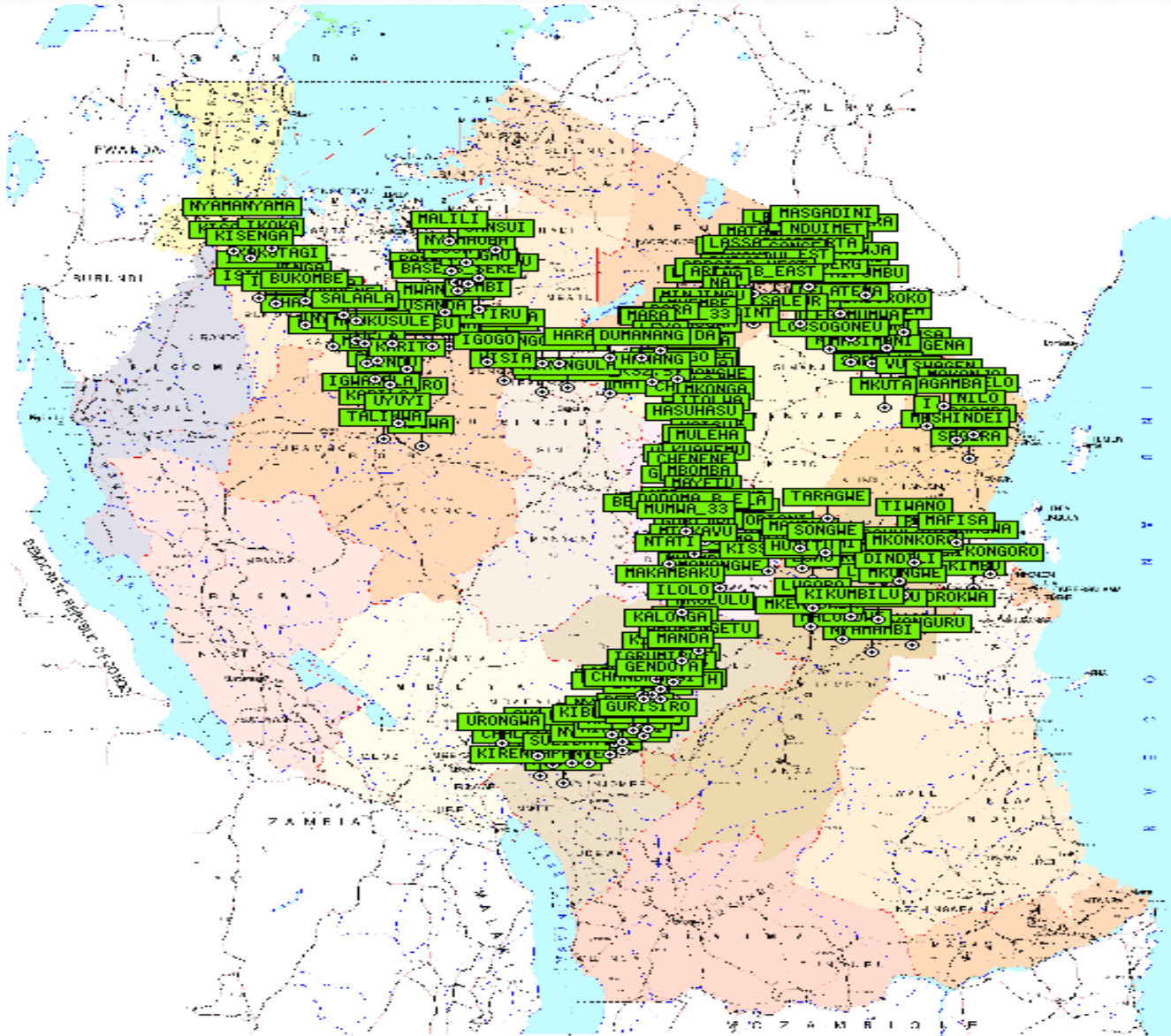
Starting and Closing Business Progress

- simplified sample MEMARTS available on BRELA website to reduce preparation cost
- ii) inspection by Land/Town Planning and Health Officers has been de-linked from licensing procedures
- iii) Awareness and training on a simplified business registration system to 24 pilot LGAs has been conducted including issuance of computers to the respective LGAs.

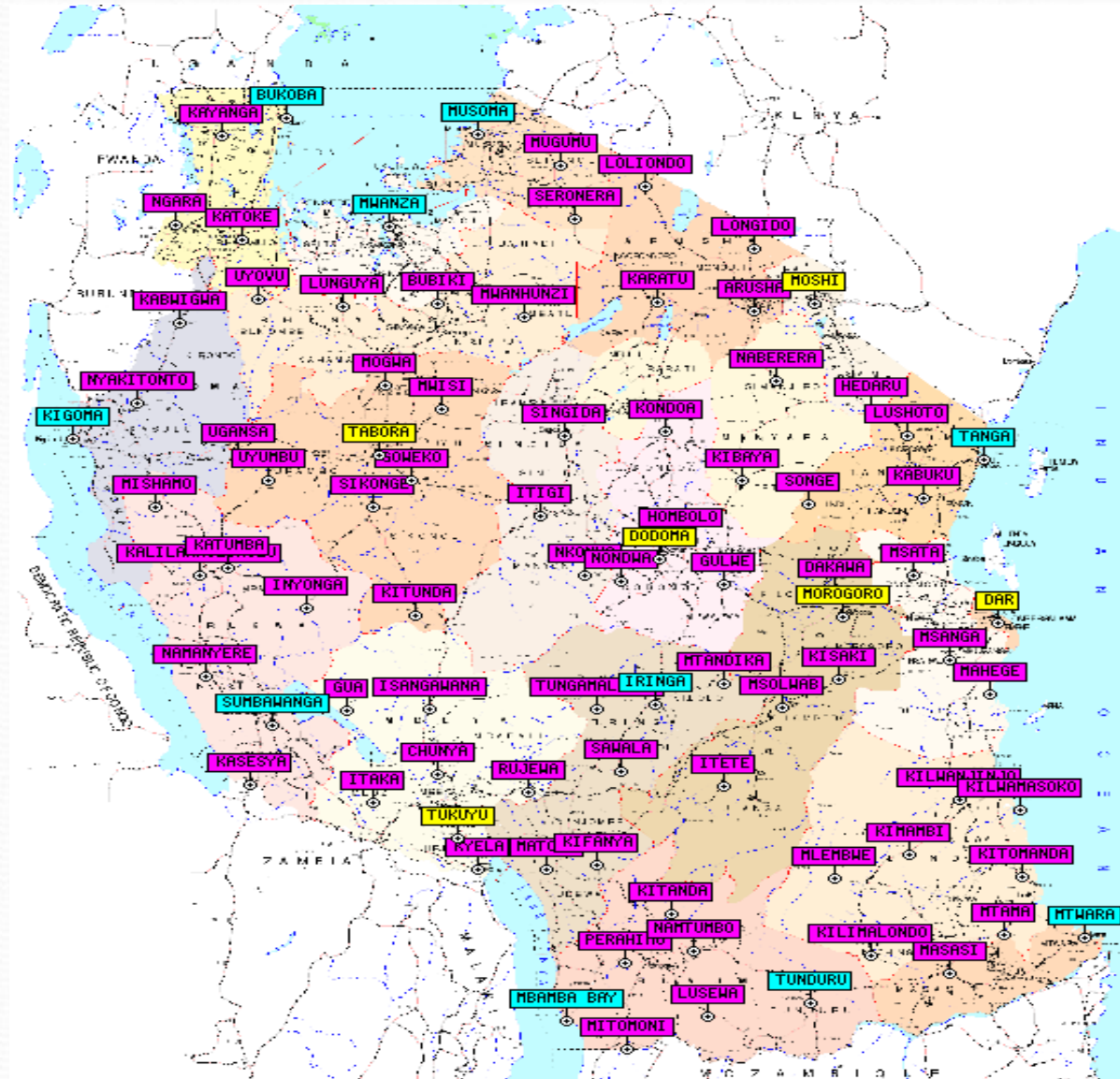
Registering property:

- i) Decentralization of Office of Commissioner for Lands and Registrar of Tittles to 6 Zonal Land Offices
- ii) Decentralization of Mortgage Approval from the office of Commissioner for Land to Dar es Salaam Municipalities
- iii) Completion of sorting and consolidating manual records in a single file for various land registries in the regions. This has reduced time for retrieval of files from 3-4 days previously to only 5 minutes.
- iv) Advanced stage of pilot project on systematic land registration and titling in Babati, Bariadi, Namtumbo and Manyoni districts.
- v) Advanced stage of building infrastructure for land geodetic network and mapping (illustrated with maps)

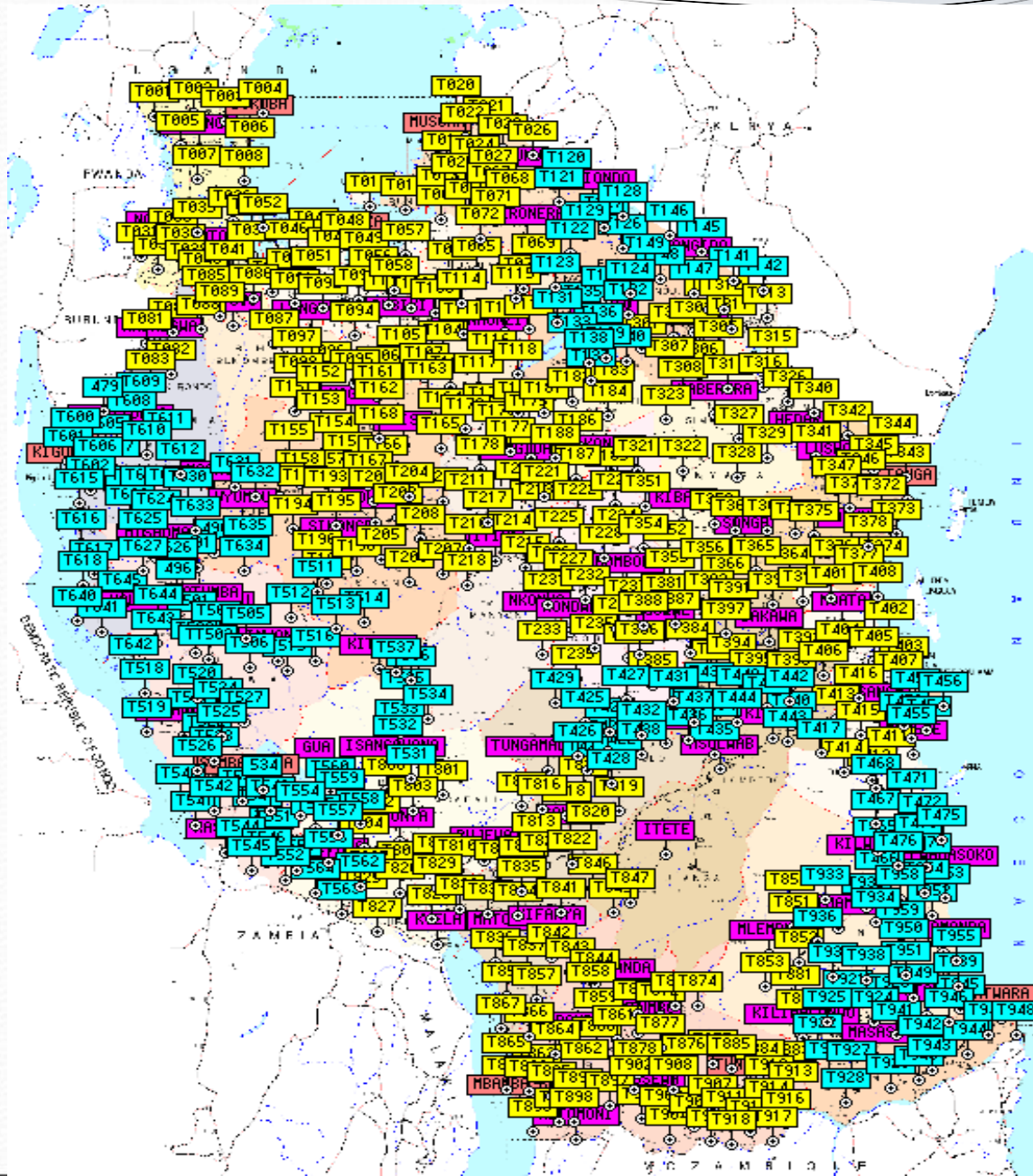
The old Arc60 Triangulation Chains Established in 1950



New CORS – 6 Zero Order and 72 First Order stations



Second Order Network installed in 2009 and 2010.



Trade Across Borders

- Amendment of EAC Customs Management Act (2004) to allow manifest submission by shipping agents to be 24 hours prior docking instead of 24 hrs after docking
- Improvement of time spent in cargo clearance following use of electronic system and extension of working hours
- Reduction of Roadblocks
 - Out of 60 roadblocks, only 16 permanent roadblocks remained along Dar-es-Salaam - Rusumo Road

Paying Taxes

- Cease of Double valuation of land property (TRA use Government Value's report to assess capital gains tax)
- Pilot Electronic Tax return filing in Dar-es-salaam Started
- Filing VAT return online (above 50% of large tax payers file their returns electronically).

Interventions under implementation

- Digitization of BRELA's paper records and installation Record Management System
- Negotiations with TCCIA on decentralization of Business Name Registration to districts
- Analysis of various Legislations and Regulations and propose amendments to facilitate business community
- Pilot programme of land parcels adjudication
- pilot programme on formalization of informal urban property in Mwanza and Dar es salaam cities
- Capacity building of the proposed systems

The Medium Term Interventions

- Identified in ten main areas of business environment reforms including:
 - Starting and Business Closing– Simplify registering and licensing procedures
 - Trading Across Borders- Roadblocks and boarder processes,
 - Issuance of Permits- Building permits
 - Paying Taxes – Process (ICT based),
 - Land Management- Geodetic system, Satellite Receiving Station and Registries.

Challenges

- Stakeholders Awareness of improved services
- Inadequate capacity especially computer literacy and ICT in general
- Scarcity of the ICT facilities in the country in general, particularly to small and micro entrepreneurs.
- Change of business community mindset of doing business as usual

Way forward

- PMO, in close collaboration with stakeholders, will continue to coordinate implementation of the Roadmap through the Comprehensive Action Plan
- Continue with implementation of the Quick Wins identified
- Finalization of the Comprehensive Implementation Plan Develop a Comprehensive M&E Framework
- Develop Information, Education and Communication Strategy to be spearheaded

Conclusion

- A lot needs to be done to improve business, investment and competitiveness climate where every stakeholder has a role to play.

This needs ownership, partnership, trust, commitment of highest order and above all 'CHANGE OF MINDSET' for all stakeholders.



● THANK YOU