



## EASE OF DOING BUSINESS

# Mkapa: More reforms needed

**REFORMS.** Former President Benjamin Mkapa noted that despite the current fast growth in many African countries due to improved policies, more needed to be done beyond scratching the surface. He was speaking at the Africa Development Bank annual general meeting in Abidjan

By Veneranda Sumila  
BusinessWeek Reporter

**Dar es Salaam.** Third Phase President Benjamin Mkapa noted recently that more reforms need to be undertaken for the Private Sector to operate in a secure and hassle free environment across Africa, Tanzania inclusive.

Mkapa noted that despite the current fast growth in many African countries due to improved policies, more needed to be done beyond scratching the surface.

The retired president was speaking at the Africa Development Bank annual general meeting in Abidjan, Ivory Coast. His assertion has been the cry for the Private Sector in Tanzania for many years.

At the meeting it emerged that many government officials across the continent have poor knowledge on the importance of the private sector as the engine of the economy and national well-being.

Such poor perceptions were cited as among the main reasons for Africa's underdevelopment. No wonder, despite the continent, Tanzania inclusive having myriad natural resources and sometimes good policies, economic improvement for the larger masses remains an uphill task.

According to Investment Climate Facility for Africa Chief Executive Officer William Asiko, Africa has failed to converge such resources and good policies to reality.

He said Africa has very many beautiful policies but fails to attract the best talent when hiring government officials who can understand the dynamics of the sector.

"Governments must ensure that they hire the right people for the private sector to prosper, if the private sector doesn't get enough collaboration and support from the government, Africa will continue to be poor," said Mr Asiko.

In the case of Tanzania, doing business environment is yet to rise to the occasion and is often described as unfriendly making the private sector uncompetitive.

Simple policy implementation issues like protecting investors remain a big challenge hindering the prosperity of the private sector.

## Case study

According to the Confederation of Tanzanian Industries (CTI) immediate past chair Felix Moshia, the flooding of counterfeit products in Tanzania con-



## MORE INFO: HOW COUNTERFEITS AFFECT BUSINESS CLIMATE

\*When investors are unsure of their business operations it leads to uncertainty. The governments also need to ensure that all investors are treated equally and that there is high degree of transparency. There is a big perception that some investors are benefiting and treated well than others, so governments need to create good investment climate for all investors - Investment Climate Facility for Africa chief executive officer William Asiko

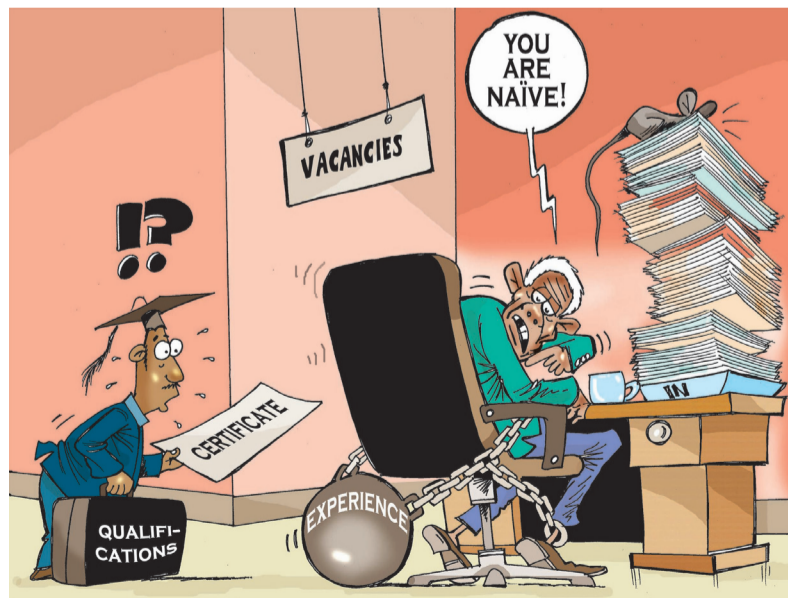
\*The World Bank doing business report for 2015 ranks Tanzania at position 131 down from position 130 the country recorded in the year 2014.

\*In the 2015 doing business report Tanzania dropped six positions in terms of starting a business. While in the year 2014 the country ranked at position 118 in the year 2015 it dropped to position 124.

tinues to be a major threat to industries.

The policies and laws dealing with counterfeit products are in place, but implementation remains problematic, making genuine investors the loser.

Government officials who are supposed to play the biggest role in ensuring there are no counterfeits, are often unaware of the extent of the problem and the harm it's causing to local industries.



**The chairman of the Confederation of Tanzania Industries, Dr Samuel Nyantahe (left), presents some maps to the Vice President, Dr Mohammed Gharib Bilal, when a team from the manufacturers' body visited the Vice President's residence at Tunguu in Zanzibar in January this year.** PHOTO | COURTESY OF FRANCISDANDE.BLOGSPOT.COM

Moshia notes that despite several initiatives taken over the years to tame the rogue trade, it continues to be of great magnitude adversely affecting producers and dealers in genuine products.

"Local products find it difficult to compete in the market because of fake, cheap imports. In some cases this has resulted in some local industries shutting down," he said.

Re-affirming findings of a CTI report titled 'Effects of Counterfeit and Sub-standard Goods on the Tanzanian Economy,' Dr Moshia said the market for local genuine products in some cases has been declining following counterfeit goods influx.

The report asserted that the impact of counterfeit products was highly on the rise resulting in loss of revenue collection and worsening the business environment. The report estimates that Tanzania could be losing between 15 to 25 per cent of the total domestic revenue due to counterfeit products.

This means if estimated total government domestic revenue was Sh6.7 trillion in 2011/2012, subsequent loss in government revenue due to counterfeit products stood well over Sh1 trillion.

"The government can lose revenue through different ways. For example, the tendency of consumers losing confidence in products they once bought and found fake has led to the decline in aggregate demand of the genuine products thus affecting government earnings," says part of the CTI report.

It is estimated from 2012, the trade in counterfeit instead of going down could have gone up, whereby CTI is undertaking another study to find out the truth.

CTI has been advocating for the

enactment of a comprehensive law and formation of an agency to spearhead the fight against the manufacture and importation of counterfeit goods because the situation has been deteriorating. Some factories have been constructed mainly to manufacture fake goods for certain countries, including Tanzania, notes CTI Chairman Dr Samuel Nyantahe.

He says current laws and policies relating to fake goods have failed to address the problem fully, and CTI wants a single agency to deal with counterfeits. Agencies, laws, policies and the Fair Competition Commission (FCC) are yet to succeed in taming fake goods hence the CTI call for a specific law to address the problem.

The Ease of Doing business page is back at The Citizen's Business Week, every Thursday. Its purpose is to support efforts in making doing business easy.

For feedback SMS **0786240172**, each of the winning 4 messages will get a reward of **20,000** airtime, and will be published in this newspaper.

