

TANZANIA BUSINESS LEADERS' PERCEPTIONS

2013



The Investment Climate in Tanzania



1. SUMMARY

This is the fifth survey of business leader perceptions in Tanzania. Business leaders were asked about

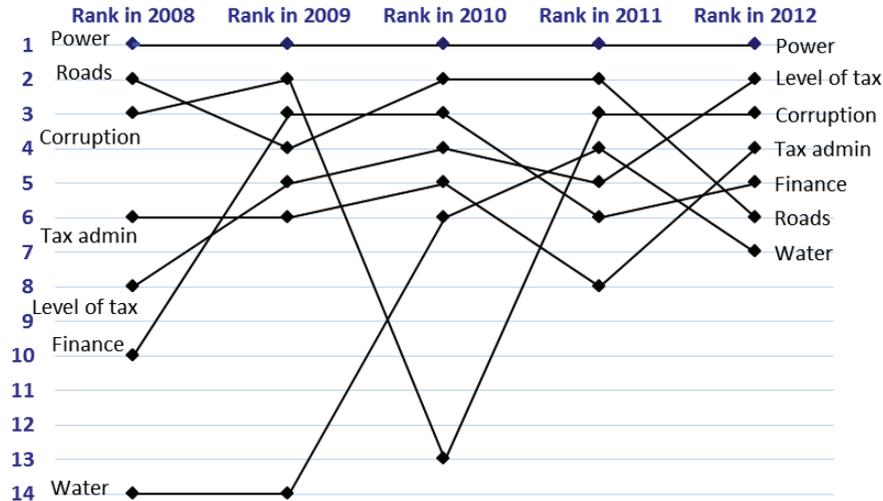
- The enabling environment factors that are important to their business;
- The factors that make it difficult to do business;
- The non-tariff barriers that are relevant to their business;
- The non-tariff barriers that cause problems for their business;
- Perceptions of whether and how government is addressing each factor;
- Their view of whether each factor would be likely to deter future investment; and
- An assessment of the costs involved in meeting the requirement of regulation and red tape.

The survey reveals that the factors that make it difficult for businesses to get on with running and growing their business, in order, are:

- Power
- Level of taxation
- Corruption
- Tax administration

Power is consistently the biggest problem with roads regularly second, though in 2012 roads has fallen to sixth. Water, which was not cited as a particular problem until 2010, is once again perceived to be less important. Access to finance, which had been perceived to have deteriorated in 2009 and 2010 improved in 2011 but deteriorated again in 2012.

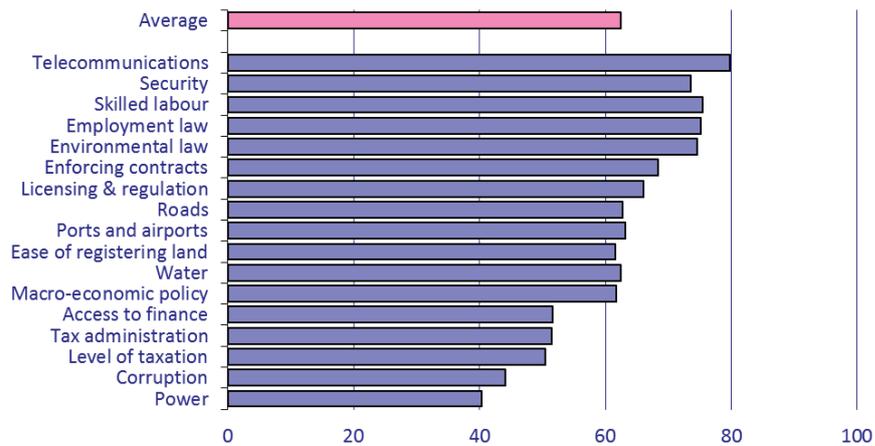
Figure 1: Factors making business difficult in rank order



The survey seeks perceptions of whether the government is making efforts to address each of these issues. The difficulty in doing business caused by each factor and the perceived level of effort being made by the government to address the issue is then combined to give an 'enabling environment priority index'.

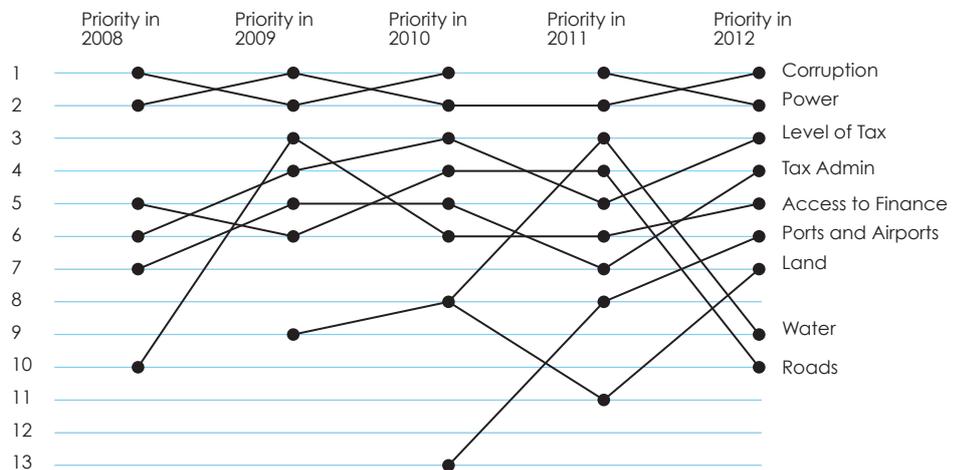
Note in figure 2 that the lower the number, the greater the priority

Figure 2: Enabling environment priority index



The issues on which the government should focus, in priority order, are shown in the right hand column of figure 3 which also shows how the priorities have changed since 2008. Power and corruption continue to head the list. Taxation has become more of an issue, with both the level of tax and its administration high up the list.

Figure 3: Change in priority issues



The absence of a factor in this list does not mean that Government can ignore it; rather it means that government is already making some effort to reduce the negative impact on business. That effort needs to continue or else it will become a priority in the future. It should also be noted that these are rankings, rather than absolute scores, so the differences between them may be quite small.