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BEST-AC Longitudinal Impact Assessment

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Short Case Studies for Publication

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BEST-AC Longitudinal Impact Assessment

Annex: Case studies

1. Tourism Confederation of Tanzania (TCT)

1.1 Introduction

TCT is an apex PSO, established in 2000, with six member PSOs when it launched, later increased to 12. These represent stakeholders across the tourism industry.

The case study illustrates a strategic approach to advocacy, which placed proposals for regulatory and tax change within a developmental vision.

1.2 Advocacy projects

TCT's first BEST-AC funded project, on **hunting fees**, arose because, in July 2007, the Ministry of Natural Resources and Tourism announced large (3 to 12 fold) and immediate increases to the fees for hunting and photographic safaris. TCT was concerned that tour operators would be unable to pass on the fees for bookings already taken since EU and other regulations prohibit price increases more than two per cent once contracts have been signed. TCT also felt that the suddenness of the change would signal to international investors that the investment climate in Tanzania was becoming unpredictable. BEST-AC approved an emergency grant, which allowed TCT to take its case to the government. TCT set its response to the crisis in a long term perspective that aimed to increase MPs' understanding of tourism and develop a more consultative system for fee increases in the future. TCT sought and was granted a presentation to the Parliamentary Committee on Land, Natural Resources and Environment in June 2008, which directly addressed negative assumptions such as that: hunting is highly lucrative, hunters are all very wealthy, and hunting operators are foreign. TCT argued that hunting has an important role in conservation: Kenya banned hunting in 1974 and has since lost 70 percent of its wildlife outside the national parks; only 28 per cent of hunting operators are foreign; 36 per cent of non-operating expenses go to block, trophy, statutory and conservation costs. TCT's Executive Director, Richard Rugimbana, prepared a document and requested the Permanent Secretary convene an emergency public-private meeting, which she did, within the week. The outcome was a decision in November 2007 to delay the fees until the next season.

TCT decided that with BEST-AC's support it could take a longer term view of the industry: producing a vision for the sector rather than fire-fighting on single issues. BEST-AC funded three projects that set a strong foundation for this. First, a **value chain study** identified the weaknesses of the tourism sector as limited market penetration, poor access and transport links, weak link to poverty reduction, uncompetitive hotel rates, expensive national park entry fees, weak human resource skills, excessive regulation and taxation and limited access/high cost of finance. The work also reviewed the operation of the Tanzania Tourist Board (TTB), and commented that trade fairs were not set within a framework of planning and targeting that would allow attendance to be effective. Second, in December 2010, the **CIBER** (Competitiveness Impacts of Business Environment Reform) study analysed the business environment, including the burden duties, licenses, fees and taxes facing the sector. This found that Tanzania had the highest park fees in the Southern and Eastern Africa region.

In June 2010, TCT signed a five-year memorandum of understanding with the Ministry of Natural Resources and Tourism to work together on the issues in the industry. The group would meet regularly,

at least six monthly, with a set agenda that always included tourism development, with the secretariat rotating between the public and private sectors every two years.

Dr Aloyce Nzuki, (then) Managing Director of TTB, was clearly proud that tourism was the only sector in Tanzania with an MOU with the private sector. He said: “We have moved ourselves from competitors to business partners.”

Remembering the conclusions of the value chain study, that marketing of tourism was ineffective because it was unfocussed, TCT proposed to work with the government to produce a **marketing strategy**. Consultants started work on the marketing strategy in July 2011, which included more than 40 one-on-one interviews, three workshops with 30 to 40 participants in Dar es Salaam, six meetings with the Steering Committee, and an online survey of tour operators from Tanzania, other countries in Africa, Europe and North. Dr Aloyce Nzuki emphasised that: “The tourism development strategy doesn’t belong to TCT or the Tourism Board, it is a joint strategy.”

The marketing strategy was published in March 2012, and launched in November 2012 by the Minister of Natural Resources and Tourism. The strategy explained the need to take a holistic approach to marketing (rather than seeing it as a logo or brand), focusing on specific targets (rather than taking a ‘democratic’ or all-encompassing approach). It set a target of increasing Tanzania’s score for the 5th pillar – the Prioritisation of Travel and Tourism – in the World Economic Forum Competitiveness study from the 90th position to at least the 75th position. The strategy selected 17 source countries of interest and scored them on seven criteria, which led to recommendations to allocated 90 per cent of the marketing budget to 11 countries (four primary markets:(UK, USA, Germany and Italy; five secondary markets: France, Netherlands, Canada, Australia and Spain; and two new growth source markets: South Africa and India), as well as monitoring and researching four potential markets (China, Russia, Brazil and the Gulf countries). Over the next two years, TCT made a series of presentations about the marketing strategy to government committees, government departments, donors, embassies and other stakeholders. Ibrahim Mussa, (then) Director of Tourism, described the marketing strategy as “a very good document”. In December 2013, TCT attended the Tanzania National Business Council meeting and secured agreement for tourism to be a fixed item on the agenda for future Business Council meetings. A Business Council Tourism Task Force was constituted which produced a joint public-private sector ten year Tourism Sector Development plan, intended to increase earnings in the sector from under US \$ 2 billion in 2013 to US \$ 16 billion per year by 2025. The paper emphasised that: “The new (Five Year) Tanzania International Tourism Marketing Strategy should be the guiding document for ALL marketing and promotion programs conducted overseas by TTB.” One of the priorities mentioned in the paper was for an apprenticeship scheme, which TCT helped to pilot in 2014.

The issue of funding the marketing strategy arose rapidly in discussions with government, and TCT responded that a proposal that had been muted for some time, a Tourism Development Levy, might be more acceptable to the private sector if businesses could see where the money was going and were involved in the decision-making. At the same time, TCT prepared a wider document on the needs of the tourism sector in terms of the legal and regulatory framework, administration of tourism licences, levies, and fees, safety and security, infrastructure, promotion and product development, skills and human capital development and data gathering. TCT noted that, on average, a Tanzanian hotel spent 1,042 hours per year (nearly six months) on regulatory procedures.

Some of the connection between TCT and government was lost when a new Tourism Minister was appointed in April 2014. The Tourism Development Levy had been implemented, with collection starting in August 2013. TCT understood that 60 per cent of the development levy would go to TTB to support implementation and the private sector would have some control over how the levy was spent. A Tourism Development Committee was formed with six members, two from PSOs (TCT and HAT). However, the Tourism Development Committee has not met since its launch. The new Director of Tourism does not

see the need for such a structure, given that a Tourism Facilitation Committee already meets three times a year. However, this is a low level operational committee, quite different from that intended by TCT. Meanwhile funds have been disbursed without private sector involvement.

The early understanding about notice and consultation over fee increases has also been lost. The Tanzania National Parks' Authority (TANAPA) announced an increase to the concession fees in July 2011, with only four weeks' notice, which contravened the signed agreement mentioned above. After some disagreement over basic facts, HAT took TANAPA to court in August 2012 in an effort to ensure the debate was public and transparent. The case was finally decided in September 2014, allowing TANAPA to impose the increase per night lodge fees from July 2015, which ostensibly meant that HAT had been successful in delaying the increase for nearly five years, as well as gaining a moral (but probably not financial) victory in being awarded costs. The Ministry of Natural Resources and Tourism, under the Permanent Secretary, formed a Concession Fee Committee consisting of members of TANAPA, NCAA, MNRT, and TRA, to consult with TCT and HAT, which met for the first time in May 2015. Links between the public and private sector should be stronger after August 2015, when HAT and TCT move into an office with TTB and TANAPA. The joint building is an important symbol and facilitator of collaboration.

As mentioned above, the overall goal of the marketing strategy was to increase Tanzania's score for the 5th pillar – the Prioritisation of Travel and Tourism – in the World Economic Forum Competitiveness Study from the 90th position to at least the 75th position. By 2015, Tanzania's rank had improved to 51.

Also mentioned above was the way TCT used the marketing strategy as a framework for advocacy on more operational issues. In June 2013, the Government proposed in its 2013/4 **Finance Bill** four changes that would adversely affect the tourism industry: abolition of VAT exemption on tourism services, abolition of withholding tax exemption on payments for aircraft lease rental, excise duty on aircraft and helicopters with unladen weight exceeding 2,000 kg and reduction of import duty exemption on Deemed Capital Goods for a number of items relevant to the tourism industry. TCT met the Permanent Parliamentary Committee for Budgeting in the same month, and used its existing data to make similar arguments to those for the Hunting Fees: that the sector could not absorb the additional last minute costs because 95 per cent of booked safari packages had already been paid in full; that the charges would make Tanzanian flights and safaris more expensive than Kenya, to which it would lose trade; and that the charges would end the period of growth in the tourism sector and tarnish Tanzania's reputation as a tourism destination. The government accepted the arguments on the first three proposed changes, averting the VAT change. In 2013, the Ministry of Finance introduced proposals to overhaul the **VAT law** and remove tax exemptions. Again, TCT was able to argue convincingly that the VAT exemption for tourism should be retained, even when other exemptions were being removed in 2014. Indeed the exemption was extended indefinitely.

The government has recognised some of the problems of multiple regulation, perhaps illustrated by the fact that the Ministry has put a list of all the levies affecting tourism on its website (http://www.mnrt.go.tz/services/category/fees_levies_and_taxes).

TCT has played an important role in reducing conflict between its constituent PSOs. TATO and TPHA clashed in March 2014 when the newly elected chair of TATO called for hunting to be banned as a move to reduce poaching. Mr. Chambulo is on record as saying: "No one can tell if the bullet killing our elephant comes from professional hunters or from the poachers. In this situation it is difficult to control malpractice." The Tanzania Professional Hunters' Association (TPHA) retaliated by demanding that tour operators be taxed heavily to raise funds to strengthen anti-poaching squads. At one stage, this conflict looked as if it would result in legal action between the PSOs, which TCT discouraged. TCT called an emergency meeting to discuss the disagreement and pointed out both sides were damaging the sector.

1.3 Lessons

TCT has taken a visionary, statesmanlike approach, focused on the long term potential of the tourism sector.

The case study illustrates:

- That the private sector can provide a long term vision for the sector. The marketing strategy which it initiated has a similar structure to an economic development document that a public sector agency might create. One of the original concerns about the BEST-AC model was that PSOs would act in a partisan way. However, this case study shows a PSO being, if anything, more strategic than the government.
- The value of building a solid database of evidence that can be used to support individual initiatives. TCT has used data tactically to reduce government misunderstandings of its sector, to reinforce its credibility, and to make the case for its proposals.
- The value of having a coordinated approach between apex PSOs and their member organisations. The LIA suggests that apex organisations have a greater success in advocacy compared to smaller and less powerful PSOs, so long as they are able to control their members and utilise give a coherent, but multi-faceted set of tactics.
- The challenges of maintaining relationships with government when posts change. TCT has worked hard to maintain dialogue with different stakeholders across the TTB and MNRT. However, the sum of these relationships has been less than might have been expected. Our observation is that a large number of supporters can be cancelled out by one blocker who is in a key position.
- The long and uneven path to progress. TCT has been successful in arguing for tax exemptions. It has been only partly successful in encouraging government to take a more strategic approach to marketing and supporting the TTB, not because of political concerns but apparently because of personal benefit for officials.

2. Tanzania Association of Tour Operators (TATO)

2.1 Introduction

TATO was established in 1983 and has 280 members. TATO has strong credibility because around 80 per cent of tour operators are members, and around 90 per cent of these pay their subscriptions.

The case study focuses on one particular project around security, which shows how PSOs can work with government departments on a subject that might otherwise be lost as it spans departmental boundaries.

2.2 Advocacy projects

The value chain study mentioned in the TCT case study identified three priority areas for action: education and training, park fees and levies; and safety and security. The first two were pursued by TCT. TATO took responsibility for the third.

TATO commissioned five reports around the subject of safety and security. A *Concept Note Advocating for the Formation of a Diplomatic and Tourism Police Unit*, profiled the success of Kenya, which has a Tourism Police Unit with 310 permanent police officers, formed in collaboration with the Commissioner of Police, Ministry of Tourism and stakeholders in the tourism industry. A *Review of Legal Framework on Safety and Security for Tourism in Tanzania* identified 36 laws that it wanted reformed and suggested action such as the establishment of the Special Unit Police and auxiliary police that would deal with crimes committed against tourists and their properties, increasing the punishments to offenders and criminals who target tourists, speeding up the processing of cases for crime against tourists, especially where victims are only in the country for a short time, and giving park rangers and others a role in security.

A *Tourism Safety Study* in November 2011 sought but was unable to find statistics about crime affecting tourists. In any case the report suggested that reported figures would be an under-estimate as much non-serious crime would not be reported but could still affect Tanzania's impression on tourists. A paper on *Factors Contributing to Crimes Against Tourists* in October 2011 set out a series of questions to map the type of incidents, locations, profile of victims, profile of offenders, police response, and made tentative recommendations developed from the earlier recommendations, for example: review laws should provide for criminal offences, penalties to specific punish offenders and criminals who target tourists. The government should be working with the tourism industry to identify and address crime-related concerns. Police and private security staff should be trained to recognize and address tourist-related safety concerns. The government should create special units with specially trained personnel entrusted with protecting tourists. The Government should facilitate tourist victims' testimony in criminal cases. Tanzania government should use tourist related taxes/ fees/ levies to support special security measures in specific areas of tourist attractions. The Tanzania Tourist Board should develop a program to provide safety information. *The Impact of Crimes on Tourism in Tanzania* study produced in January 2012 used anecdotal data. For example, the Zanzibar Association of Tourism Investors (ZATI) stated that nearly 60 per cent of its members were affected by robberies and other criminal incidents in 2011, which is not a particularly meaningful indicator.

The *World Economic Forum's Travel & Tourism Competitiveness Report*, which is used as an indicator for the tourism strategy, emphasised the importance of security in developing Tanzania's tourism industry. The country scored very badly on safety and security (120th) and the 2013 Tourism Competitiveness Report described safety and security as "a main issue of concern."

TATO's initial assumption was that the project would need a separate legal framework for security around tourism. However, as they progressed, they saw that this was not a prerequisite. Out of all the

proposals, TATO saw that the most practical to pursue was the plan for a tourism police force. This had the strong backing of the Tourism Board. Indeed Dr Aloyce Nzuki, (then) Managing Director of the Tourist Board, described this as their initiative, which they had been pursuing for three years without much success, and which they had asked TATO to take on as it was outside their mandate.

TATO lobbied the Inspector General of Police (IGP), who responded by appointing an Assistant Commissioner of Police for tourism to review approaches in other countries and head up the new division when it was established. The process would require the IGP to request the permission of the President to establish a tourism division, and the Minister for Home Affairs to prepare and submit a Cabinet paper. As a result of TATO's influence, the Inspector General set up a National Tourism Security Task Force to launch this process, which met for the first time in July 2012.

Meanwhile, TATO members established a positive relationship with the police force in Arusha. For example, in 2012 they sponsored the force's sports teams, including paying for their football strip. Tour operators also gave the police force 100 motor cycles, and helped officers link to their radio system.

A diplomatic and tourism police unit was established late in 2012, with 60 personnel recruited internally. TATO was consulted on job descriptions and training. TATO hosted a meeting of tourism stakeholders in Dar es Salaam in February 2013 in which the Assistant Commissioner of Police, Benedict Kitalika, announced the planned increase in the force to 300. This statement was widely reported in the tourism press.

Ibrahim Mussa, (then) Director of Tourism, Ministry of Tourism, emphasised the value of TATO's project. He told us: "The whole idea is very, very good." He reinforced the view that constituting the police force unit is only part of the solution. He thought the project should follow the Kenyan model and so have special radio frequencies, a command centre, and hot line for communication with tour operators, partly funded by the private sector.

In the time of the LIA, the tourism police division was implemented in Dar es Salaam, Arusha and Zanzibar. Some 15 officers had been transferred, although the target for the whole country was 300. A site had been identified for an office for the tourism and diplomatic police, and plans had been drawn up, although the funds for construction have yet to be raised.

Ibrahim Mussa described TATO as very credible in terms of its membership because its membership is large and representative of the sector.

Like TCT, TATO has taken a long term view of advocacy. It has been particularly concerned to ensure that MPs understand tourism. The former Executive Director of TATO, Mustafa Akunaay, was elected as an MP in November 2010. Leopold Kabendera, Chair of TATO at this time, suggests that: "Once you influence MPs then change is inevitable." By 2014, there were five MPs in Parliament with a background in tourism, who Mustafa helped to organise into a form of back bench committee.

2.3 Lessons

The safety project has been implemented, albeit at a low level. This would appear to be an important strategic project for the sector given Tanzania's low rating on safety and security in the World Economic Forum's Travel & Tourism Competitiveness Report. The case study illustrates:

- The shared objectives and positive possibilities for partnership between the public and private sectors. While the figures on crime were missing, all stakeholders seem to have accepted the importance of improving the perception of safety for tourists.
- The challenges of seeing change on the ground - even if government supports the project - if funding is not allocated. There are different ways agreement can be diluted during implementation. The case

study illustrates the simple case of scale: where the number of police officers appointed is lower than anticipated.

- The value of finding practical and pragmatic solutions rather than assuming that change requires regulatory reform. TATO commissioned five studies, of variable quality, none of which particularly moved the debate forward. Success has come more from the strong credibility of TATO because of its effective representation of the sector, and its mix of tactics, all designed around building strong relationships with the government.

3. Tanzania Milk Processors' Association (TAMPA)

3.1 Introduction

TAMPA was established in 2001 and formally registered in 2003. In 2015 it had 75 members, of which 67 per cent paid their subscriptions.

The case study tells the story of two very different advocacy projects: one complex and long term; the other simpler, but also easier to reverse.

3.2 Advocacy projects

In 2007, TAMPA approached BEST-AC for assistance in addressing members' concerns about the high cost of doing business, and was asked to focus on the **regulatory** aspects. Agreeing the objectives with members was not entirely straightforward as smaller businesses did not think that regulation affected them, but TAMPA persevered.

By the end of the year, TAMPA's consultant had produced a report on *Improving the Competitiveness of the Dairy Industry through Rationalisation of Regulatory Compliance and Cost of Doing Business*. This found that Tanzania's commercial dairy processing industry had shrunk by more than 80 per cent during the previous 15 years, with 13 dairy plants going out of business and a fall in the total amount of milk processed per day from 400,000 litres to 60,000 litres. The report attributed this decline at least in part to over-regulation. The dairy industry was subject to 17 different regulatory authorities¹, compared to Uganda and Kenya, which had a simpler regulation structure and dairy industries eight to 16 times the size of Tanzania's. The report made seven recommendations that were relatively broad, for example: "Eliminate/ minimise regulatory functions, overlaps by establishing the Tanzania Dairy Board (TDB) as the primary regulator of the dairy industry", "mainstream RIA² into ML/ TDB policy, legislation and regulatory process", "Harmonise to reduce cost of compliance" and create "Common understanding of value addition in dairy processing context".

There was a lull in activity between July 2009 and March 2010, resulting in concerned e-mails from BEST-AC asking for TAMPA to reconfirm its interest in the advocacy project. Meanwhile the Dairy Board picked up the study, and organised a seminar in April 2010. As well as TAMPA's report, this included a presentation of TPSF's paper on *Regulations, their Effects on Private Sector Development and Solutions*, and a paper on TDB and TFDA collaborations/ overlap, which shows synergy between BEST-AC funded projects. The meeting tactfully reconciled the interests of both sides without diluting the message. The agenda asked 'Are regulations necessarily bad?' and concluded that "Regulations, especially in the food sector are inevitable. They are imposed for the purpose of protecting the wellbeing of the society and ensuring the private sector complies with the good practices. However, having too many regulations adds costs to businesses and makes the sector less competitive. The fact that the Dairy sector is regulated by more than 17 regulators, and some regulations overlap, means the businesses in the sector cannot be competitive." The recommendations proposed were mainly for TAMPA, which reinforced the

¹ These are the Tanzania Dairy Board, Tanzania Food and Drug Authority, Tanzania Revenue Authority, Tanzania Investment Centre, Tanzania Ports Authority, Tanzania Business Registration and Licensing Agency, National Environment Management Council, Occupational Safety and Health Authority, Local Government Authority (Kinondoni District), Tanzania Bureau of Statistics and Export Processing Zone Authority. However, we would emphasise that none of these is specific to the dairy industry.

² Regulatory Impact Assessment

impression that this was their meeting. The minutes recorded that: “This workshop was a great opportunity for TAMPA to learn about the position of the regulators and their willingness to change the policy. It was also a platform for the association to air its position in terms of harmonization of the regulations.”

TAMPA ran another workshop in June 2010, which was successful in getting participation from 13 of the regulators, and two other PSOs. Participants reviewed the 2007 in groups that were asked to consider the positive and negative impact of the regulation and its effectiveness. The conclusions were that regulators should strengthen their communication; rationalise registration, inspection and licensing; and create a one-stop shop for services. Participants identified precise areas of overlap between agencies. They also concluded that there was a need for regulatory authorities to increase their capacity, which was a positive for them. Participants asked for the study to be updated and expanded to cover the whole food chain, comparisons with other food industries and comparisons with other countries. The meeting identified the Ministry of Livestock Development and Fisheries as the main target through the Tanzania Dairy Board.

Over the next year or so, there was plenty of evidence that (some of) the agencies and the government understood the problem. A committee on multiple regulation, formed by the Tanzania Dairy Board after the stakeholder workshops, reported back in a paper, *Promoting Growth of the Dairy Industry in Tanzania, Proposal for Rationalisation and Harmonisation of Overlapping Regulations*, which concluded that: “The dairy sector in Tanzania is facing a significant regulatory burden and high compliance costs associated with government procedures. This compliance cost burden is harming the sector’s competitiveness and has contributed to major reductions in investment and output.” The report mentioned TAMPA’s research very early on in the executive summary and recommended that: “The move to improve the competitiveness of the dairy industry among others can be achieved through rationalization and harmonization of regulatory compliance based on the concept of Regulatory Best Practice (RBP) which seeks to reduce regulatory costs and barriers to competition.” The report provided a detailed analysis of the policy framework, laws and regulations, which was complementary to TAMPA’s report. Consistent with TAMPA’s view, it recommended that: “Regulation should not be a source of funds for the regulators. As in the case of other boards and regulators studied by the committee the Government should set aside a budget for the regulatory authorities in order to ensure that the rent seeking behaviour does not drive the regulatory process.”

In February 2011, the Dairy Board produced a policy brief, *Enhancing the Competitiveness and Growth of the Dairy Sector in Tanzania by Streamlining the Regulatory Framework*, which used TAMPA’s research and emphasised the need to “streamline regulations and in the process to increase the dairy sector’s domestic and international competitiveness, ensure sustained economic and social benefits to dairy sector stakeholders while maintaining public safety.” The policy brief said its focus was on: “addressing regulatory ‘overlaps’ but also on responsibility sharing and partnership.” It emphasised the objective of: “Tanzania Dairy Board becoming an efficient and effective organisation in the development of a competitive dairy industry and collaborating with other regulators to execute its role,” and suggested: “The approach is directed toward harmonizing and/or reducing unnecessary processes involved in regulating the sector rather than changing laws.” Meanwhile, TAMPA’s consultant Dr. Goodluck Charles, produced a complementary policy paper, called *Improving the Competitiveness of the Dairy Industry through Rationalisation of the Regulatory Framework, Policy Proposal*, a report which said: “There has been a concern about a decline in competitiveness and performance of the sector. The main issue is the regulatory burden which increases the cost of doing business and contributes to decline in competitiveness of the dairy sector.” The report gave figures for the number of jobs (9,601 jobs per annum), and the amount of income tax (TZS 13 billion per annum) lost due to the decline due to declining performance of the sector. It gave the potential job creation (about 76,577 jobs) and income

tax (103 billion) if at least half the milk produced were processed in the country, although these were expressed negatively.

Further presentations followed in 2012. TAMPA went with a representative of the Dairy Board to present the policy brief to the Parliamentary Committees for Agriculture, Livestock and Water and the Parliamentary Committees for Industry, Commerce & Trade. The Committees committed to reporting the issue to the Treasury, the Minister of Livestock and Fisheries development and the Minister Industry and Trade before Parliament.

So the project generated discussion and seemed to receive agreement. Finding and implementing a solution has been more difficult. The Dairy Board did not have the capacity to take on the tasks envisaged for it. In fact, after 2012, funding to the Dairy Board reduced, which was the opposite of TAMPA's proposals, and this made them more reliant on income from fees. A possible way forward arose during a presentation to 15 MPs that TAMPA made on 31st July 2011, where the point was made that TAMPA's project overlapped with that of other PSOs, notably CTI, which suggested that solutions should be reframed to distinguish between sector-specific and general business issues, and that PSOs should work more closely together. Deogratius Mlay, Dairy Technical Services Manager of the Dairy Board, pointed out that even if the government accepted the need to simplify regulation, progress was dependent on departments prioritising the dairy sector for improvements. At this point, Edmund Mariki, Executive Secretary of TAMPA, decided that "TAMPA needed to change the modality of trying to influence," to be more precise about what action needed to be taken."

In January 2013, TAMPA signed an MOU with the Dairy Board, with the rationale that: "Both TAMPA and TDB are addressing the same issue with the aim of improving competitiveness of the sector. Complimenting efforts and sharing of the information will enhance the strategies undertaken for influencing policy makers." The two partners formed a task force in April 2013, which met three times, with an experienced lawyer, to draft a layman's bill. The drafting was aimed at changing the detail of laws without affecting the purpose of agencies, and without undermining agencies' ability to raise income. TAMPA showed the draft to the directors of the agencies to persuade them to endorse its recommendations. In the long term, the taskforce proposed formation of a central committee under the Prime Minister's office to facilitate coordination of regulatory authorities. As Edmund explained: "We have learnt that most of the decision-makers are aware of the issue but they don't know how to solve the problems. They just suggest meetings. That is why we decided to draft the bill, so that we come with the solution. They can see this can happen." The layman's bill was completed in October 2013, and presented to government departments and agencies.

TAMPA strengthened its coordination with CTI, which was looking more broadly at how to streamline regulations in the food processing sector. The PSOs' reports on multiple regulation were used as case studies in the Big Results Now labs. Reducing multiple regulation is one of the priorities for PDB, following on from Big Results Now. However, and at the time of the LIA, a committee to take this work forward was being formed, and implementation was yet to start.

Edmund reflects that TAMPA has been successful in getting multiple regulation on the agenda. He feels that the government is listening. For example, in July 2015, the Ministry of Livestock published a report, *Tanzania Livestock Modernization Initiative*, which recommended: "Rationalize institutional responsibility for enforcement of regulatory standards for milk quality and safety" and called for "A harmonized regulatory framework that lowers the cost of business and enhances milk quality and safety would invite private investments." However, he comments that: "The government has been good at signing documents, at saying the right things to donors. It has not been so good at implementing the documents. There is less pressure to see change on the ground."

In 2011, TAMPA started another project to advocate for a **zero-VAT rating** on flavoured milk, cultured milk, yogurt, butter and dairy spreads to restore competitiveness with Kenya, which muted zero-rating

on milk and milk products in 2011, and approved it in 2012. Zero rating might be thought to be of low importance given the possibility of reclaiming VAT, if businesses were registered. However, TAMPA's members were very keen to get zero rating, in part because of the time taken to receive refunds.

TAMPA was successful in negotiating for zero rating of the dairy industry. Over three days of July 2012, it met the task force committee under the Ministry of Finance and four other parliamentary committees, and organised informal briefings with individual MPs from the ruling party and the opposition party. TAMPA prepared a concept note that showed the problem, solution, and the benefits that will be accruing. The issue was picked up the Committee for Water, Livestock and Agriculture, the Committee for Industry and Trade and the Budgetary Committee and with their intervention, was included in the 2012/2013 Finance Bill. In December 2012 TAMPA held a workshop with its members to explain how they should take advantage of zero rating. TAMPA also prepared to gather statistics to demonstrate the growth of the dairy sector to justify the zero rating in the future, although obtaining data from its members was a slow process.

Before the data had been compiled the opportunity was lost. Zero rating of dairy products was one of the exemptions lost in the VAT review of 2014 and confirmed in the budget in 2015.

In July 2013, Edmund Mariki commented that: "It is very difficult to amend the law. You cannot say there is one methodology that will assure you are going to win. You have to use different methodologies. You need to prepare a very short brief on the solution and the impact. The government is losing income, so you have to explain how the government is going to gain the lost income."

3.3 Lessons

TAMPA was successful in getting multiple regulation on the agenda, and in securing zero rating on dairy products for one year. The case study illustrates:

- The value of collaborating with agencies, especially when the dialogue appreciates their perspective, such as their need to have an income source. TAMPA benefitted from a strong relationship with the TDB. However the value of this relationship was weakened over time by the reduction in funding to the board.
- The need to give a clear picture of solutions as well as problems. TAMPA progressed from a complex analysis of multiple regulation, which did not give a clear way forward, to a more precise set of recommendations embodied in a layman's act.
- The gap between agreement and action. TAMPA spent considerable time researching and communicating about the multiple regulation issue. All of this work was necessary simply to put the subject on the government's agenda.
- The ease with which advocacy achievements can be overturned. The tax exemption only lasted one year. It was removed before TAMPA could demonstrate impact to the government.

4. Confederation of Tanzanian Industries (CTI)

4.1 Introduction

CTI was formed in 1991 and had 329 members in 2015 of which more than 80 per cent paid their subscriptions.

BEST-AC has funded five advocacy projects, as well as supporting an advocacy officer, who worked on other issues.

4.2 Advocacy projects

CTI's first BEST-AC funded project, on **counterfeit goods**, came about because companies were complaining about the impact on their businesses of counterfeit and, what they termed, substandard goods. CTI went to talk to BEST-AC about a possible project and was advised to reframe the subject in terms of counterfeit goods since there was a Fair Trade Commission examining the issue. Consultants produced research into the scale of the problem in 2007, which estimated counterfeit goods as 18 per cent of Tanzania's manufacturing, some \$ 525 million per annum in value. The report was presented at a conference on intellectual property rights in 2007 which was the first time the issue had been formally debated at a high level in government. After the workshop, CTI prepared a position paper that was distributed to all major newspapers in Tanzania. It also participated in television programmes explaining the effects of counterfeit goods on the economy.

The result of the project was that government agencies confiscated and destroyed counterfeit products. Some businesses, such as Kibumech in Arusha, which manufactures match-boxes, were saved from closing. One business that made dry cell batteries closed before action was taken but, without the project, CTI believes others would also have closed.

A second stage of the counterfeit was approved by BEST-AC in February 2011 with the aim of reviewing the legal framework around counterfeit and sub-standard products and also raising public awareness of the issue. In December 2011 CTI finished *A Draft Report on The Review of The Laws and Regulations Relating to Counterfeits and Sub-Standard Goods in Tanzania*, which was discussed in a stakeholders' workshop in March 2012 and then presented to the Parliamentary Standing Committee on Finance and Economic Affairs in Dodoma and a meeting of the High Level Task Force in Morogoro. The Task Force accepted the need to amend the legislation but also made a number of detailed comments about the accuracy, structure and gaps in the report, which were subsequently addressed in a retreat for a small group of experts from the Task Force. The process taught CTI about the benefit of involving the government in the drafting of research reports and policy papers. As Hussein Kamote, CTI's Policy Director, explained: "If we involve the government from the beginning then the chance of success is very high. They buy into what you want to change. That is our style now. We want to engage the public sector from the beginning. Otherwise the government does not trust the reports. They think we put a lot of flavours into our reports." The retreat improved the report from CTI's perspective as well as that of the government.

In September 2012, the regulatory bodies met with CTI for two days to prepare recommendations on the counterfeit project. In March 2013, the consultants produced a *Position Paper on the Review of the Laws and Regulations Relating to Counterfeit and Sub-Standard Goods in Tanzania*. This estimated the lost government import duty and VAT from sub-standard and counterfeit goods at some \$ 731 million. The study made broad recommendations about improving coordination between stakeholders, and educating the public. This process led to an agreement between Tanzania Bureau of Standards and three multinational companies (SGS, Intertell and Bureau Veritas) for them to check imports, including raw

materials. The checking started in November 2012. CTI members were exempt from the charges for this process, which helped CTI to recruit new members. However, the process did not reduce the level of counterfeit goods, which CTI thought was because products were not coming through official channels.

CTI moved on to produce a draft Anti-Counterfeit Bill, drawing on experience in Kenya. This was reviewed in a retreat attended by representatives of the Tanzania Bureau of Standards, Fair Competition Commission, TRA, and The Food Authority. At the time of the LIA the Bill had not been passed. Instead, the Fair Competition Commission decided it was easier to implement regulations on the Merchandise Act of 1963, which had been prepared but not implemented. Meanwhile the counterfeit problem has mutated and a solution seems more difficult. When the project started, most counterfeits were imported, which is easier to control. CTI said that by 2015 most were made in Tanzania.

The **minimum wage** project happened in response to government proposals, in October 2007, to increase the minimum wage by some 300 per cent. CTI worked with five other PSOs (TPSF, TCCIA, TCT, TCME and ATE) to produce a report that showed the proposed minimum wage would make some industries internationally uncompetitive. The government commissioned the Economic Research Bureau of the University of Dar es Salaam to check the figures, which confirmed 80 per cent of the data. CTI took a delegation of its top leadership to the Minister of Industry Trade and Marketing, and then Labour. About this time, a couple of CTI members laid off workers, which put pressure on the government. The result of these deliberations was that the government agreed that firms employing 300 or more people or exporting at least 20 per cent could apply an increase of half that originally proposed. To ensure a smoother process in the future, CTI proposed more regular reviews (so that increases would not be so steep, and a structure that included the private sector as well as government officials on the minimum wage boards.

A new minimum wage body was established with private sector representatives, including CTI. The minimum wage should have been reviewed in 2012, but was delayed by a year. The proposal introduced in June 2013 was a complicated system with different levels and increases for each of 12 sectors. The increase was between 25 per cent and 65 per cent in the private sector. However, the increase for the Industries and Trade sub-sector was 25 per cent, which was the level CTI recommended, and was described by CTI in the media as “reasonable”. A lower level was set for the textile sub-sector, which was also what CTI recommended. CTI was satisfied with the process and outcome although other PSOs contested the decision.

The **electricity project** arose from a retreat with the CTI secretariat and members organised with BEST-AC in 2008. CTI commissioned consultants who produced a report in August 2010 and a policy paper in July 2011. The researchers interviewed 60 manufacturers and found that power cuts and rationing cost on average 24 hours of work each month, with an overall annual loss of 7,341 jobs and TZS 31 billion in income. The Government tax loss resulting from the intermittent electricity supply was estimated to be TZS 9.5 billion per year. The paper attributed the irregular disruption to obsolete infrastructure, the lack of a reserve margin, over-reliance on hydro-electric power (which is affected by the weather), losses due to vandalism and other causes, weak phrasing or enforcement of Tanzania Electric Supply Company’s (TANESCO’s) responsibilities. The paper recommended speeding up government’s many existing plans to ensure the stability of voltage, splitting the generation and distribution parts of TANESCO, improving customer service at TANESCO, encouraging private investment in power generation, exploring and utilizing other potential existing sources of electricity in Tanzania, and upgrading the transmission infrastructure.

The paper had widespread circulation even in its draft version produced in March 2011. Some of the proposals were subsequently implemented, although it is not clear how much CTI’s voice contributed to the overall pressure for change on this big issue. There was no power rationing in 2014 or 2015, and the supply was smooth. At the time of the LIA TANESCO had not been split as CTI recommended, but in his

August 2012 speech, the President announced that TANESCO will be privatised and split “once it becomes a viable concern.” In June 2014, Cabinet approved the Electricity Supply Industry reform strategy, which proposed to unbundle TANESCO into three separate units responsible for power generation, transmission and distribution, with a target of raising \$11.4 billion in investment. Electricity is one of the six priorities in Big Results Now.

CTI’s fourth project, on **multiple regulatory authorities**, arose from a retreat with BEST-AC in 2010. In July 2011, CTI’s consultant produced a draft report, focusing on the food processing sector, drawing attention to the regulation by 22 laws and 15 regulators. The report emphasised that the private sector cost of compliance lay not just in the financial charges, but also the time taken up by repeated familiarisation, training and administration. The study recommended a coordinated, one-stop shop approach, to increase the efficiency of compliance for both the public and private sectors.

In July 2012, CTI held a stakeholders’ workshop to which all the regulatory authorities were invited. Participants accepted some of the principles of the report, but were naturally resistant to any proposals that would diminish their role. In the second week of August 2012, CTI organised a retreat for representatives of the regulatory authorities to come together and draft a layman’s law that would be acceptable to all. The resulting policy paper was reported to the Prime Minister, and also to other government bodies.

The report was used as a background paper in Big Results Now, and was included in the plans of the Presidential Delivery Bureau, for which a committee was formed in 2015, as mentioned above in the TAMPA case study.

CTI worked with other PSOs to reduce congestion at the **port** and is on the Port Decongestion Committee. Like electricity, this is a big issue, with many stakeholders involved. The World Bank Report, *Tanzania economic update, Opening the Gates*, published in May 2013 emphasised that: “The port of Dar es Salaam is inefficient. Reducing these inefficiencies has been a priority in recent national strategies. However, the implementation of necessary policy reforms and investments has been slow...The excessive dwell time at the port of Dar es Salaam is due to slow processing, particularly the processing of customs clearances, and excessively long storage periods.”

Progress has been uneven. In 2011, the Port Authority started handling containers. In July 2012, the Port Authority inaugurated a building in which ten regulation authorities could carry out joint inspections. According to CTI members the average transition delay reduced from 21 days to nine days after these changes. In 2013, pre-clearance of goods and electronic cargo tracking system was introduced. The TRA also introduced a traffic light clearance system, which allowed the 50 most tax compliant traders to move their goods without any manual checks. However, early experience found that even the most trusted traders were abusing the system by importing textiles that did not show up on the scanning system. The officials therefore returned to manual checking, which slowed the process down. The TRA’s figures show that the average time to clear goods at the port increased from 9 days in 2012/13 to 11 in 2014 and 2015, against a target of 7. The 2014/15 budget speech proposed to extend working hours and days of the Tanzania Revenue Authority staff at Dar es Salaam Port and border posts as one way of speeding up processing.

CTI has also looked at the cost of the port. In April 2015, CTI commissioned a report to advocate to the government to change the port charging procedures from ad valorem system (CIF value) to a weight/volume of cargo approach. Meanwhile some CTI members have increased their use of Mombasa Port, which is faster and less expensive. Some members have found that goods can be transported from Nairobi in seven days. The implication is that, unless Dar es Salaam port improves, it could lose business under the EAC free movement of goods.

Any improvements in the port were not just due to CTI. The Road Map Task Force for Trading across Borders was the most active of the Road Map task forces. They had four formal meetings as well as informal meetings.

As well as the specific BEST-AC projects, CTI had other successes with advocacy such as reducing increases in Fire Department fees, and reducing increases in excise duty on alcohol and cigarettes. In each case, CTI used data to show the likely negative consequences of what was being proposed.

In 2013, Hussein was elected the co-chair of the TRA Stakeholders' Forum, which he described as "a model" of public private dialogue. Hussein commented that: "The good thing about TRA is that not only are they listening, they are taking action."

4.3 Lessons

Even though CTI had a long history of advocacy, the support from BEST-AC helped by encouraging an evidence-based approach. Over its five projects CTI strengthened its position with the government and with regulatory bodies. It was successful in using its advocacy successes to strengthen its membership position, such that by 2015 it raised 58 per cent of its income from membership subscriptions, making it one of the most sustainable PSOs. The case study illustrates:

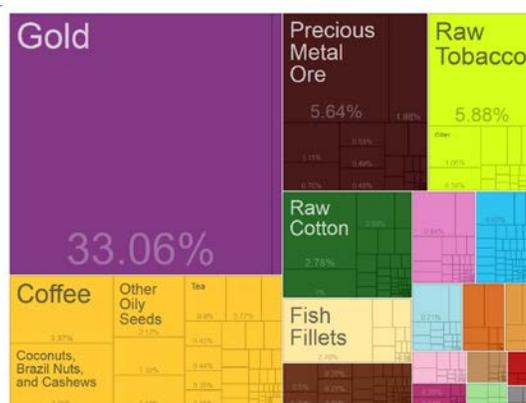
- The value of ensuring that government owns advocacy research, either through co-commissioning or early involvement in shared retreats. CTI has developed a strong method of framing issues in a retreat with government officials. CTI's relationship with government is undoubtedly helped by Hussein's long experience of working in government, and his ability to think strategically.
- The importance of ensuring that the diagnosis of the problem is correct. Part of the reason research is important is that if the findings are not reliable it naturally follows that solutions implemented as a result will not be effective. The counterfeit project was less successful than anticipated because the route for counterfeit goods was incompletely understood and seems to have changed during the time of implementation.
- The importance of communicating advocacy successes to members so that the PSO strengthen recruitment. Part of CTI's success comes from the power of its members and from its ability to involve them productively in advocacy projects.

5. Tanzania Horticulture Association (TAHA)

5.1 Introduction

In Tanzania, agriculture accounts for around 25 per cent of GDP (with its main crops including coffee, sisal, tea, cotton, pyrethrum, cashew and cloves) and 75 per cent of employment (World Bank 2015). With agriculture being estimated to account for 50 per cent of exports, Tanzania's main exports are gold, coffee and cashew. Zanzibar's biggest export is cloves (just over one per cent of total exports and worth \$64m). So it is an important contributor to the economy and one might expect the government to listen to its representatives. Unlike traditional export crops, such as maize, fruit and vegetables were never under state control.

Figure 1: Exports



Source: https://atlas.media.mit.edu/en/explore/tree_map/hs/export/tza/all/show/2012/

There are a number of agricultural business associations, including the Agricultural Council of Tanzania (ACT) which is the apex body, Agricultural Non State Actors' Forum (ANSAF) and Tanzania Horticultural Association (TAHA). TAHA was founded in 2004. It is growing quickly. It represents about 65 per cent of the horticultural sector. In 2011, it had six staff which had grown to 26 in 2013, including an advocacy officer funded by BEST-AC. It recently appointed an assistant advocacy officer. With the support of development partners, especially USAID, currently giving \$1m per annum, it has grown from one office in Arusha to having offices also in Dar, Mbeya, Morogoro, Iringa and Zanzibar.

They have three categories of member – commercial horticulturalists, associates (mainly small farmers and farmer co-operatives) and allied members (service providers such as suppliers of fertiliser or pesticide etc).

The CEO, Jacquie Mkindi, was appointed in 2009. She says that she has a very supportive board which is strong, committed and good in giving policy direction.

Mkindi explains that 'advocacy and lobbying' is the number one reason for TAHA's existence, though she draws a distinction between them in which 'advocacy' describes the whole activity and 'lobbying' refers to the actual act of influencing, usually face to face.

TAHA advocates both on its own, in partnership with ACT and other associations depending on the issue and whether it cuts across more than one agricultural association. It gives the impression of being very successful.

5.2 Services

As well as advocacy, TAHA provides services to members. This includes TAHA Fresh, a logistics and transport business, which now turns over \$3m per annum and made a profit in 2014 of \$100,000. TAHA has a project to deliver better marketing information to members: they follow the prices of 12 products in 13 markets. Every Saturday, they send an SMS message to farmers (and to others who are interested) and every month they publish a summary in the newsletter.

5.3 Dialogue

TAHA works with people in appropriate Ministries, but especially the Ministry of Agriculture from the Minister down to the desk officers. Whilst there is no formal dialogue mechanism with the Ministry of Agriculture, TAHA does talk to them regularly. Indeed, Mkindi gives the impression that TAHA has an excellent relationship with government – though apparently when she joined the relationship had been at rock bottom. She has worked hard to rebuild the relationship and, in particular, to build trust with the government and demonstrate TAHA’s credibility. She knew the last Permanent Secretary well enough to call him on his mobile phone or to secure a meeting whenever she needed one – but recognises the importance of working with desk officers as well – and staff changes in early 2014 caused a short interruption. As a result, she says, the government is always willing to listen to its ideas in relation to horticulture policy. However, Mkindi explains, it is generally less willing to listen on broader issues such as tax and cess. This distinction between issues which might be regarded as ‘technical’ and those which might be regarded as ‘political’ seems quite common amongst business associations. However, arguably TAHA is better than most at lobbying on the technical issues. And it has succeeded in joining a number of government committees, though they mostly have a narrow and fairly technical brief: Mkindi sits on

- The National Permanent Secretaries’ Steering Committee to enhance the business and investment environment in Tanzania;
- The National Technical Committee of the Sanitary and Phyto-Sanitary Committee;
- The National Technical Committee of the Tanzania Trade Integration Strategy;
- Ministry of Home Affairs Doing Business Road Map Task Force on Trade Across Borders
- Technical Committee to review the Plant Protection Act
- Northern Zone Technical Committee on Agriculture and Livestock Research & Development (which she chairs)

TAHA has worked too to identify people that they now regard as champions within the Ministries and in the Prime Minister’s office. Mkindi perceives that government attitudes are beginning to change and that there is now a group of younger officials who better understand business. TAHA keeps them informed – through sending them the monthly newsletter, letting them know when they are seeking to achieve particular objectives and through occasional face to face meetings – and involved – for example, by inviting them to events. They also ask early for their advice when doing research or formulating policy.

Mkindi says that the staff in the Ministry appreciate the evidence that TAHA is able to provide. Originally they thought that TAHA was simply “making a lot of noise for big guys” which, given Tanzania’s history, is not always effective, but they now understand that TAHA is working on behalf of whole sector – and most of the sector is small indigenous farmers. However, they are careful about who they engage, how they engage and when they engage. As TAHA grows, and delivers more services and support to farmers, the government can see TAHA bringing in resources from elsewhere that are intended to develop the sector in line with government policy. Indeed, the Director of Policy & Planning at the Ministry of Agriculture (appointed in mid-2014) is now asking TAHA for more ideas on what can be done.

Mkindi says that she always try to convey a sense of urgency to government and the likely loss to members (and by implication) to government if it delays. Now, when they go to government, they always

have two proposals eg (a) to review an Act and (b) to adopt short term measures to ameliorate the worst problems whilst the Act is reviewed.

5.4 Examples of policy success

- In 2010, the government suddenly and unexpectedly imposed value added tax (VAT) on air freight, making all goods sent by air immediately less competitive. TAHA and ACT worked together and, in less than three months, had persuaded the government to waive VAT on air freight. It was too late however to save the air freight service from Kilimanjaro International Airport which had been withdrawn when the farmers switched to road transport to Nairobi and air freight from there.
- The phyto-sanitary certification issue in 2011 provides a good example of the importance of understanding the issue. Farmers complained that the UK had stopped the import of flowers but seemingly didn't know why. Mkindi eventually telephoned the UK Department for Environment, Food & Rural Affairs in order to understand the specific problem. It transpired that their phyto-sanitary certification did not comply with international requirements. TAHA worked with the Ministry of Agriculture, reviewed the requirements, found some areas where the certification was inadequate and proposed revised certification in line with international standards. This was adopted by the government and exports to the UK were able to resume.
- An issue arose when members started complaining about the government inspectors whose role is to uphold zoo-sanitary and phyto-sanitary standards. The farmers described the inspectors' approach as one of looking at fields, giving the impression of not knowing what they were doing and wasting the farmers' time. TAHA prepared a report, discovering inter alia that the inspectors did not have an operations' manual. TAHA discussed this with the Ministry of Agriculture, then drafted a manual, persuaded the Ministry that farm produce should be inspected only once, rather than several times, and then persuaded them to endorse the manual. Inspectors now operate in accordance with the manual.
- TAHA has persuaded the government to introduce a new national curriculum for agricultural training: the Ministry of Agriculture apparently adopted all of TAHA's suggestions. TAHA is also keen to build its own training centre and believes that it has persuaded the Ministry of Agriculture to give it the land.
- Foreign buyers of cut flowers specify the packaging that is required to be used. This does not meet Government of Tanzania standards for packaging and so they said that the packaging had to be changed. TAHA secured exemption from packaging requirements for all cut flowers destined for export. Had they failed to do this, the buyers would have stopped buying and exports of \$80m per annum would have been at risk.
- The Fertiliser Act of 2009 has made it difficult for farmers who want to use specialist fertilizer, often specified by European buyers, under threat of loss of contract if they do not comply. The Act requires that all fertilisers are registered. The process of registration is slow. Whilst the fee is a modest \$50, there is a requirement for three seasons of trials at a rough cost of \$10,000 per season. So it is simply not economic for the input suppliers to register many of these fertilisers especially as demand for each is low. This is a good example of how TAHA aims now for a two track approach: TAHA started lobbying the Government in 2013 and in October 2014, they agreed a fast track registration process whereby some 75 fertilisers that had been tested and proven elsewhere can be registered without further trials. This could have considerable impact – not just the 75 x \$30,000 but the increase in yield or quality and thus in incomes from using the different fertiliser. Secondly, they agreed to review the legislation.
- There are similar problems with pesticides. Many international markets specify the pesticides that have to be used but pesticides all require government approval before they can be used – and many common pesticides in use elsewhere (with approval from their governments and WHO) have not been approved in Tanzania. Testing and registration can cost up to \$10,000, but there is a further

issue: the approvals committee does not meet because the government has no money to convene meetings. One farmer conducted three years of trials and has all the necessary data, but the committee will not sit, so he cannot get approval. So, TAHA has been seeking a streamlining of the pesticide regulation processes and protocol. TAHA is aiming to persuade the government to restructure the approval protocol and to agree a fast-track process for pesticides approved and in use elsewhere.

- TAHA has persuaded the Ministry of Agriculture to set up collection centres (where farmers produce can be aggregated). Centres are now under construction in Jombe, Morogoro and Coast. The centre in Jombe will incorporate a pack house. The Ministry of Industry has funded six collection centres in Kilimanjaro and Arusha which are all now up and running.
- TAHA has been working on biological control agents for a long time. Essentially these would provide a substitute for pesticides, using insects to control insects, and so less harmful residues. The big problem is that there is no system in place to register these agents: it took more than five years of discussions before the Government admitted this. TAHA and the Ministry of Agriculture worked together, and involved academic and other experts, to design a registration system. It is now waiting for the relevant committee to be convened and approve the process – and hopefully also approve a fast track process for the first agents. It is an example of how TAHA is persistent and never gives up.

5.5 Contributors to success

TAHA aims to be business oriented and to keep very close to the business community; they ensure that all of the issues that they take to government reflect the needs of the business community. Mkindi attributes TAHA's success to leadership and management (pointing to her MBA), networking widely, being a go-getter and creating strategic alliances and partnerships. She is very articulate.

TAHA appears to be adept at communicating with its members, though the Ministry has said in the past that it would like to see more business people and more farmers involved in dialogue (Mibavu 2011, int.). The implication seemed to be that associations do not consult enough with their own members, so do not know what is happening on the ground and sometimes that they do not even understand the issues.

TAHA puts a lot of effort into gathering data and, as Mkindi puts it, 'doing hardcore research'. She says that analytical skills are important, in order to see 'the bigger picture'. Reflecting the first step of the five step approach, she stresses that it is important to have a clear understanding of the issue. She stresses, too, the importance of mastering the details (she notes that if one goes to government without having done one's homework, there will be no facts and figures to back up the proposed policy and thus weak argumentation. She explains: "we do our homework; we ensure we have sound evidence – if we have a weak case or poor evidence, it will backfire". Kelvin Remen also emphasises the need to provide information: "when you have not fed the government with enough information, committees are not interested. In some meetings, the central government officers present to committees. So we invest in a lot in directors in the government, and have a list of champions." TAHA collects detail, prepares a position paper and builds a good story. Importantly, they then send it back to members to ensure that everything is accurate and reflects their concerns before finalising the paper. As well as sending to the Ministry, they send a copy to all of their members, so that if they are quizzed by someone from the Ministry, all their members will communicate the same message. Indeed, when they go to talk to government, they take members, that is, farmers, as well as staff so that they can describe their experiences at first hand. Mkindi explains that financial resources are not enough by themselves, but clearly they make a difference (eg, to bring together a group of experts to talk about biological control mechanisms or to bring group of MPs on a field trip or get on plane to Dar or even Washington at a moment's notice). She says that it is impossible for private sector organisations (PSOs) to influence if

they do not have good people, compelling policy proposals and effective partnership, especially with government.

Mkindi networks widely – but she does much more. She seeks to create strategic alliances and partnerships. As well as ACT, with which TAHA works closely, it also works with Agricultural Non State Actors Forum (ANSAF), Tanzania Seed Traders’ Association (TASTA), Tanzania Association of Tour Operators (TATO) and Tanzania Private Sector Foundation (TPSF). Remen notes that other PSOs often wonder why TAHA says that its first partner is the government. He explains that TAHA has not only established a very close relationship with government but also gives them credit. He explains: “the government respects us; we don’t work like an activist group, criticising the government; we try to address issues diplomatically and credit them for the forums they have given us and the progress.” TAHA is “very good at using the network” explains Anthony Chamanga, the advocacy officer. He goes on to say that often TAHA has government departments “on our side”. For example, if TAHA is going to lobby the Tanzania Bureau of Standards, it ensures that it has first informed ambassadors at the Ministry of Trade and Ministry of Agriculture.

Mkindi adds that the President is a pineapple farmer and a member of TAHA – so they always ensure that his farm manager is well informed. Mkindi acknowledges that the Ministries know that TAHA has this independent route to President. She engages, as she puts it, “across the whole system” and not just with one or two people. She pressurises the government at all levels. She stresses the importance of persistence and says that you must “be strong, be confident, be clear, be consistent. Don’t lose hope. Never give up”. She says that it is important to keep on pressing, even when the answer is yes, until agreement to change is actually implemented. Indeed, despite Tanzania’s culture of ‘respect’ for fellow citizens, and thus a tendency not to be too pushy, Mkindi presses so much that she says she is often accused of being a Kenyan.

TAHA aims to build relationships with supporters that go beyond advocacy. For example, every year, they organise a programme for the Parliamentary Committee on Agriculture, including taking them out on field trips. They also seek to build good relationships with key journalists who have now become ‘good friends’ of TAHA. They organise visits for journalists to go to farms and see them for real; they run awareness raising courses for journalists. And, despite a pervasive culture in Tanzania of ‘facilitation’ fees to secure press coverage, they never pay, and still get good coverage.

Horticulture has a large number of expatriate farmers and a high level of foreign investment. It is possible that this may dominate TAHA and shape its policy. Mkindi explains, however, that the member profile has changed considerably since she joined. It used to be dominated by foreign and expat businesses but is now dominated by local businesses. They do not always see eye to eye, says Mkindi, so she often finds that she has to strike a balance between the demands of each group. For example, the bigger, and the foreign, businesses want advocacy and the services of TAHA Fresh (smallholders, if they export at all, probably do so alongside a bigger farm). This helps to bring members along. She does recognise, however, that having foreign investors and expat farmers has conferred some advantages.

Mkindi perceives that government is changing, is becoming more responsive and is more likely now to listen. But she argues that it is up to the private sector to take the lead – in particular, she notes that apex bodies like TPSF can be no stronger than their members when it comes to lobbying government – and she is setting an admirable example.

6. Tanzania Private Sector Foundation (TPSF)

6.1 Gestation: 1995 to 1998

In 1995, UNIDO pulled together a committee of public and private stakeholders which inter alia resulted in the launch of the Tanzania National Business Council (TNBC) in 2001. But the stakeholders also, despite a long and occasionally difficult process, created the Tanzania Private Sector Foundation (TPSF) in 1998 with 33 founding members signing the articles with support from the World Bank and other donors. Whilst there are other associations that bring together associations (such as Agricultural Council of Tanzania and Tourism Confederation of Tanzania), TPSF was set up to be the apex body for all business associations. It marked the beginning of a new era for the private sector in Tanzania.

6.2 Toddling: 1998 to 2001

Initially there were just five staff, under the leadership of Executive Director, Louis Accaro. The focus was more or less entirely on advocacy. TPSF was not well known at this time. It had a hand to mouth existence. Its main activity was the organisation of a quarterly breakfast meeting, sponsored one at a time. Nevertheless, it did organise the private sector and secure government agreement to launch TNBC, in 2001. At the launch, Elvis Musiba, then Vice Chairman of TPSF said that prior to 1998, “the Government dialogued with the private sector on an ad hoc basis” but that the launch of TNBC “symbolises the commitment which you Mr President and your Government has to building a strong private sector through dialogue” (speech at launch of TNBC, 2001).

6.3 Growing up: 2002 to 2004

Elvis Musiba became Chairman in 2002. A programme known as the Business Environment Strengthening in Tanzania (BEST) was launched in December 2003 with the signing of a Memorandum of Understanding between the Government of Tanzania, the Tanzania Private Sector Foundation and four bilateral donors: DFID, DANIDA, RNE and SIDA (URT 2010). The International Development Association (IDA) became a supporter in 2007. The programme started with five components: (i) to achieve better regulation; (ii) to improve commercial dispute resolution; (iii) to strengthen the Tanzania Investment Centre; (iv) to change the culture of Government; and (v) to support the private sector to engage in dialogue and advocacy (through BEST-AC was funded independently of the other four components which were all within the GoT).

After the launch of TNBC, TNBC and TPSF were allocated a building by the Government, so that they could share premises, in the hope that they would work closely together.

6.4 Youth: 2005 to 2008

The GoT made a number of strides forward, including the creation of a Better Regulation Unit. In its economic strategy – set out in Tanzania Development Vision 2025 (URT 2004) and the National Strategy for Growth and Reduction of Poverty (URT 2005) – it articulated a desire to stimulate private sector growth specifically including the creation of a legal and institutional framework that is conducive to business. Tanzania was a top ten performer in the World Bank’s Doing Business in 2006 (World Bank 2007).

Until this point, TPSF had been largely reliant on donor funds. Despite prioritising advocacy and the representation of other associations, they failed to persuade sufficient business associations to pay a sufficiently high level of subscription and, at least in part to address the funding gap, recruited corporate members. This annoyed the business association members who perceived TPSF to be competing for members and simultaneously led to accusations of capture. They also sought large contracts from the

World Bank and in 2007 succeeded in winning contracts for [three] projects intended to boost business competitiveness, rather than focusing on its *raison d'être*.

Esther Mwikiza, whose only experience of business was running an NGO which had the previous president's wife as patron, was elected as Chairman in 2007. Soon after, it was decided that the ED Louis Accaro was too lightweight and a CEO, Evans Rewikiza, was appointed, with the dual objective of implementing the World Bank projects and building TPSF's advocacy capacity. The staff complement grew to more than 30 with the World Bank contract paying for everybody including the CEO. Inevitably, this resulted in TPSF effectively working for the World Bank.

TPSF made efforts to work with other PSOs, for example, working with CTI on power, with ATE on the skills gap, with CTI and TNCCI on issues related to COMESA and with VIBINDO on BARA. It aimed to work closely with BRU. However, Rweziki did not really create effective mechanisms for TPSF to collaborate with other PSOs. So, in 2009, it undertook an institutional review, and prepared a strategy defining its role as 'advocacy and lobbying'. It gave the impression, however, of being an organisation that was reactive rather than proactive.

6.5 Adolescence: 2009 to 2012

After a false start with a poor appointment, Edward Furaha was appointed as Director of Policy in 2009. TPSF started to write position papers and to seek to influence policy. However, most papers written at this time were weak, reciting previous activity rather than making succinct and compelling policy arguments. However, working through TNBC, in 2009, the private sector persuaded the Government to adopt a new strategy for agricultural development, known as *Kilimo Kwanza* (Agriculture First) subsequently embraced with enthusiasm by the Government. In practice, it took Furaha until early 2011 to start getting to grips with creating mechanisms to promote more effective engagement and dialogue between the public and private sectors.

The institutional review had recommended reducing the board from 17 members to 11. This was implemented at the 2010 and resulted in CTI, the Chamber of Mines and TCT losing their seats on the board. This brought to a head the in-fighting that had been underway and those three, together with Tanzania Bankers' Association, withdrew arguing that TPSF was not sufficiently representative (Guardian 2010), that TCCIA had too many seats on the board, that corporates had too much influence and that TPSF was not particularly effective. CTI even attempted to launch an alternative apex body, at which point the government intervened. Specifically, Permanent Secretary Lyimo, Chief Secretary of the Government and Chairman of TNBC's executive committee said that TPSF had to sort itself out and the TNBC asked the PMO to reconcile the differences, not least because the Government is very keen for there to be 'one voice'. It should be noted that the executive committee is comprised of six members from government and six from PSOs, including CTI, TCT and the Chamber of Mines. As a result, a second institutional review was started.

Whilst TPSF was focusing on its members and structures, the Government, starting with meetings in September 2009, was discussing the investment climate and exploring how to improve Tanzania's ranking in the World Bank's Doing Business report. Following the publication of Doing Business 2010 (World Bank 2009), the President, in a meeting with the Chief Secretary, Permanent Secretaries and the Governor of the Bank of Tanzania, set a target to be in the top 100 countries by 2011 (URT 2010), apparently not understanding the way in which Doing Business is researched and without any thought about whether this was realistic. This culminated in the "Government roadmap on the improvement of the investment climate in Tanzania" published in Sep 2010. Tanzania was challenged to review – and change – the regulatory framework in order to rise, at least, to 99 (from 127) in the DB2011 ranking (they achieved 128). The Prime Minister's Office appointed a Regulatory Reform Task Force constituting selected Permanent Secretaries and the Governor of the Bank of Tanzania supported by eight thematic

Task Teams for the ten indicators that comprise the Doing Business aggregate indicator. The roadmap effectively superseded the BEST programme. Co-ordination of the work was provided by the Prime Minister's Office, which effectively absorbed the Better Regulation Unit.

Whilst the roadmap specified that the private sector should be involved in most of the task teams, specific PSOs were only mentioned twice (Association of Tanzanian Employers in relation to the employing workers' task team and the Tanganyika Law Society in relation to the registering property task team).

During 2011, TPSF started to make a conscious effort to network more effectively with other private sector stakeholders and to promote alliances and collaboration. According to Furaha, by 2011, TPSF had established a regular dialogue with the Office of the Speaker and it was aiming to establish a programme of meetings between Parliamentary Standing Committees and relevant PSOs (which started in 2012). The improved liaison with Parliament opened doors for further engagement. One of these was with the Parliamentary Committee on Energy and Minerals during the power blackouts crisis in 2011. TPSF then also engaged with the Parliamentary Committee on Finance and Economic Affairs. TPSF proposed to the Speaker that Parliament establish a Forum with the Chairmen of all of the Parliamentary Standing Committees.

TPSF sought to develop a more formal relationship with key Ministries and Agencies including, inter alia, the Ministry of Industry, Trade & Marketing, the Ministry of Finance, the Tanzania Revenue Authority and the Ports Authority. Furaha recognised the importance of influencing policy officers and principal officers in the MDAs – and not simply going straight to the top every time – since these are the people who will have to implement the policy decisions so it is important to have them on side. Helping them look good with their managers may also help to ease policy proposals through the MDAs. So TPSF identified 'contact' persons in key MDAs.

TPSF however has struggled with the roadmap task forces, where private sector participation has been low or non-existent. Task teams prepare reports at the end of each quarter saying what they have done, though these are not available publicly. Furaha believes that only two task teams have invited the private sector to participate in their deliberations: the team looking at trading across borders (chaired by Home Affairs, but including all the key Ministries and Agencies) and starting & closing a business (chaired by Industry, Trade & Marketing).

To encourage more action, TPSF has aimed to involve PSOs more effectively in the Roadmap Process by establishing private sector driven thematic working groups constituted primarily by those most affected by the issues in each thematic area. They started with two pilot working groups: Trading Across Borders and Starting and Closing a Business.

The objective was to marshal systematically the collective energy and expertise of the private sector in the Roadmap process and catalyse its implementation. In March 2012, the Trading Across Border PSDWG convened before the main TWG meeting at the Ministry of Home Affairs, the result of which was a strong and effective voice of the Private Sector at the TWG meeting. It is envisioned that this approach shall lead to effective results and action. One result has been that the road map task forces which weren't meeting have now started to meet. Some issues are being transferred to BRN.

By early 2012, TPSF has set up two road map task forces and could see PSOs pushing government harder, though it also saw that setting up nine task forces would be a challenge. In addition, it made much more effort to engage with Parliamentary committees, to sustain a collaborative approach with other PSOs and to seek more institutional support for PSOs (from BEST-AC and elsewhere) so that PSOs could begin to employ their own researchers, arguing that this would build capacity of the PSOs rather than building the capacity of independent consultants.

The institutional review report was published in 2011, and promptly rejected by CTI because it proposed a Council of 20 and an executive of 7. So they formed another committee, chaired by Salum Shamti. The (different) consultants submitted a revised proposal at the end of 2012 – endorsed by the board – suggesting that TPSF members should be formed into 11 clusters with each cluster electing one director (and the previous chairman to give a board of 12) together with six other recommendations. All seven recommendations were agreed. A new constitution was approved in June 2013. The Chamber of Mines, Tanzanian Bankers’ Association and CTI rejoined.

Rwezika was perceived by the board to be popular neither with members nor with government. As a result, his contract was not renewed. Instead, TPSF appointed a new CEO, Godfrey Simbeye, in March 2012. On his appointment, he was told “to be different” – to rebuild relationships with members and government, to strive for the board to become influential and to raise TPSF’s visibility.

There is a feeling within TPSF that their efforts have brought the roadmap back to life at least in some areas. But this reflects the need for private sector groups to be proactive in lobbying government since otherwise it is all too easy for government simply to ignore them. TPSF is currently mapping PSOs around the country with a view to involving more in the work of the task forces.

Furaha is, it seems, making much more effort to involve the members, especially the association members and is particularly aiming to ensure that they are properly co-ordinated. He meets with the CEOs of key PSOs quarterly. Papers produced by the working groups are sent to TPSF’s entire database (which is more than just members) in order to seek feedback. Furaha perceives that members are supporting his approach and that they see TPSF becoming more credible with government and Parliament and so they are becoming more supportive. He has been doing more with Parliamentary engagement. He feels that too many private sector proposals are not being taken seriously by MDAs, and believes that Parliamentary committees can exert more pressure, especially in relation to fiscal issues. It seems that the reduction in the skills development levy from 6 per cent to 5 per cent came through lobbying the relevant Parliamentary committee.

6.6 Policy entrepreneur: 2013 to date

In October 2012, following a visit by the President to Malaysia in 2011, the GoT decided to adopt a new approach called “Big Results Now” (Irwin & White 2014). This is an adaptation of a planning methodology used by the Malaysian Government’s Performance Management and Delivery Unit known as Big Fast Results. BRN was launched in the first half of 2013 and is being implemented through the Transformation and Delivery Council (TDC), the President’s Delivery Bureau (PDB) and Ministerial Delivery Units (MDUs). The PDB has a primary objective to facilitate, monitor and evaluate the delivery of BRN initiatives in six national key priority areas: agriculture, water, energy, education, transport and resources mobilisation.

Elections were held in August 2013. Reginald Mwenzi was elected chairman and Salum Shamti became Vice Chairman. With the ending of the World Bank projects, TPSF has lost a very large part of its income. It has reduced the staff to 15 and all the remaining staff have taken a pay cut (ranging from 20 to 40%). It has rented out surplus space. And Simbeye has refocused TPSF to prioritise dialogue and advocacy. They have set up several standing committees including a Policy and Advocacy Committee. A proposal for mandatory membership of PSOs was floated – and then scrapped.

Simbeye is keen that TPSF should be clear that its objective is to promote private sector-led social and economic development in Tanzania by:

- providing member organizations with services they value
- understanding and representing their common interest; and
- Engaging in effective advocacy with the Government.

In its mission statement, it explains that it is “the leading voice for the promotion of vibrant, innovative and a competitive private sector in Tanzania”.

TPSF sets out its seven core values, which it says are:

- Commitment to best practice
- Value addition
- Unity in diversity
- Impeccable integrity
- Fair competition
- Service before self
- Commitment to lifelong learning

TPSF has developed six objectives, which is describes as strategic, though three are about improving the way that TPSF works. The other three are:

- To facilitate communication, networking and flow of business information among members
- To maximise the impact and voice of the private sector to lobby and advocate for issues pertinent to the sector’s growth
- To facilitate the growth of private sector business through enhancing enterprise competitiveness

TPSF says that too often, fiscal reforms come as a surprise to the private sector. For example, following a recommendation from the first Big Results Now labs to increase the duty on beer and soft drinks by 45 per cent, the Minister for Finance proposed in the budget to increase duty by 40 per cent. TPSF took breweries and soft drink manufacturers to Dodoma saying that they would be forced to close down production (including closure of at least one brewery and the loss of at least 850 jobs). As a result, the budget committee recommended that the increase be limited to 10% – and that was the final outcome.

Evidence of the change in relationship came when Parliament decided to review the tax base: TPSF was appointed as secretariat to the Parliamentary Committee on Fiscal Reform looking at new forms of taxation and thus additional revenue. The work concluded in January 2013: one outcome was the creation of a (permanent) Parliamentary Budget Committee. TPSF explains that it is (now) often easier to go to this committee to raise issues – and this route was used to stop the imposition of VAT on tourism services. They work in parallel with other PSOs. For example, whilst TCT approached MNRT and secured the support of the Minister for Tourism, TPSF engaged the budget committee.

Following a couple of meetings of the CEO of TPSF with the President, a meeting of the TNBC, which had not met since 2009 was convened in December 2013 and chaired by the President. At that meeting, it was agreed that the PDB should also focus on constraints imposed on business by the business environment and recommend proposals to address those constraints. As a result, a four week “lab” on business environment reform was held in Feb/ Mar 2014.

The President made a speech to participants during the first week, in which he stressed his commitment to the process and said that he was calling on all Ministries to move from “self-denial” to recognising that there are business environment problems that need to be addressed. He stressed the need for specific and proactive change from a state sector, socialist economy to a private sector, market economy, and explained that he recognised that a conducive enabling environment is critical to economic success. He said that the government recognised that it had to create the conditions that would allow the private sector to thrive. He says that they have to do it “for the sake of the country”. He recognised that there is a need to change the mindset of amongst public officials: that they need to be facilitative instead of obstructive (Irwin & White 2014). It is too early to see results from this, but it has reinvigorated a desire to improve the enabling environment.

There is no doubt that TPSF has become much more of a partner with the government. Table 1 summarises the one-off dialogues and consultations in which TPSF was engaged in just one quarter in 2015. Table 2 summarises the key dialogues in which TPSF engages on a regular basis. Table 3 summarises some of TPSF's successes over the last year or so.

Table 1: Invitations to TPSF to engage in dialogue or consultation

In its report for the second quarter of 2015, TPSF described the dialogues and consultations in which it was actively engaged:

- Dialogue and consultation as part of preparations for the 25th SADC Trade in Services Forum (MIT, June 2015).
- Consultation and dialogue on 'Re-aligning Regulations and Institutions' Work Stream of the BRN BE initiative (MIT, May & June 2015).
- Dialogue as part of launch of Tanzania Investment Report 2015 (TIC, June 2015).
- Consultation for EAC experts meeting on the implementation of the EAC-US Cooperation Agreement on Trade Facilitation, SPS, and Technical Barriers to Trade (MEAC, June 2015).
- Consultation on outstanding issues under the 'Taxation' Work Stream of the BRN BE initiative (PDB, June 2015).
- Consultation in advance of President Kikwete's State Visit to India (MFAIC, June 2015).
- Dialogue on the SADC Investment Framework (PMO, June 2015)
- Dialogue in advance of the EAC-EU meeting to discuss EPA text (MEAC, June 2015).
- Consulted on development of EAC Special Economic Zones Regs (MEAC, May 2015).
- Consulted on Ease of Doing Business Initiative (EDBI) in Eastern and Southern Africa (PMO, May 2015).
- Consultation as part of the Steering Committee on 'Contract Enforcement' under the BRN BE program (Ministry of Justice, May 2015).
- Dialogue & Consultation on the EAC Common Market Implementation Protocol (MEAC, May 2015).
- Consultation on NTBs as part of NMC meeting (MIT, May 2015).
- Consultation on process of generating quarterly employment statistics from the Public and Private Sectors (MoLE, April 2015).
- Consultation on the Oil and Gas related draft policies (MEM, April 2015).
- Dialogue to review and update national SME Policy (MIT, April 2015).
- Consultation on formation of Regulatory Licensing Reform Committee (MIT, April 2015).
- Consultation on the process of collecting information for costing of the draft SADC Revised Regional Indicative Strategic Development Plan (MFAIC, April 2015).
- Consultation on the African Growth Opportunity Act (AGOA) (MIT, April 2015).
- Dialogue and consultation on the Private Sector Development Policy (PMO, April 2015)
- Dialogue and consultation on the draft PPP Regulations (PMO, April 2015).

Source: TPSF quarterly report to BEST-Dialogue (covering 2015Q2)

Table 2: TPSF selected dialogues

In its report for the second quarter of 2015, TPSF described the dialogues in which it was actively engaged:

- Fiscal reform agenda: engaged Parliamentary Committee on Budget; worked with the President's Delivery Bureau on taxation reform; co-ordinated private sector response to the budget speech.
- Public private partnership: co-ordinated response to the draft PPP regulations and submitted to government
- Private Sector Development Policy: co-ordinated response to the proposed national Private Sector Development Policy
- Big Results Now: participated in steering group meetings (for 're-aligning regulations and

- institutions' and 'contract enforcement'); continued work on Initiative 10
- Regional Integration Agenda: input into the Non-Tariff Barriers agenda and co-ordinates private sector involvement in the D+SADC Trade in Services agenda
 - In addition, Simbeye now chairs a PSO CEO forum, networks with all the Permanent Secretaries and is a member of the National Permanent Secretary Roadmap Co-ordinating Committee.

Source: TPSF quarterly report to BEST-Dialogue (covering 2015Q2)

Initiative 10 is one initiative under BRN's Re-aligning Regulations stream. It is being implemented by MIT with support from TPSF and seeks to address the following challenges:

- dealing with multiple regulatory agencies;
- multiplicity of levies, fees and charges;
- overlapping licences and permits with onerous compliance and inspection challenges;
- time-consuming processes for registration of businesses and cumbersome reporting requirements; and
- complex regulatory framework that requires compliance with a myriad of regulations enforced through non-transparent inspection systems.

TPSF anticipates that both the private sector and regulators will benefit from streamlined inspection requirements.

Table 3: TPSF selected dialogues

During the 12 months to July 2015, TPSF achieved a number of successes,

- Advocacy on Fiscal Policy Reforms
 - Persuaded Government to extend period from three years to five years after which Alternative Minimum Tax (AMT) is imposed on companies reporting a loss and thus not paying corporation tax.
 - Lobbying for the postponement of enactment of VAT Bill and Tax Administration Bill planned for June 2014 to allow for extensive consultations with the private sector
 - Exemption for the agri-sector from the Skills Development Levy.
 - Influence on formulation and review of policies, laws and regulations
 - SME Policy 2003
 - Draft PPP Regulation
 - Draft 3 of the Petroleum Policy
 - Amended PPP Act 2014
 - The Oil and Gas Revenue Management Bill 2015
 - 2nd Draft of the Private Sector Development Policy
 - The Tanzania Extractive Industries, Transparency and Accountability Bill 2015
 - Petroleum Bill 2015
 - Local Content Policy 2015
 - Development of Private Sector Compact for the forthcoming 5th Government
 - Constitute a technical task force comprising of CEOs and leaders from the business community to provide strategic leadership and engagement modalities for developing and rolling out the compact
 - Developed a Private Sector Compact
 - Disseminate the Compact to the General Public
 - Design strategic meetings with nominated presidential candidates from all political parties
 - Engagement in strategic dialogue platforms
 - Convening business meeting between the leaders of the business community (40 CEOs and Chairs of PSOs) and the Minister for Finance to discuss how to strengthen dialogue
-

- with the Ministry.
- Mobilise private sector to participate in TNBC Exec Committee Quarterly Meetings on the assessment of implementation of reforms agreed in the BRN Business Environment Lab
- Engage with the Parliamentary Standing Committees on Budget; Economy Industry and Trade; Energy and Minerals to discuss and present Budget Analysis, Finance Bill Analysis, Bill Supplement Proposals, among others.
- Influence on Regional and Economic Integration Policies and Practices
 - Input on One Stop Border Post Bill 2015
 - Organise and coordinate the EAC Secretary General Forum 2015
 - TPSF Policy Scoping Study to remedy the exportation of Tanzanian rice to the EAC market
 - Provision of input in the SADC Trade in Service negotiations
 - Involvement in the monitoring of the implementation of the Common Market Protocol
 - Involvement in the monitoring of Non-Tariff Barriers
 - Provision of input in the negotiations for the establishment of Tripartite Free Trade Area (COMESA-EAC-SADC)
 - Provide input in the development of harmonized EAC standards i.e. Iron and Steel Standards, Food and Beverages as well as Detergents.

Source: Correspondence from Edward Furaha to BEST-Dialogue 23 Jul 2015

TPSF participated fully in the Constitutional Assembly to ensure that private sector interests are fully represented in the new constitution. The Private Sector's presence in the Constitutional Assembly was important to ensure that the private sector is recognized in the new constitution. This resulted into inclusion of a provision which appears under Chapter 2 article 13 (2) (e) stating as follows; "To put in place conducive business environment and to expand investment opportunities". This phrase is very important for advocacy purposes due to the fact that all laws should reflect this provision.

TPSF has been attempting also to develop a more formal relationship with key Ministries and Agencies including, inter alia, the Ministry of Industry, Trade & Marketing, the Ministry of Finance, the Tanzania Revenue Authority and the Ports Authority. TPSF recognises the importance of influencing policy officers and principal officers in the MDAs – and not simply going straight to the top every time – since these are the people who will have to implement the policy decisions so it is important to have them "on side". Helping them look good with their managers may also help to ease policy proposals through the MDAs. So TPSF has identified 'contact' persons in the key MDAs and is about to start facilitating meetings with key people from relevant PSOs. TPSF expects that PSOs will already have issues that they wish to take up but hopes that this approach may be effective in setting the agenda as well.

A major 'success' during the year was persuading the government not to eliminate all the exemptions from VAT. The Government had proposed in 2014 to eliminate almost all of the exemptions from VAT, not least because it needs to generate more revenue and this would be a good way of spreading the tax net more widely across sectors and more widely across the country (World Bank 2015). As noted in table 3, the Government agreed to a review of the proposal. TPSF effectively marshalled a number of PSOs, recruited a former Commissioner of the TRA to act on their behalf, and lobbied the Parliament hard. The consequence was that most of the exemptions were retained, largely irrespective of the economic arguments, when the revised VAT bill was finally enacted in July 2015.

6.7 Review

TPSF's new structure has resulted in more pressure (not least from their stakeholder clusters) to get involved in more issues (especially oil and gas) and also in more requests from government to collaborate. All stakeholders' expectations have been raised. There is evidence that TPSF is regularly consulted by the government. Indeed, the government is asking for comment on more and more, which

is positive, but they often give just a few days in which to respond. So TPSF is currently setting up a task force in order to respond to these requests more quickly. It gives the impression of being over-stretched by the scale of the challenge. It has attempted to work closely with other PSOs and even have them represent TPSF, to promote collaboration and minimise resource requirement, but that is not yet working as well as it might. TPSF is now also attempting to use its clusters as platforms for dialogue.

Whilst TPSF is good at networking and its ability to build coalitions, they have limited capacity and need to become better at co-ordinating the private sector. However, they

now have some 10 working groups including eg one on US/Tanzanian trade relationships – but these are a challenge because so many PSOs are weak. There is still not enough trust amongst PSOs. It is difficult to access information from PSOs. TPSF says that it does share information with PSOs, though many PSOs would say that it could be better. Certainly, some sectors such as tourism are very collaborative, and that good collaboration makes it much easier to work with government. And TPSF has done well in organising the private sector in advance of the budget being presented to Parliament each year.

As will be clear from the previous section, there is evidence that TPSF is influencing policy. But the breadth and depth of that influence is less clear. It seems for example that a consequence of TPSF being consulted more is that some PSOs are consulted less. In the past, TPSF would probably have taken up general issues through the executive committee of the Tanzania National Business Council. However, the Government has now created a Ministry of Private Sector Development & Investment, and TPSF hopes that this will provide a further avenue to persuade Ministries not to behave in ways that are detrimental to business. TPSF is also aiming to have quarterly meetings with the Prime Minister specifically to discuss business issues. They are working to create additional dialogue structures, for example, with MEAC, Parliament and Ministries – who are generally willing to talk to the apex body.

Furaha sees a number of challenges, not least because the private sector is not well organised, though that of course is part of the reason that TPSF was created. To be effective, business associations need to be competent in their approach, with objective research and evidence that will inform policy makers and with compelling policy positions that will persuade politicians and officials. They need to develop and sustain relationships with ministries, departments and agencies, so that they can adopt an insider approach. Forming alliances seems to increase the chances of success.

TPSF demonstrates that an entrepreneurial CEO, and a committed and determined policy team, can make a big difference. TPSF struggled for a long time to be clear about its role and to have the confidence to focus on that role. Organisations like TPSF do not have the time for the luxury of in-fighting. However, TPSF now seems to have put all that behind it and is focused much more clearly on dialogue. It has developed better contacts and, as a result, has become more proactive and better able to take the initiative. When TPSF began to focus more on advocacy, it also began to have more success. However, there is arguably a need to focus on a smaller number of issues and to do them well – perhaps reinforcing the need to co-ordinate the private sector – gathering and sharing intelligence – so that other PSOs can lead on other issues and thus share the strain.

There is limited evidence that TPSF is taking a strategic approach. Rather it seems to be driven by government requests for a view and by opportunism. On the other hand, TPSF is beginning to think about this. For example, it would like to do more research and in particular to demonstrate a link between an improved enabling environment (achieved through policy advocacy) and economic growth.

It would also like to do more to stem corruption: its chairman is vocal about the corrosive effect of corruption. TPSF estimates that as much as TZS4 trn per annum is lost from the government's procurement budget (about 40%). This is not far off the gap that development partners currently contribute through bilateral aid, so tackling this would give the Government more independence.

Importantly, TPSF sees the government improving: “The Government has changed for the better. They are more open. They involve the private sector in so many issues. They are more receptive. They listen.” And they are determined to work closely with the government for the good of Tanzania.