
WORKING GROUP 1 CASE STUDY – TANZANIA

Promoting Public-Private Dialogue for Self-Motivated Reforms in the Municipality of Moshi

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Context – the Tanzanian economy

Tanzania is located in Sub-Sahara Africa, with a population of 35.9 million and a per-capita income of US \$ 330. Categorised by the World Bank as a low-income economy, Tanzania has a socialist background pioneered by the father of the nation, President Nyerere. The second phase government (1985-1995), under President Ali Hassan Mwinyi, implemented political and economic reforms introduced by the IMF and the World Bank.

The third phase government, from 1995, under Benjamin William Mkapa, continued the reforms and facilitated the economy to progress steadily through the implementation of macroeconomic stabilisation and structural reforms.¹

It is the third phase government also that engaged the private sector in dialogue. Private sector stakeholders are members in the government tax task force and the public expenditure review working groups and the Tanzania National Business Council (TNBC). Development practitioners and the donor community in Tanzania are supporting the capacity of private sector organisations to influence reforms at the district level.

Despite this, Tanzania ranks 140th among 150 countries ranked by the World Bank Doing business data base, and is worst in dealing with licences.²

Doing business at the local level is complex – the cost of complying with tax is high, there are many taxes and they are collected by various different authorities.³ Indeed, decision-making at the local government level significantly worsens Tanzania's investment environment.⁴

Public-Private Dialogue in the municipality of Moshi – difficulties at the beginning

The case covers recent attempts to engage in private-public dialogue to reform by-laws, administrative procedures and regulations at the local government level in the municipality of Moshi.

Doing Business in Tanzania

Tanzania's economy as rated by the World Bank
Doing Business Data Bank

<i>Ease of</i>	<i>Rank (/150)</i>
Doing Business	140
Starting Business	113
Dealing with licenses	150
Hiring and firing	136
Registering property	143
Getting Credit	125
Protecting Investors	144
Paying Taxes	114
Trading Across Borders	102
Enforcing Contracts	48
Closing a Business	83

¹ <http://www.mbendi.co.za/land/af/ta/p0005.htm> , Searched on 15th November, 2005.

² <http://www.doingbusiness.org/ExploreEconomies/Default.aspx?economyid=185> Searched on 29th November 2005

³ URT Small and Medium Development Policy – Final Draft 2002

⁴ www.tzdzc.or.tz/cg2002/private/sector.doc: Consultative group formal discussions session, December 2002: joint statement by development partners on private development. Searched on the 22nd February 2005.

Dialogue involved the Tanzania Chamber of Commerce Industries and Agriculture Kilimanjaro (TCCIA-KILI), representing the private sector, and the Municipality of Moshi representing the public sector. The German Chamber of Commerce and Industries – Wiesbaden (IHK) sponsored the dialogue through a chamber project twinning agreement in September 2001.

One of the targeted outputs of the IHK was to see the advocacy process and networking capabilities of TCCIA-KILI strengthened. Through the partnership, IHK developed the necessary advocacy tools: TCCIA-KILI conducted a business survey, established a strike force and presented the investment situation to the first dialogue meeting, held on 26th July 2002.

The dialogue, however, yielded no results, as the municipality lacked the political will and the private sector lacked skills in presenting the issues.

The second attempt to dialogue was initiated in 2004. The partnership considered the possibilities of using local consultants as advisors to the project, and the author was engaged to train members of TCCIA-KILI in advocacy skills, facilitate the advocacy committee to engage in dialogue with the municipality, and conduct a private sector appreciation workshop for the municipal management team.

Lack of seed funds, the short time allocated to the project, and lack of political will on the part of the councillors deterred the continuation of dialogue.

Nonetheless, the management of TCCIA-KILI together with the author continued to search for other possibilities to pursue dialogue, and on 24th October 2005 another opportunity opened. The Private Sector Advocacy Fund – Business Environment Strengthening Tanzania Advocacy Component (BEST-AC) – accepted a proposal for “Promoting Public-Private Dialogue for Self-Motivated Reforms in the Municipality of Moshi”.

This third attempt centres on an advocacy project designed for a period of ten months. The project continues from earlier efforts, and incorporates in the design the lessons learned in the previous attempts and experiences from other best practices.

Key provisions include creating awareness among councillors, and engaging entrepreneurs to propose roadblocks and suggest reforms. This approach intends to engage councillors in the process and persuade them to be responsive to their voters' needs.

Objectives, structure and participation

The objectives of the project are to identify issues blocking businesses and farms in start-up and growth in the Municipality of Moshi, and to establish and sustain a public-private dialogue platform.

The Private Sector Advocacy Committee is a coalition committee organized by sector. It comprises independent private sector organizations located in the Municipality of Moshi. Two of the sector organizations, the Association of Kilimanjaro and Arusha Bus Owners (AKIBOA) and the Organization of the Moshi Central Market Traders (CHAWABIMO), are associates of TCCIA-KILI, which has also invited the Moshi Chamber of Commerce – with its membership of commercial operators, some of Asian origin – and TAFOPA (fruit processors, mainly women) to join the coalition.

The platform for dialogue is the Moshi Business Council. It has ten members – five from the Municipal Council, of which three are councillors, and five from the private sector, who are selected from the members of the advocacy committee.

The chair of the Council is the Municipal Director, while the vice-chair is the chair of TCCIA-KILI. The secretariat comprises two members, the Executive Officer of TCCIA as its head and the Municipal Economist as its deputy head.

The Moshi Business Council meets at least quarterly, and agreements are by consensus. The vision of the Moshi Business Council is “to see the public-private dialogue platform is legally registered (through a Municipal Council By-Law/Decree and published in the Government Gazette), and the investment environment in the Municipality of Moshi improved”.

Process and milestones

The process of advocacy begins with sector chairs identifying sector roadblocks through conversation in sector group meetings, with entrepreneurs filling in a simple questionnaire which asks them to identify issues impeding their competitiveness and make suggestions for reform. The completed questionnaires are processed by the advisory secretariat – comprised of the TCCIA executive officer, the Municipal Solicitor and the author – which carries out a simple cost/benefit analysis of the entrepreneurs’ proposals.

Advocacy issues are presented to the advocacy committee of the Moshi Business Council and communicated to the media and grassroots advocacy committees. The Municipal Director and the council management team process the issues and present the proposed reforms to the appropriate committees and then to the full council for adoption.

We envisage six important milestones:

1. Lawyer presents findings on the Regulatory Impact Assessment study on the Moshi municipal by-laws and codifies them
2. Members of the Moshi Business Council are exposed to best practices in PPD
3. A private sector appreciative workshop is conducted for councillors
4. A memorandum of understanding between the Moshi Municipal Council and TCCIA-KILI is signed
5. Private sector actors are mobilized to give their opinions
6. A by-law establishing and sustaining the Moshi Business Council is legislated

Outreach strategies

Our strategy focuses on involving the private sector, and especially the micro-enterprise and informal sectors, in identifying impediments to doing business and lobbying the legislators. It is estimated that the informal economy in Tanzania is 58.3% of GNP, and without outreach strategies these groups would be likely to be neglected.

This grassroots advocacy will help to create legitimacy for the process. We plan to use the media extensively, and will develop a slogan that will motivate the private sector to believe that this is a serious and result-oriented project.

Monitoring and Evaluation

A set of indicators on different project levels – impact, project purpose and results – have been set (see below). We plan to monitor the results internally and compare them to the indicators from time to time. BEST-AC will conduct an external evaluation.

Level	Intervention Logic	Indicators
Impact	The cost of doing business in the Municipality of Moshi has decreased.	By 2010 the number of procedures to start and operate business has decreased by 20% compared to the baseline
Project Purpose	Public-Private Dialogue for self-motivated reforms in the Municipality of Moshi are promoted	By-laws and regulations are changed further to TCCIA policy issue papers and advocacy
Results	Issues blocking businesses are identified	At least 40% of policy briefs for identified issues in the Regulatory Impact Assessment study are drafted and presented to policy making bodies
	A PPD platform is established and sustained	A memorandum of understanding is signed between the Moshi Municipal Council and TCCIA

Challenges

The first two attempts to dialogue ran into problems because no steps were taken by the authorities to address the issues that were tabled, notably contentious taxes; TCCIA-KILI failed to organize follow-up meetings due to internal re-organization; the memorandum of understanding, which was the main driver to start dialogue, was not signed; and entrepreneurs lost interest when one of their main concerns was rectified by a decision of the national Ministry of Finance.

The above failures led to lessons that will help us tackle our challenges now. They are:

- How to cultivate political will among councillors and civil servants who have a socialist mind-set;
- How to convince entrepreneurs to advocate when some are used to paying their way through;
- Given that the project period is for only ten months, how to convince donors, who are interested in quick-wins, that PPD takes time.

Author:

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Felician John Ifunya is an organisational/institutional development practitioner and a technical expert for medium, small and micro enterprises with hands-on experience in enterprise extension, advice, consultancy, training and strategic planning.

He facilitated the establishment of the Kilimanjaro Investment Centre that, among others, was to develop the structure, systems and the strategy for the Local Economic Development Initiative. He has also worked as a technical advisor for the Kilimanjaro Region Chamber of Commerce, Industries and Agriculture and introduced the use and application of Chamber Development Systems that were designed by other consultants. He also mentored the Executive Officer, Information Officer and trained District Executive Officers.

Mr. Ifunya is a trainer/facilitator in business management and a micro-finance expert. He has conducted leadership training for several private sector organisations and guided their strategic plans. He has conducted training for the Rural Finance Services Program (RFSP) in Tukuyu, Mbarali, Mwanga, and Moshi rural. He has designed and facilitated a micro finance project for the Tanzania Gatsby Trust in Mwanga District, and VVF-Sweden for the Shimbi Women Development Fund.

As a Regional Manager of the Small Industries Development Organization (SIDO) from 1992 –2002 he was responsible for developing and counselling small, medium and micro enterprises in start up, rehabilitation, and growth.

He holds an Executive of Master of Business Administration (EMBA) from St Clements University Australia, and studied for his PhD at the same institution.