

20-7-2012 pg 9

Business leaders weary of avoidable roadblocks

By ORTON KIISHWEKO

BUSINESS leaders in the country have listed unreliable electricity supply, power, poor roads, corruption, and limited access to financing as some of the major impediments to investing in Tanzania, according to a new business perception report.

The report, 'Business Leader Perceptions of the Investment Climate in Tanzania - 2011' is a summary of what 1,000 business leaders across the country said.

According to the Minister for Finance and Economic Affairs, Dr William Mwigimambo, some of the issues raised in the report will be given attention in the 2012/2013 fiscal year. "It is important to remove structural and non structural bottlenecks," the Minister said.

He added that government has set aside 4.5 trillion/- as capital investment to stimulate energy, road and water infrastructure.

In the survey that led to the report, business leaders were asked what they considered as enabling business environment factors that are important to their businesses, the challenges in doing business, non-tariff barriers, and their perception as to whether or not government is addressing these factors.

The survey reveals that factors that make it difficult for businesses to get on and grow include the poor electricity supply, bad roads, corruption and poor water supply. According to the report, unreliable electricity supply is considered the most pressing problem, followed by poor roads. Corruption which had been reduced in 2010 is on the increase whereas access

to financing has dropped. The Minister of State for Investment and Empowerment, Mary Ngu, welcomed the findings and added that one of the greatest challenges met by business persons is the inability to secure loans from banks.

"We have prioritised those highlighted areas, but financial institutions need to urgently broaden their reach in giving out credit to our brave entrepreneurs," she said.

University of Dar es Salaam economist, Dr Lenny Kasonga praised the findings noting that it was prudent for the national budget 2012/2013 to focus on the areas highlighted in the report that are impending business growth.

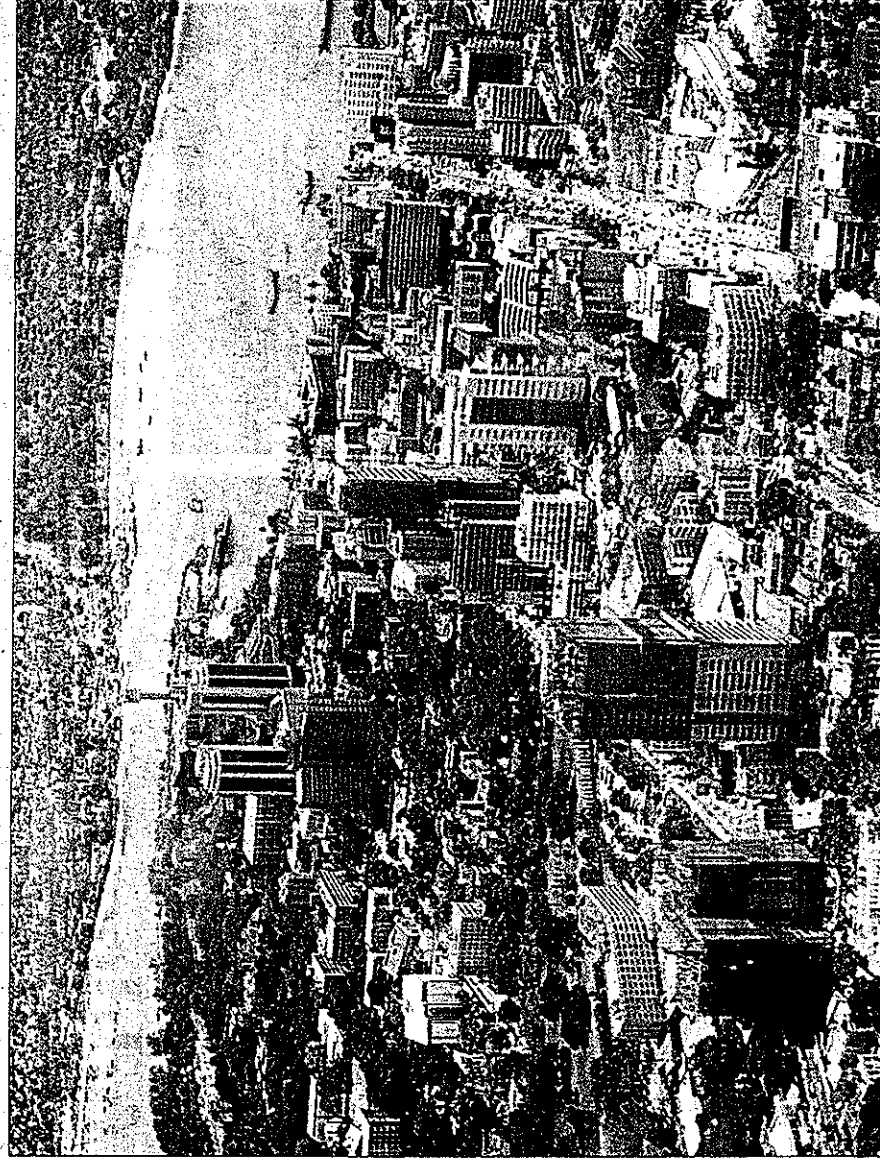
"We don't exactly have the best roads but if roads and communication infrastructure could be improved, it would cut down on the cost of operations," he said.

Dr Kasonga added, "We should engage the private sector in ensuring that these barriers are removed to improve the business climate."

The Bank of Tanzania Director of Policy and Research, Dr Joe Massawe, said it is important to remove 'silent barriers' so as to better the business environment.

This is the fourth annual survey for business leaders in Tanzania and this year the report

highlights priorities for improving the business enabling environment in Tanzania. It was commissioned by BEST-AC whose role is to support private sector organisations by promoting private public dialogue and to advocate for change in public policies with the objective



DAR ES SALAAM, the commercial capital of Tanzania.

to improve the business climate in Tanzania. The survey sought opinions on whether or not the business leaders think government is making efforts in addressing the issues raised.

Results from the report show that the perceptions of business leaders have not changed very much from

Tanzania ranked 127 out of 183 countries, more or less the same position as the previous year. Neighbouring country Rwanda was the world's top reformer in 2009 according to the 'Doing Business 2010' report, rising some 76 places; the previous year reasons largely due to non structural reforms it carried out.

In the World Bank 'Doing Business 2012' report,

A tax expert with Smiles, Boniface Matambula said it was important for both government and the private sector to come together and increase dialogue, form policy coalitions and agree on some changes in public policy which will lead to an improving enabling environment and ultimately to more investment, more jobs and wider tax revenue.

According to the business leaders report, the tourism sector recognises that there is a need to pay levies; however, the general sentiment among the interviewees is that a more transparent and less burdensome process would serve the sector better.

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In a report compiled by the Confederation of Tanzania (CTI) Industries in 2011, it points out the regulatory costs (e.g. documentation, customs clearance, port and technical handling, inland transport but not duty) associated with exporting a 20-foot container with goods valued at \$20,000 is \$1,262. Just trying to do business is expensive in itself.

In the same report it was cited that in dairy sector, indirect costs associated with documentation, that could have been used more productively could be reduced.

By reducing the costs of regulations more money can be reinvested in businesses - creating more jobs and economic activity, ultimately leading to more tax revenue for the government creating a win-win situation.