

# BUSINESS ENVIRONMENT IMPROVEMENT



TANZANIA  
DEVELOPMENT VISION 2025

**BIG  
RESULTS  
NOW!**  
ROADMAP



**TdV25!**



# CONTENT

|   |    |
|---|----|
| <b>BUSINESS ENVIRONMENT PRIORITY AREA</b> .....                                 | 01 |
| <b>REALIGNING REGULATIONS AND INSTITUTIONS</b>                                  |    |
| <b>Minister’s Message</b> .....   | 07 |
| <b>Overview</b> .....   | 08 |
| <b>Initiatives</b> .....  | 09 |
| Focus Area 1: Simplify Business Registrations .....                             | 10 |
| Focus Area 2: Establish Integrated Online Electronic Licensing Systems .....    | 13 |
| Focus Area 3: Streamline the Regulatory Regime .....                            | 15 |
| Focus Area 4: Reform the Compliance Enforcement System .....                    | 18 |
| <b>Governance Structure</b> .....   | 20 |
| <b>ACCESS TO LAND AND SECURITY OF TENURE</b>                                    |    |
| <b>Minister’s Message</b> .....   | 21 |
| <b>Overview</b> .....   | 22 |
| <b>Initiatives</b> .....  | 25 |
| Focus Area 1: Comprehensive Land Data and Integration of Land Information ..... | 26 |
| Focus Area 2: Improving Governance .....  | 30 |
| Focus Area 3: Efficiency in Land Management for Sustainability .....            | 35 |
| Focus Area 4: Favourable Gains from Land Investments .....                      | 37 |
| Focus Area 5: Building Awareness and Capacity .....                             | 39 |
| <b>Governance Structure</b> .....   | 41 |
| <b>TAXATION</b>   |    |
| <b>Minister’s Message</b> .....   | 42 |
| <b>Overview</b> .....   | 43 |
| <b>Initiatives</b> .....  | 45 |
| <b>Governance Structure</b> .....   | 47 |
| <b>CURBING CORRUPTION</b>   |    |
| <b>Minister’s Message</b> .....   | 48 |
| <b>Overview</b> .....   | 49 |
| <b>Initiatives</b> .....  | 51 |
| Focus Area 1: Education and Awareness .....                                     | 52 |
| Focus Area 2: Laws, Regulations and Enforcement .....                           | 54 |

---

|   |    |
|---|----|
| Focus Area 3: Structure, Systems and Processes .....  | 57 |
| <b>Governance Structure</b> .....                     | 59 |
| <b>LABOUR LAW AND SKILL SETS</b>                      |    |
| <b>Minister’s Message</b> .....                       | 60 |
| <b>Overview</b> .....                                 | 61 |
| <b>Initiatives</b> .....                              | 64 |
| Focus Area 1: Modernise Labour Laws .....             | 65 |
| Focus Area 2: Strengthen Labour Institutions .....    | 67 |
| Focus Area 3: National Employment Policy .....        | 69 |
| Focus Area 4: Skills Strategy and Interventions ..... | 70 |
| Focus Area 5: Skills Development .....                | 72 |
| <b>Governance Structure</b> .....                     | 74 |
| <b>CONTRACT ENFORCEMENT, LAW AND ORDER</b>            |    |
| <b>Chief Justice’s Message</b> .....                  | 75 |
| <b>Overview</b> .....                                 | 76 |
| <b>Initiatives</b> .....                              | 78 |
| <b>Governance Structure</b> .....                     | 85 |
| <b>NKRA LAB MEMBERS</b> .....                         | 87 |
| <b>APPENDIX</b> .....                                 | 90 |
| <b>GLOSSARY</b> .....                                 | 91 |

# BUSINESS ENVIRONMENT PRIORITY AREA

The Tanzania Development Vision aims, among other goals, to transform Tanzania into a middle-income country underlined by a highly productive, competitive, and dynamic economy by 2025<sup>1</sup>. The Vision seeks to propel Tanzania from a low productivity agricultural economy to a semi-industrialised one led by modernised processes supported by services and industry in urban and rural areas. The private sector, as a key engine of economic growth, thus plays a critical role in the realisation of Tanzania’s Development Vision.

Stemming from a history of socialist rule where economic activities were centrally planned, the introduction of trade liberalisation in the mid-1980s saw the gradual growth of private sector activities in Tanzania. Despite ongoing reforms in trade liberalisation, the majority (approx. 70%) of Tanzania’s population of 45 million depends on subsistence agriculture as a means of sustaining livelihoods. Despite being the economic backbone of the country, agriculture contributes relatively little (25%) to the country’s Gross Domestic Product (GDP). The great potential of creating enterprises across the agricultural productivity value chain has yet to be tapped into.

Tanzania’s economic growth, as measured through GDP, increased from an average of 3.3% in the early 1990s to an average of 6.7% between 2008 and 2012<sup>2</sup>. Foreign Direct Investment (FDI) inflows increased from USD 1.3 billion in 2008 to USD 1.8 billion in 2012<sup>3</sup>, indicating the relative attractiveness of Tanzania as an investment destination. Main FDI inflows have been in the mining, manufacturing, and electricity and gas sectors.

FIGURE 1 | Ease of doing business ranking.

| ECONOMY         | GLOBAL RANK<br>(out of 189) | SUB-SAHARAN AFRICA RANK<br>(out of 47) |
|-----------------|-----------------------------|--|
| Singapore       | 1                           |  |
| New Zealand     | 2                           |  |
| Hong Kong       | 3                           |  |
| Denmark         | 4                           |  |
| South Korea     | 5                           |  |
| Mauritius       | 28                          | 1                                      |
| South Africa    | 43                          | 2                                      |
| Rwanda          | 46                          | 3                                      |
| Ghana           | 70                          | 4                                      |
| Swaziland       | 110                         | 8                                      |
| <b>Tanzania</b> | <b>131</b>                  | <b>14</b>                              |
| Eritrea         | 189                         | 50                                     |

SOURCE: World Bank Ease of Doing Business 2015

<sup>1</sup> Tanzania Development Vision 2025

<sup>2</sup> Bank of Tanzania, Tanzania Investment Centre, National Bureau of Statistics, *Tanzania Investment Report 2013 – Foreign Private Investment*, p14

<sup>3</sup> Bank of Tanzania, Tanzania Investment Centre, National Bureau of Statistics, *Tanzania Investment Report 2013 – Foreign Private Investment*, p15

The economy is projected to continue growing at a steady rate over the next decade. However, despite positive progress on economic indicators, Tanzania continues to face challenges in lifting the estimated 34% of her people out of basic needs poverty<sup>4</sup>. This is mainly because macro-economic gains have not trickled down to significantly improve income levels of the majority of citizens. The private sector, long known for its ability to harness resources for the provision of goods and services, has the opportunity to contribute significantly more to Tanzania's economic growth.

The Government of Tanzania intends to unlock this potential by creating a conducive business environment that encourages foreign and domestic direct investments in the country through enhancing the efficiency of public service delivery, and strengthening public sector institutions.

Over the past few years, Tanzania has ranked relatively low in global business and competitiveness indices. The World Bank Ease of Doing Business Report for 2015, for example, ranked Tanzania 131 out of 189 economies, dropping one place from 130 in 2014<sup>5</sup>. The World Economic Forum Global Competitiveness Index 2015 ranked Tanzania 121 out of 144 countries, with key identified weaknesses in corruption, poor access to financing, inefficient Government bureaucracy, unfavourable tax rates and inadequate supply of infrastructure.

This is a clear signal of deteriorating competitiveness in the midst of the country's unrivalled potential to become the economic hub of East and Central Africa. While global rankings are largely relative in nature, they serve as effective indicators of general areas requiring improvement when addressing key regulatory and

institutional weaknesses that serve as barriers to enterprise development. A direct consequence of these challenges is the relatively slow growth and introduction of industries into the formal economy.

In addition to inefficient bureaucracy and administrative barriers, Tanzania's private sector growth is limited due to heavy regulation. This is illustrated by the existence of multiple and overlapping licences, levies and fees which lead to a high cost of compliance for business owners, and opportunities for rent seeking by public officials. The high cost of compliance easily dissuades business owners from engaging in the formal economy. This further limits business growth opportunities as enterprises face difficulties in accessing capital given their extra-legal status. However, the cost of capital remains relatively high even for those who are legally recognised due to risks faced by lenders and investors.

Despite remarkable global advances in information and communication technology (ICT), the country's public sector institutions have yet to realise the full potential of integrated information systems that store and, where necessary, share sufficient data on individuals and businesses. The sharing of information amongst institutions enables enhanced service delivery not only through increased transparency and accuracy of information flows, but also through reduced transaction costs for the citizen or business owner. Shared data provides room for greater analysis to inform policies that address the critical challenges faced in promoting private sector growth. From the lender's and investor's perspective, shared information contributes to the reduction of risks, thus creating greater opportunity for accessing capital. ICT alone, however, cannot

overcome limitations faced in servicing the private sector.

Access to justice is an additional factor hampering private sector growth in Tanzania. In the event a business entity enters into a dispute, the means of resolving this dispute through the justice system tend to entail a number of administrative procedures that are not entirely transparent. Alternative means of resolving disputes are not widely practised and access to justice is not affordable to many, particularly to small and medium enterprises.

Finally, as Tanzania aims to transition to a middle-income country, the appropriate level of skills in the workforce is required to meet growing industry demands. According to a National Skills Development Study<sup>6</sup> conducted in 2014, benchmarked against other Middle-Income Countries (MIC), the proportion of the high-skilled working population would have to increase by over 10 times, while middle- and low-skilled levels would need to increase by 2.6 times and 4.4 times, respectively, to contribute to industries required in attaining middle-income status. Challenges in sourcing the appropriate skilled workforce constitute an additional obstacle faced by businesses in Tanzania. The above factors constrain small, medium and large enterprises, thereby making it costly and difficult to do business in Tanzania.

**The Government of Tanzania intends to unlock this potential by creating a conducive business environment**

<sup>4</sup> National Bureau of Statistics, *Statistical Abstract 2013*

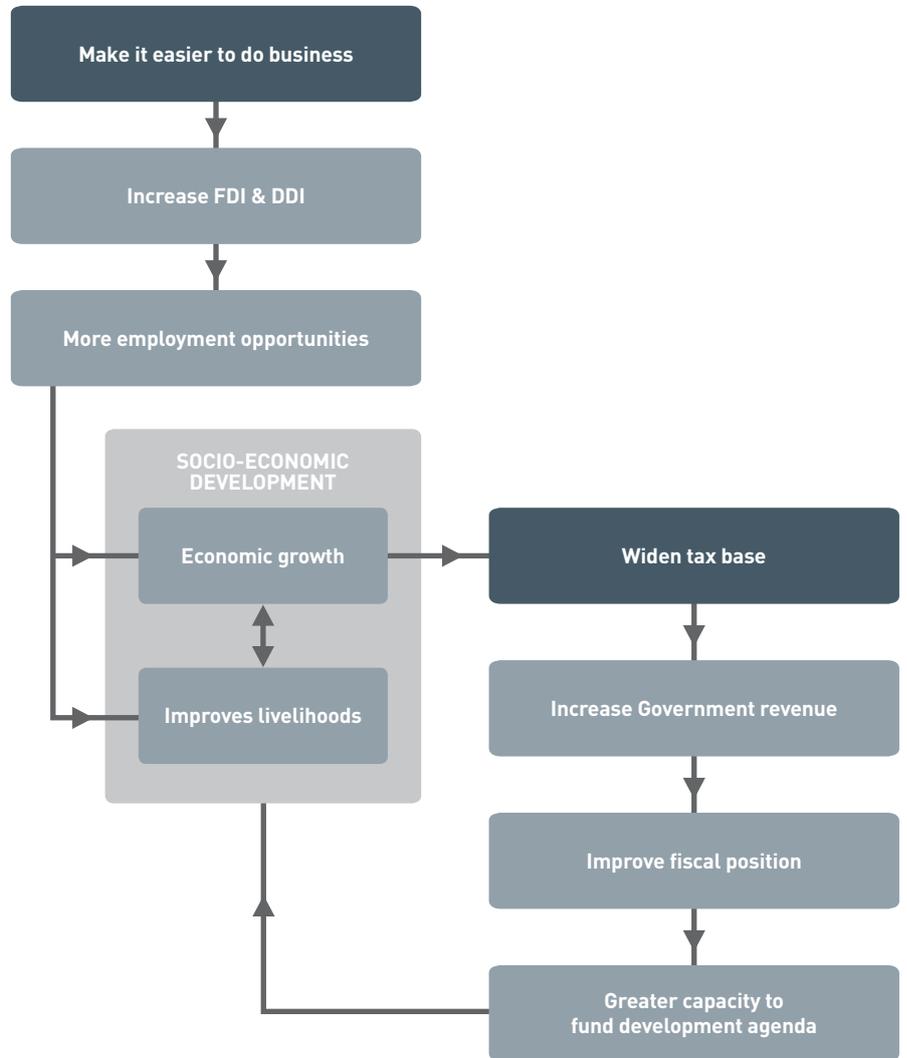
<sup>5</sup> During the Lab in 2014, Tanzania was positioned as 145 in the 2014 Ease of Doing Business Report (DB). Following recalibration of ranking calculations, the 2015 DB report ranked Tanzania as 131 for 2015, and 130 for 2014. In 2016, Tanzania's ranking for 2015 was readjusted to 140 out of 189 economies.

<sup>6</sup> President's Office Planning Commission, *National Skills Development Study, 2014*, p11

In its simplest form, making it easier to do business increases investor confidence in a country. This is reflected through the increase in both foreign and domestic direct investments. More private sector investments translate into greater opportunities for employment which lead to economic growth, and directly impact on improving the livelihoods of Tanzanians, thus contributing to socio-economic development.

When a country has a vibrant and growing economy, underlined by robust systems and accountability mechanisms, the number of taxpayers is expected to increase. This subsequently contributes to a widening of the tax base and thus generates greater revenue for the Government. With additional revenue, the Government will be in a better fiscal position to pay off its debts, and most importantly, effectively fund the country's development agenda. A conducive Business Environment therefore serves as a catalytic role in enabling other National Key Results Areas to fully function.

**FIGURE 2 | Relevance of the Business Environment Priority Area Context.**



**FDI:** Foreign Direct Investment **DDI:** Domestic Direct Investment

BE serves a **catalytic role** in enabling other NKRA to fully function



# BUSINESS ENVIRONMENT IN BIG RESULTS NOW!

The Business Environment Improvement Priority Area (BE) was introduced under Big Results Now! (BRN) following the Government's recognition of the need for concerted efforts towards creating an enabling environment for the private sector to thrive in Tanzania. Under BE, six priority areas were determined in consultation with the private sector between February and April 2014. The six cross-sectoral and inter-linked work streams (now six National Key Results Areas or NKRA) that address key issues faced by the private sector in Tanzania comprise:



**REALIGNING REGULATIONS  
AND INSTITUTIONS NKRA**



**ACCESS TO LAND AND  
SECURITY OF TENURE NKRA**



**TAXATION**



**CURBING  
CORRUPTION NKRA**



**LABOUR LAW AND SKILL  
SETS NKRA**



**CONTRACT  
ENFORCEMENT, LAW AND  
ORDER NKRA**

Each NKRA has a number of initiatives which seek to address fundamental regulations, procedures and costs related to operating a business in Tanzania. Successful implementation of the initiatives under each BE NKRA are, collectively, expected to have a catalytic effect on improving productivity and competitiveness within the economy.

The following is a summary of key outcomes expected from each NKRA.



### REALIGNING REGULATIONS AND INSTITUTIONS

This NKRA aims to simplify business activities registration and licensing, as well as streamline the regulatory regime in order to reduce the cost of compliance. Specific targets for 2018 include reducing the number of procedures for starting a business from nine to three, reducing the time required to start a business from 26 days to four days, and reducing the total cost of starting a business by 75%. Through the above changes, the NKRA aims to increase the number of registered MSMEs in the country.



### ACCESS TO LAND AND SECURITY OF TENURE

In recognition of the critical role of land as a means of production and major source of capital, this NKRA aims to improve land administration through the introduction of integrated information systems and by strengthening systematic adjudication as well as mechanisms for resolving land disputes. It also aims to introduce monitoring of land that has been identified as suitable for investment in order to realise the full wealth potential that can be generated from land investments. A total of 10 million Customary Certificates of Right of Occupancy (CCRO) for rural land and one million Certificates of Right of Occupancy (CRO) for urban land are expected to be systematically issued by 2018.



### TAXATION

This NKRA aims to improve tax administration to ease the burdensome process of paying taxes. Key areas to be addressed include process reengineering as well as the introduction of coordinated consultative mechanisms between public and private sectors in fiscal policies.



### CURBING CORRUPTION

As corruption continues to undermine Tanzania's political, economic and social progress, this NKRA aims to reduce the prevalence of corruption by enhancing public awareness on the negative effects of corruption, introducing mechanisms for discouraging corrupt practices such as more stringent laws against corrupt behaviour, introducing whistleblower protection laws, and automating procurement systems to create greater transparency and accountability. The target is to improve Tanzania's score on Transparency International's Corruption Perception Index from 31 (in FY2013/2014) to 75 by FY2017/2018.



### LABOUR LAW AND SKILL SETS

This NKRA aims to address two complementary areas of improving industrial harmony by introducing more favourable labour laws for both employers and employees, and minimising the skills gap that exists between market demand and the supply of skills from the existing and future workforce. Initiatives in this NKRA seek to strengthen and improve the efficiency of labour institutions and review outdated employment policies. This NKRA targets to reduce the proportion of Tanzania's low-skilled workforce from 83% to 54% by 2018.



### CONTRACT ENFORCEMENT, LAW AND ORDER

This NKRA aims to improve commercial dispute resolution by raising the efficiency of court procedures and case management, and improving access to justice by promoting the use of alternative dispute resolution and creating small claims procedures for micro, small and medium enterprises (MSMEs). It seeks to halve the total number of days from case filing to execution (from 515 days to 250 days), and reduce the total cost from case filing to execution from 14% to 10%. The additional objective is to increase transparency and quality of judgements by encouraging information sharing within the Judiciary and with the public.

While the NKRA initiatives were derived from the consultative lab process, these initiatives may be further refined and changed during the implementation stage. Any changes made to the initiatives will be geared towards delivering the targets of the NKRA, and will maintain the broader objective of improving the business environment.

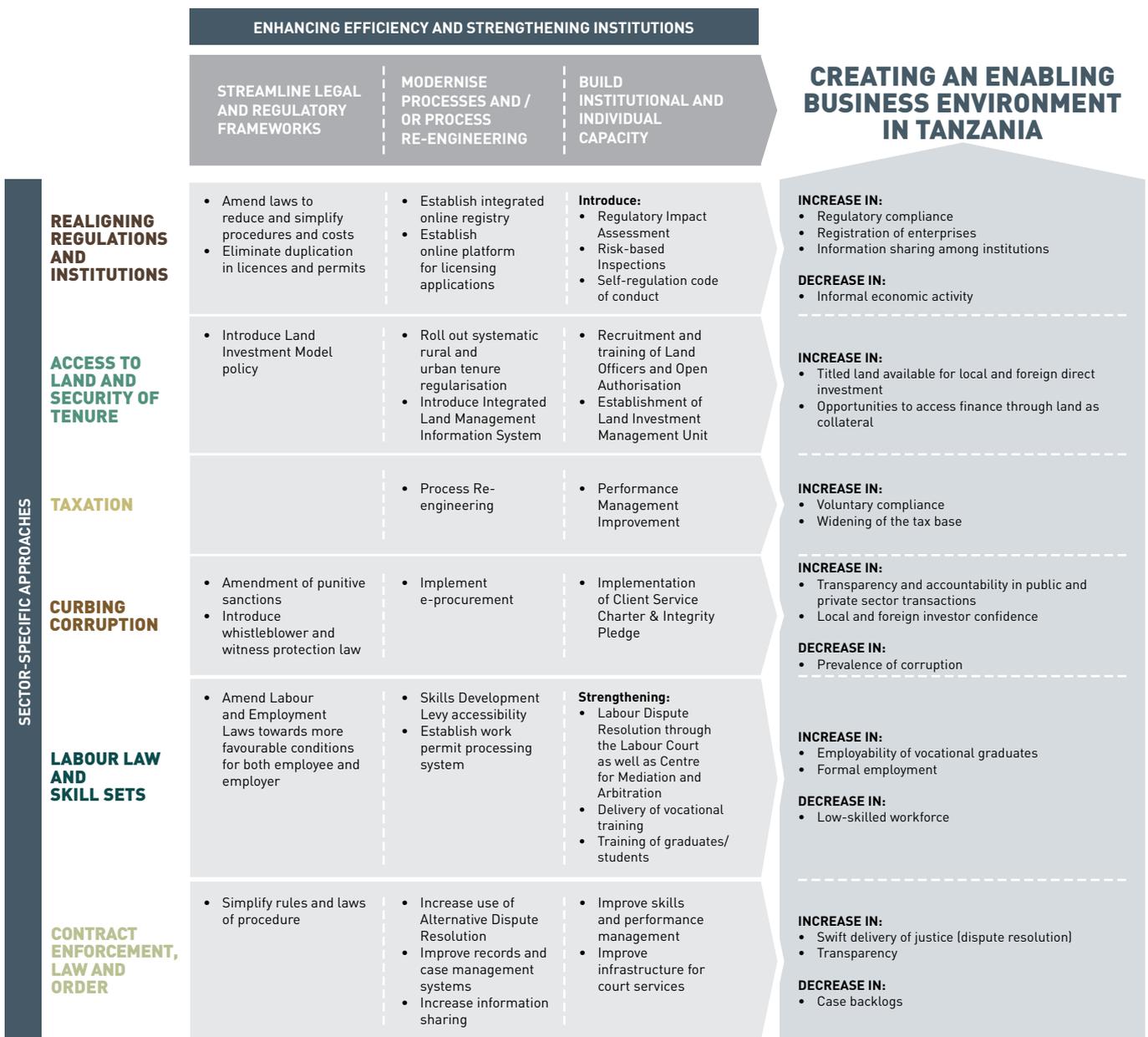
# BUSINESS ENVIRONMENT IMPROVEMENT FRAMEWORK

The underlying framework across all NKRA in the BE Priority Area consists of three main types of intervention:

- 1. Streamlining legal and regulatory frameworks:** Improving the quality of laws and regulations in order to better facilitate administration and enforcement.
- 2. Modernising processes:** Enhancing efficiency in workflow processes with the aim of reducing the burden of excessive compliance procedures and costs.
- 3. Building institutional and individual capacity:** Developing structures and human capital required to implement/enforce regulations and new processes, as well as to sustain business reforms.

The structure of the Business Environment Priority Area is illustrated in Figure 3.

**FIGURE 3 | Business Improvement Framework.**



## NATIONAL KEY RESULT AREA

# REALIGNING REGULATIONS AND INSTITUTIONS

Ministry of Industry, Trade and Investments

## MINISTER'S MESSAGE

The Government of Tanzania has identified key economic sectors that, if fully invested, have the potential to transform the lives of citizens. These sectors, which fall in line with Big Results Now! National Key Results Areas, include agriculture, infrastructure and tourism. Private sector investment in these sectors has been relatively low due to a number of identified challenges.

Both local and foreign investors depend on a consistent legal and regulatory framework administered by reliable institutions to protect their interests and their right to undertake commercial transactions in a fair and equitable manner. Over the years, Tanzania's business environment has become constrained due to duplicated regulatory requirements and a multiplicity of licensing processes. This has made Tanzania relatively unattractive to potential investors and has discouraged informal businesses from formalising.

While global business processes have become more streamlined over the years due to the introduction of new technology, Tanzania has not kept up with the changes, thus resulting in relatively higher costs of doing business. In addition, the complex regulatory environment has proved to be

relatively disruptive to day-to-day operations, and creates loopholes within the framework that encourage rent-seeking behaviour from public service providers.

The Ministry of Industry, Trade and Investments (MITI) acknowledges that there is a pressing need to realign our regulatory framework and institutions to create a more facilitative environment for the private sector. Our priorities under this NKRA are straightforward: make it easier to start and run a business in Tanzania by streamlining the regulatory regime, and ensure current and future legislation is supportive of businesses.

We are also aiming to modernise company registration and licensing processes by introducing online and electronic mediums. One of our key initiatives is to make all information pertaining to business licensing requirements available online to create greater transparency in the licensing process. Necessary amendments to existing legislation will also be made to allow businesses to register and apply for licences online.

Finally, we are committed to the elimination of redundant legislation. These duplicated requirements in our licensing and regulatory framework are

increasing the cost of doing business. We will therefore take measures towards identifying and eliminating these redundancies.

To achieve this, the Ministry is collaborating closely with Local Government Authorities (LGAs) and other stakeholders to ensure a smooth transition from the existing framework. I would like to take this opportunity to extend an invitation to the private sector to continue collaborating with us in our quest to transform the business environment in Tanzania to our mutual advantage. We look forward to working together in making Tanzania an easier place to do business.

**Hon. Charles Mwijage**

Minister of Industry, Trade and Investments

# OVERVIEW

In analysing the existing legal and institutional framework, three fundamental problems were identified:

- i) Multiple and duplicating regulations and regulatory mandates
- ii) A lack of coordination and harmonisation among regulatory authorities
- iii) Overly prescriptive and outdated business legislation.

These problems have, in turn, contributed to inefficiencies in four distinct areas:

**1. Drafting and communicating regulations:** The absence of regulatory impact assessments (RIAs), as well as a bureaucracy that continues to rely on paper transactions and multiple overlapping regulatory mandates, have made the drafting and communication of regulations ineffective and inefficient.

The tendency of various regulatory institutions to operate independently of each other has also resulted in a multiplicity of licensing requirements, which adds unnecessary costs to businesses.

**2. Applying for new and renewal of business licences and other entry requirements:** In order to start a business in Tanzania, business owners undergo a complex process of application with multiple public institutions, including regulatory authorities. The renewal processes are equally complex.

Currently, there is no existing integration mechanism among regulatory authorities and key public service delivery institutions to share relevant information among themselves. This lack of integration creates inefficiencies in various processes involved in the business life cycle.

**3. Enforcing regulations: Present enforcement mechanisms in Tanzania are not operating optimally due to:**

- Inadequate compliance frameworks
- the duplicity of institutional mandates to undertake enforcement activities
- the lack of proportionality in sanctions taken against regulatory breaches.

The existing inconsistencies create an environment of uncertainty as businesses have no clear direction on compliance requirements.

The above factors deter businesses from formalising and discourage existing formal businesses from maintaining their legal status.

# INITIATIVES

The Realigning Regulations and Institutions NKRA will implement 13 initiatives that will contribute towards creating a competitive and conducive business environment in Tanzania. The NKRA aspires to transform Tanzania into one of the top five countries for doing business in Sub-Saharan Africa by 2018.

The topline Key Performance Indicators (KPIs) for 2017/2018 are:

1. Reduction of time taken to start a business from 26 days to 4 days
2. Reduction of cost to start a business by 75%
3. Reduction of time to renew a business licence from 12 days to 2 days
4. Reduction of cost to renew a business licence by 25%

5. To increase registered micro, small and medium enterprises (MSMEs) from 30% to 75%.

Table 1.1 provides an overview of the NKRA's Focus Areas and initiatives. The initiatives were selected based on their high impact potential as well as level of readiness for implementation.

**TABLE 1.1 | An overview of the NKRA's Focus Areas and initiatives.**

| FOCUS AREA   | INITIATIVE  |
|--|---|
| Simplify business registrations                          | Repeal the Business Licensing Act (1972) and replace with a revised Business Activities Registration Act (BARA) |
|  | Establish an online integrated registry from different agencies   |
|  | Amend relevant laws to reduce procedures for starting a business  |
| Establish integrated online electronic licensing systems | Establish an online portal of licences, procedures and fees   |
|  | Amend relevant laws to enable online processing of licences   |
|  | Establish electronic licensing processes and central online Licensing Portal for licence applications           |
| Streamline the regulatory regime                         | Eliminate unnecessary, duplicating and overlapping licences and permits   |
|  | Simplify procedures for business laws and regulations (including inspection and penalties)                      |
|  | Introduce and institutionalise regulatory impact assessment (RIA) methods                                       |
|  | Introduce a code of conduct that encourages self-regulation in selected sectors                                 |
| Reform compliance enforcement system                     | Make all compliance requirements and inspection processes and standards accessible online                       |
|  | Develop and introduce criteria for risk-based inspection enforcement  |
|  | Formalise Small and Medium Enterprises in the mining sector   |

# FOCUS AREA 1: SIMPLIFY BUSINESS REGISTRATIONS

The initiatives grouped under this Focus Area aim to simplify business registration and enhance coordination between various regulatory institutions and agencies.

## 1 REPEAL THE BUSINESS LICENSING ACT (1972) AND REPLACE WITH A REVISED BARA

Obtaining a licence is a mandatory requirement for starting a business in Tanzania. The Business Licensing Act No. 25 of 1972 (BLA 1972) was found to not only be outdated, but also, positioned with conflicting objectives of regulating businesses, generating revenue, and collecting business information for analysis.

The BLA 1972 imposes both cost and procedural burdens on business start-ups as well as going concerns.

The Business Activities Registration Act (BARA) was enacted in 2007 with the aim of simplifying the business registration process by consolidating all existing registries under a single integrated electronic system. It was expected that BARA would reduce the overall cost of starting a business as well as reduce administrative and regulatory constraints related to operating a business in Tanzania. Amendments would also be required for the Business Name (Registration) Act Cap 213.

In order for the Act to be fully enforced, the BLA 1972 would need to

be repealed so as to ensure business activities were governed under one common and recognised law.

This initiative will repeal the BLA 1972 and replace it with an amended BARA. The BARA will legally mandate the Business Registrations and Licensing Agency (BRELA) to manage the registration of business. The BARA will also mandate the relevant authorities to register business activities electronically.

In order to achieve this, the Government of Tanzania (GoT) will work with legal experts and key stakeholders to recommend and draft amendments to the BARA for tabling and passage in Parliament. The legal experts will also prepare regulations and guidelines for implementing the amended BARA. The goal is to enforce the amended BARA and repeal the BLA 1972 by FY2015/2016.

## 2 ESTABLISH AN ONLINE INTEGRATED REGISTRY FROM DIFFERENT AGENCIES

The establishment of an integrated online registry will create an electronic one-stop centre for businesses to register, thus simplifying the registration process. In addition to submission of applications, it is expected that the online system will provide for electronic payments. The registry will also function as a single repository of information that can be accessed by various Government ministries, departments and agencies (MDAs).

BRELA will be the administrator of the registry and will work with various

stakeholders such as the Tanzania Revenue Authority (TRA) and Pension Funds to design the online system.

Once established, it is expected that business owners will not be required to submit the same information to different Government MDAs, thus reducing the total time required to comply with various institutional obligations. The integrated online registry is expected to improve processing of transactions, therefore reducing the total time and cost of business activities registration.

While the goal is to move the entire registration process online, the transition will be gradual. Applicants in remote locations and those who do not have access to, or are not conversant with, ICT systems will still be able to file their applications at designated registration centres.

This initiative aims to have an integrated online registry operational in Dar es Salaam by FY 2015/2016.

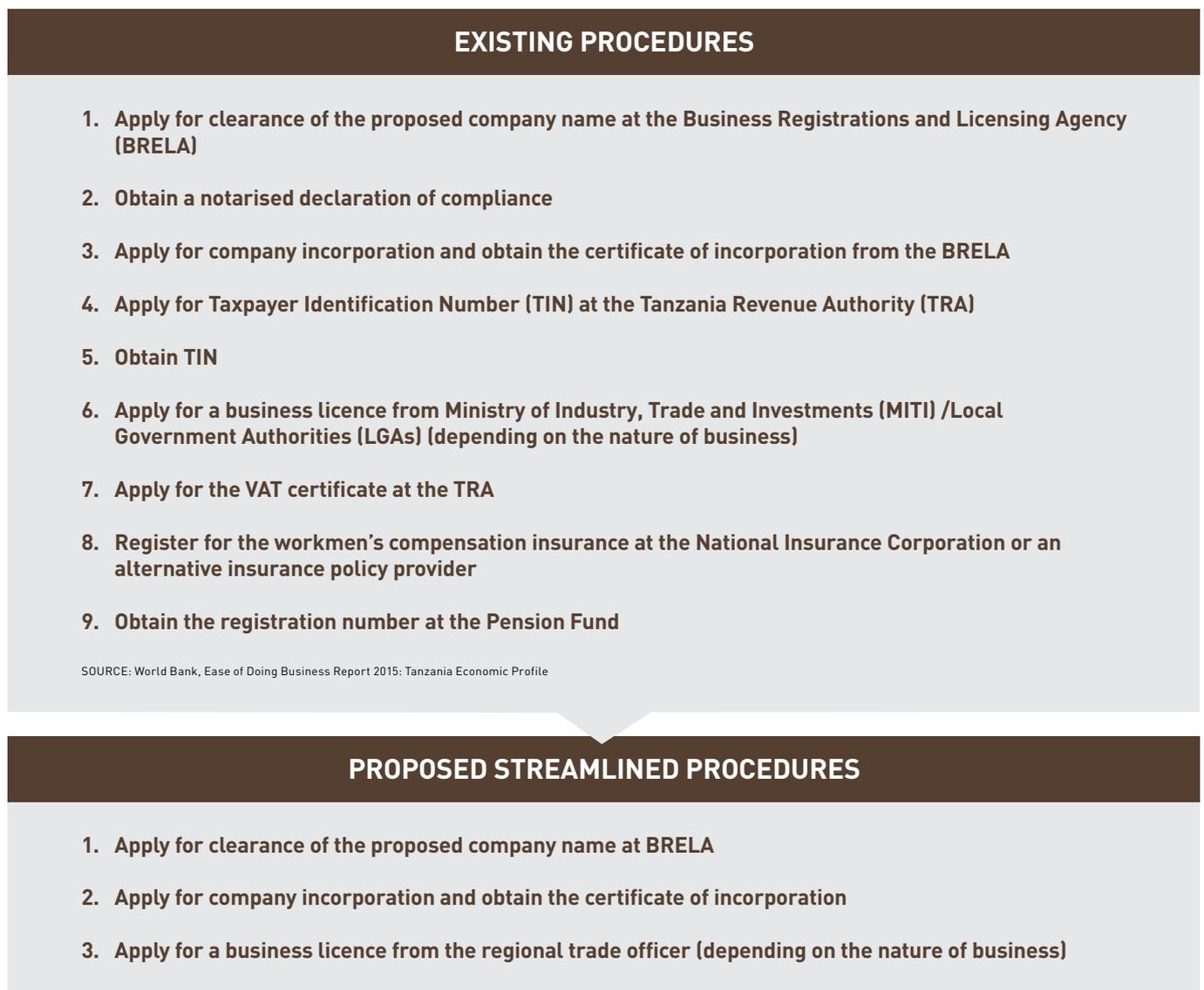
## 3 AMEND RELEVANT LAWS TO REDUCE PROCEDURES FOR STARTING A BUSINESS

This initiative is aimed at reducing the number of procedures required to start a business. Presently, new companies are required to undertake nine separate procedures to obtain proper registration and licensing to legally trade. These procedures are conducted by a number of public service institutions including BRELA, the TRA, Pension Funds, and relevant MDAs.

As these procedures are mandatory under the existing legislative

framework, the revision of any procedure will require that the applicable laws be amended. The Key Performance Indicator (KPI) for this initiative is to reduce the number of procedures needed to start a business from nine to three by June 2018.

The reduction in the number of procedures is expected to ease the process of starting a new business and therefore encourage new business entry into the economy. This is detailed in Figure 1.1.

**FIGURE 1.1 | Proposed reduction of procedures for starting a business from nine to three by FY2017/2018.**

## FOCUS AREA 2: ESTABLISH INTEGRATED ONLINE ELECTRONIC LICENSING SYSTEMS

Initiatives under this Focus Area aim to modernise the licensing application process from being paper-based to one that uses electronic and digital means through the introduction of an online system supported by the appropriate legislation. This move will create a more efficient and effective licensing process.

The use of electronic portals facilitates better communication of changes and updates to business licensing requirements and policies to stakeholders. Access to information is also made easier through electronic portals, thus promoting transparency and discouraging rent-seeking behaviour.

### 4 ESTABLISH AN ONLINE PORTAL OF LICENCES, PROCEDURES AND FEES

There is presently limited information of business rights and obligations provided by the various regulatory authorities. This leads to a limited level of awareness of rights and obligations in the business community. In addition, there is no comprehensive list of licence requirements under specific sectors and activities. The limited access to up-to-date licensing requirements and the lack of a central repository of information have introduced inefficiencies in licence application processes for business owners.

Under this initiative, the MITI, in collaboration with relevant Government institutions, will establish the National Business Portal (NBP) to function as a one-stop repository for all licensing information. The Portal will

provide investors, international traders and Tanzanian businesses with a single window into the information and services offered by the Government. Over time the business portal will allow these users to find relevant information, provide suggestions and feedback, and transact services in a safe and convenient electronic environment (refer to Initiative 6).

It is expected that the Portal will increase transparency and reduce the time needed to obtain licences.

The KPI is to have all licences, procedures, fees, laws and regulations of MDAs uploaded to the Portal by FY2016/2017.

## 5 AMEND RELEVANT LAWS TO ENABLE ONLINE PROCESSING OF LICENCES

Processing licences online will require the amendment of a number of laws. Presently, the provision of online services is not possible because electronic evidence is not recognised for business transactions under Tanzanian law. The Lab recommended a review of existing provisions in the Evidence Act and the Companies Act, Cap 212 to allow for online processing. At the same time, the Ministry of Education, Science, Technology and Vocational Training is also in the process of drafting comprehensive

legislation<sup>1</sup> for electronic transactions. Moreover, under the present legislative framework, the incorporation of companies and the registration of business names can only be done in person in Dar es Salaam by the Registrar of Companies. While the appointment of the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) as a registration agent has partially addressed the problem, the availability of registration outlets remains limited throughout the country.

Following the introduction of relevant amendments to legislation, it is expected that the laws will allow for:

- i. the recognition of electronic signatures as evidence of authorisation, and
- ii. application and issuance of electronic certificates and licences.

The aim is to have relevant laws in place by FY2016/17.

## 6 ESTABLISH ELECTRONIC LICENSING PROCESSES AND CENTRAL ONLINE LICENSING PORTAL FOR LICENCE APPLICATIONS

The existing licensing and registration processes are paper-based systems that are relatively cumbersome as they require applicants to re-submit information already provided to other Government MDAs. At the same time, these paper records provide the Government with limited capacity to conduct statistical analysis to help inform policy decisions.

This initiative aims to create a central

online Licensing Portal. The Licensing Portal (also known as the National Business Portal - refer to Initiative 4) will process licence applications online and therefore reduce the need to travel to physical MDA offices. This will ease the process of obtaining a licence for business owners.

The Portal will also integrate with the online business registration system (Initiative 2). This will be made possible

by the amendments to legislation in Initiatives 3 and 5.

The system will be developed as a pilot with its initial focus on the agriculture, transport, tourism and mining sectors.

The aim is to establish a Portal that is able to process licence applications for the pilot business sectors of agriculture, transport, tourism and mining by FY2016/2017.

<sup>1</sup> This legislation has since been passed by Parliament and is known as the Electronic Transaction Act 2015

# FOCUS AREA 3: STREAMLINE THE REGULATORY REGIME

Initiatives under this Focus Area aim to create a more transparent regulatory framework and promote greater awareness, as well as encourage the practice of self-regulation.

## 7 ELIMINATE UNNECESSARY, DUPLICATING AND OVERLAPPING LICENCES AND PERMITS

Businesses in Tanzania face heavy compliance costs due to multiple licences, permits and fees. The lack of coordination between institutions results in instances of overlapping and duplicating laws that businesses must comply with. In addition to the monetary costs, the multiplicity of licences, permits and fees imposes an additional administrative burden on businesses.

This initiative aims to streamline the business licensing system in Tanzania through the establishment of a Secretariat and Business Licensing Reform Committee. The Committee, made up of stakeholders drawn from various institutions, including the private sector, will guide the licensing reform process.

The Secretariat will comprise technical analysts who will drive the phased process of licensing reform. A comprehensive inventory and review of business licences will be conducted. This will be followed by identification of duplicated or overlapping licensing requirements. Finally, recommendations will be made on licences that need to be eliminated. This will create a more cost- and time-effective licensing system and streamline the regulatory role of agencies.

The KPI for this initiative is to reduce the number of licences and permits in the prioritised sectors of agriculture, transport, tourism and mining by at least 25% by FY 2017/2018<sup>2</sup>.

<sup>2</sup> The target of 25% is subject to revision following the completion of a full inventory of all existing licences

## 8 SIMPLIFY PROCEDURES FOR BUSINESS LAWS AND REGULATIONS (INCLUDING PROCEDURES FOR INSPECTION AND PENALTIES)

Following the completion of the licensing reform exercise (Initiative 7), this initiative will simplify compliance procedures by eliminating and/or streamlining duplicated institutional roles and functions.

Under the current regulatory regime, businesses have to comply with duplicated processes (including inspections), which increase administrative costs. Businesses are currently required to apply for annual

licence renewals, which may not be necessary if inspections have been systematically carried out.

The multiplicity of institutional mandates has also complicated data gathering processes, resulting in inaccurate information on licensing statistics which are used for policy decisions. The initiative will thus create a more efficient and cost-effective business licensing framework, as well as provide more accurate data.

The MITI in collaboration with MDAs in the agriculture, transport, tourism and mining sectors will identify and recommend simplification of business-related laws and regulations for the respective key sectors.

The target is to have all identified overlapping procedures simplified by FY2017/2018.

## 9 INTRODUCE AND INSTITUTIONALISE REGULATORY IMPACT ASSESSMENT (RIA) METHODS

This initiative aims to institutionalise RIAs in existing business policy and law-making processes to ensure changes proposed are supportive of business development. Under the present system, new laws that incur additional fees and levies are being added unpredictably as there is no process in place to assess the impact of their introduction.

Private sector consultation and participation in drafting laws and subsidiary legislation has been limited over the years. The private sector currently functions under complex

compliance requirements of an estimated 87 laws. This has resulted in stunting the competitiveness of the private sector and perpetuated an environment of unpredictability in doing business.

RIAs, which require thorough consultative processes, will ensure that proposed changes are inclusive and effectively syndicated with all stakeholders, including the private sector. The participation of the private sector will help to ensure that new compliance requirements add value to the overall regulatory process and

will not unduly affect private sector competitiveness.

This initiative, led by the Prime Minister's Office (PMO) and its agencies, will require all new business-related laws and regulations to utilise the RIA method in their formulation by June 2016.

The target is to have all MDAs in the four prioritised sectors of agriculture, transport, tourism and mining implementing RIAs by FY2017/2018.

# 10 INTRODUCE A CODE OF CONDUCT THAT ENCOURAGES SELF-REGULATION IN SELECTED SECTORS

This initiative aims to promote self-regulation by creating greater awareness on the importance of self-regulation in a market economy.

The self-regulation code of conduct provides businesses with practical guidelines to assist with adherence to rules within their respective sectors and reduces reliance on constant regulatory institutional oversight as an enforcement mechanism.

Self-regulation reduces risks related to day-to-day operations of a business. The present enforcement system has proven to be ineffective due to limited availability of information on codes of practice in relevant sectors. The inadequate number of enforcement personnel further limits the extent to which institutions can regulate businesses. However, recruitment of more personnel adds costs to the Government.

The Tanzania Private Sector Foundation (TPSF) will develop the code of conduct and work towards adoption of the code by 80% of national business membership organisations by FY2017/2018.

## FOCUS AREA 4: REFORM THE COMPLIANCE ENFORCEMENT SYSTEM

The initiatives in this Focus Area aim to create greater transparency and efficiency in compliance procedures and contribute to the creation of a more effective inspection regime.

### 11 MAKE ALL COMPLIANCE REQUIREMENTS AND INSPECTION PROCESSES AND STANDARDS ACCESSIBLE ONLINE

This initiative aims to make all inspection and compliance requirements available online for greater transparency.

Presently, private stakeholders are not fully aware of their rights and obligations.

The initiative, implemented by the MITI and regulatory MDAs, will provide greater clarity in all necessary compliance and inspection requirements for both businesses as well as enforcement agencies. The KPI for this initiative is to have all compliance requirements and

inspection standards published online by regulatory agencies from the four prioritised sectors of agriculture, transport, tourism and mining by FY2016/2017.

### 12 DEVELOP AND INTRODUCE CRITERIA FOR RISK-BASED INSPECTION ENFORCEMENT

The multiplicity, complexity and lack of transparency in inspection processes for regulated economic activities lead to overlaps and duplications in inspection regimes. This results in high transaction costs for both the private sector and Government.

This initiative aims to introduce the systematic application of standardised risk-based inspection so as to increase

the effectiveness and efficiency of regulatory agencies thereby reducing transaction costs, and ultimately raising competitiveness of Tanzanian businesses.

Currently, only the TRA has a systematic approach to risk-based inspection, with a complete set of guidelines.

This initiative will be led by the

MITI in collaboration with other key stakeholders in the public and private sectors. The KPI for this initiative is the 100% adoption of risk-based enforcement by the four prioritised agencies by FY2017/2018.

## 13 FORMALISE SMALL AND MEDIUM ENTERPRISES IN THE MINING SECTOR

The mining sector in Tanzania receives the highest level of FDI inflows. However, the mining sector's contribution to GDP remains minimal at an estimated 3% and constitutes approximately 0.1% of total employment in the country. The sector, however, is plagued with informal miners, particularly on the small and medium scale.

The aim of this initiative is to have all small miners registered and operating under standard guidelines that will assist with enhancing compliance to regulations.

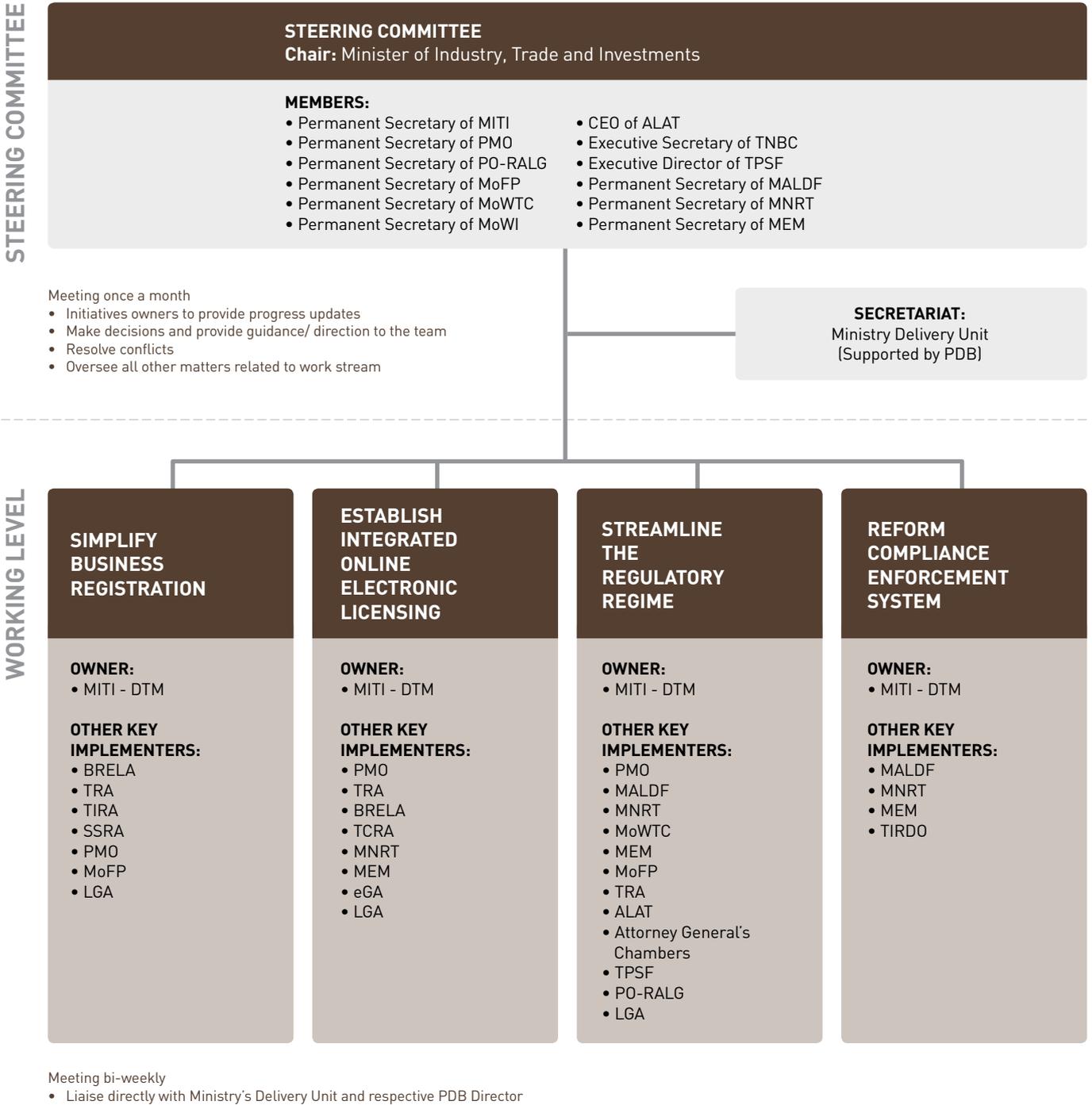
Encouraging more formalisation will be done through the review of legislation. Mineral experts and stakeholder engagement will be key in recommending measures to formalise the existing SMEs in the mining sector, thus reducing the number of

informal businesses in the country. The initiative also aims to establish a database of small-scale mines in order to accurately capture their production. Finally, a comprehensive review on how to support small-scale miners including marketing their produce and building entrepreneurship skills will be conducted.

By working in line with the current Sustainable Management of Mineral Resources Project (Phase II), benefits of the mineral sector can be improved and drive formalisation of SMEs. This will in turn provide greater access to mineral production data and an increase in earnings.

The KPI for this initiative is to have all small miners registered with the appropriate authorities by FY2016/2017.

# GOVERNANCE STRUCTURE



## NATIONAL KEY RESULT AREA

# ACCESS TO LAND AND SECURITY OF TENURE

Ministry of Lands, Housing and Human Settlements Development (MLHSD)

## MINISTER'S MESSAGE

As Tanzanians, we have strong ties with our land, having depended on the land for millennia to sustain our families. Land continues to play a major role in our lives, and in securing our wealth as individuals and as a country.

In addition to being a key component for our agricultural activities, land has also become a crucial factor for the establishment of businesses in Tanzania. The latter has become increasingly important as the Government seeks to better the lives of all Tanzanians through the creation of high-value jobs and to generate the revenue we will need to improve amenities and infrastructure in the country.

In order for us to fully capitalise on our landholdings, we need to facilitate effective ownership and transaction of lands. This can only be done through the proper titling of our land. With access to titles, landowners will be able to use their land to generate wealth through making it available for investment or through use as collateral. There is therefore a need to ensure that a systematic and comprehensive process for documenting land ownership is in place for both urban and rural areas.

To minimise disputes arising from

the regularisation process, we will be strengthening our land tribunals to ensure peaceful settlements. Being mindful of the need to develop resolutions that will benefit all parties involved in land disputes, we aim to establish a comprehensive settlement mechanism.

At the same time, we will be launching the Integrated Land Management Information System (ILMIS). ILMIS is an electronic platform that will support efficient administration of cadastre and real property registration at central, zonal and district level. An accurate database on land ownership will help us plan land use, and therefore help the Government make better decisions on land administration matters.

We recognise that the participation of landowners is crucial in ensuring the smooth implementation of these plans. Hence, we will conduct extensive campaigns to raise the level of public awareness. These campaigns will focus on rights and obligations with respect to land laws and policy, land rights, land dispute settlement mechanisms and opportunities to generate wealth from land.

In supporting these activities, the Ministry is dedicated to improving land administration services to all parties. We will restructure our departments

to better align with this vision, while simultaneously building the capacity of district officers to ensure consistency in service delivery. We will also focus on the training of our staff to ensure that they meet public expectations.

I am confident that these activities will benefit both citizens and businesses, and will make Tanzania a more attractive investment destination for potential investors. I believe it bears repeating that the efficiencies that we hope to create from these initiatives are ultimately meant for all Tanzanians as we strive towards our ambitions set out in the Tanzania Development Vision 2025.

I look forward to the cooperation of all Tanzanians in accomplishing this goal.

### **Hon. William Lukuvi**

Minister of Lands, Housing and Human Settlements Development

# OVERVIEW

Tanzania's strategic location in the region creates great potential for investment in a range of sectors including agriculture, tourism, energy and transport. Sharing its borders with eight other countries in the region, Tanzania has the potential to become a key trading partner for regional countries, as well as a logistics hub given its access to several ports. However, the realisation of Tanzania's potential will depend on the amount and level of investment it receives, which, in turn, hinges on ease of access to land and the security of tenure.

With a total area of approximately 900,000 square kilometres, Tanzania has vast land which has, for the most part, remained undocumented. Only 10% of the total land area had been surveyed and titled by 2014, and out of this, only 2% was available for commercial use. The relatively low proportion of land that has been formally recorded in the Government registries means that many of the occupants lack documentation indicating their legal ownership of the land.

Urban centres in Tanzania have experienced rapid growth, with much of the growth occurring beyond the scope of existing town plans. The majority of landowners in urban areas lack proper ownership documentation and local authorities are unable to adequately address the unplanned growth. The lack of comprehensive ownership information means that landowners are unable to use their land as collateral in accessing finance and in joint venture projects with other

investors/partners. Specific challenges in land acquisition and transactions include:

1. **Lengthy process of acquiring land titles:** The process of acquiring land titles can take up to seven years to complete. Stakeholders have reported that the process is unclear and difficult to track. The challenges with the process can be divided into three categories:
  - a. Insufficient human and financial resources in the form of skill deficiencies and budget for the Ministry of Lands, Housing and Human Settlements Development (MLHSD) to adequately manage land data.
  - b. Weak coordination between the MLHSD and various institutions, including the President's Office-Regional Administration and Local Government (PO-RALG), and the Tanzania Investment Centre (TIC), resulting in unclear reporting lines and duplicated work.
  - c. An inconsistent legal and policy framework.
2. **Difficulty in obtaining villager consensus to transfer land for commercial use:** The benefits to rural Tanzanians in transferring land to large-scale investors are few or opaque under the present system, and hence have hindered the process of getting consensus from villagers to approve the transfer. It is difficult to obtain consensus from villagers

to transfer land to large-scale investors because of a number of factors including:

- a. Contested compensation arrangements arising from disagreements over the method used to value the land.
  - b. The proposed investment project is of poor quality due to the lack of adequate screening and poor feasibility studies.
  - c. Lack of positive benefit-sharing/investment models to be used as examples.
  - d. Lack of monitoring and enforcement of investment plans, thus leading to the misuse of land.
3. **Weak land administration and incomplete land information system:** Presently, nearly 90% of the land in Tanzania has not been surveyed and titled. The cost associated with the formalisation of land ownership is high, and there is no reliable computerised land information system. Instances of corruption have further weakened the administration of land, and perpetuate a lack of trust in the land acquisition process.

At the same time, administrative challenges have hampered enforcement in ensuring land is being used correctly, which has increased environmental pressure on the land.

The land administration system

also lacks the existence of a dedicated organisation or unit to enforce land investment plans. As such, there is a lack of capacity to monitor investment and land development to ensure that the conditions associated with land tenure are met.

At the same time, the lack of Information Communications Technology (ICT) infrastructure including an integrated land management information system and up-to-date digital imagery further hampers efficient land administration.

- 4. Overlapping roles:** There is a misalignment of roles in the administration of land in Tanzania, which has weakened responsibilities and accountability. A lack of central command and clarity in institutional roles and mandates has led to the duplication of roles at the administrative level.

Additionally, district land offices have insufficient administrative authority to effectively monitor and manage land use. There is also insufficient expertise on land matters at the district and village levels.

- 5. Low citizen and landowner participation:** A large segment of the public is unaware of land policies, laws and regulations, and has little or no knowledge of the processes of land acquisition and of making land available. There is limited participation in decision-making.

The prevalence of misinformation also leads to land disputes

and conflicts as citizens are not fully aware of new land use developments or are not aware of agreements and negotiations pertaining to public land.

Challenges also exist with respect to public awareness and access to data as the population is generally unaware of land legislation and rights. They are thus typically distrustful and unreceptive to land tenure programmes. The general public also experiences difficulty accessing land data due to a lack of information points, although the right to access exists.

In terms of individual practice, it has been observed that the bureaucracy and cost involved in the process of acquiring land titles—coupled with opaque land administration—have dissuaded individuals from making land transfers through formal channels. There is thus a tendency for individuals to engage in bribery to expedite land administration processes.

Government campaigns to raise public awareness have been curtailed in the past owing to the cost associated with the campaigns, which has resulted in a citizenry that lacks awareness of its rights and obligations as landowners.

- 6. Insufficient capacity among Government officials:** There is presently insufficient staff involved in land administration. The administrative facilities to enable Government officials to perform their duties adequately are insufficient. There have also been instances of officials engaging

in land speculation for personal gains, which have affected the reputation of the land offices.

Challenges contributing to the gaps in the performance of Government officials with regard to land issues include:

- a. A limited budget to recruit new employees, thus resulting in staffing shortages.
- b. A limited budget to procure equipment for staff, thus affecting their ability to perform their functions adequately.
- c. Low wages for staff, which has encouraged unethical behaviour/corruption in some of them.
- d. Insufficient training for staff.

These factors have contributed to a low level of performance on the part of Government officials, resulting in additional costs and time taken to administer land transactions.

- 7. Dealings with investors:** A highly bureaucratic and inefficient administrative framework has discouraged land investments. The limited follow-up from Government officials to ensure proper land use and corruption in enforcement have meanwhile caused improper land use and hostile relationships between stakeholders.

As the issues suggest, the difficulty in obtaining land and insecurity of land tenure have a direct impact on the growth of private sector business and enterprise in Tanzania, which in turn affects its economic growth and its efforts to reduce poverty.

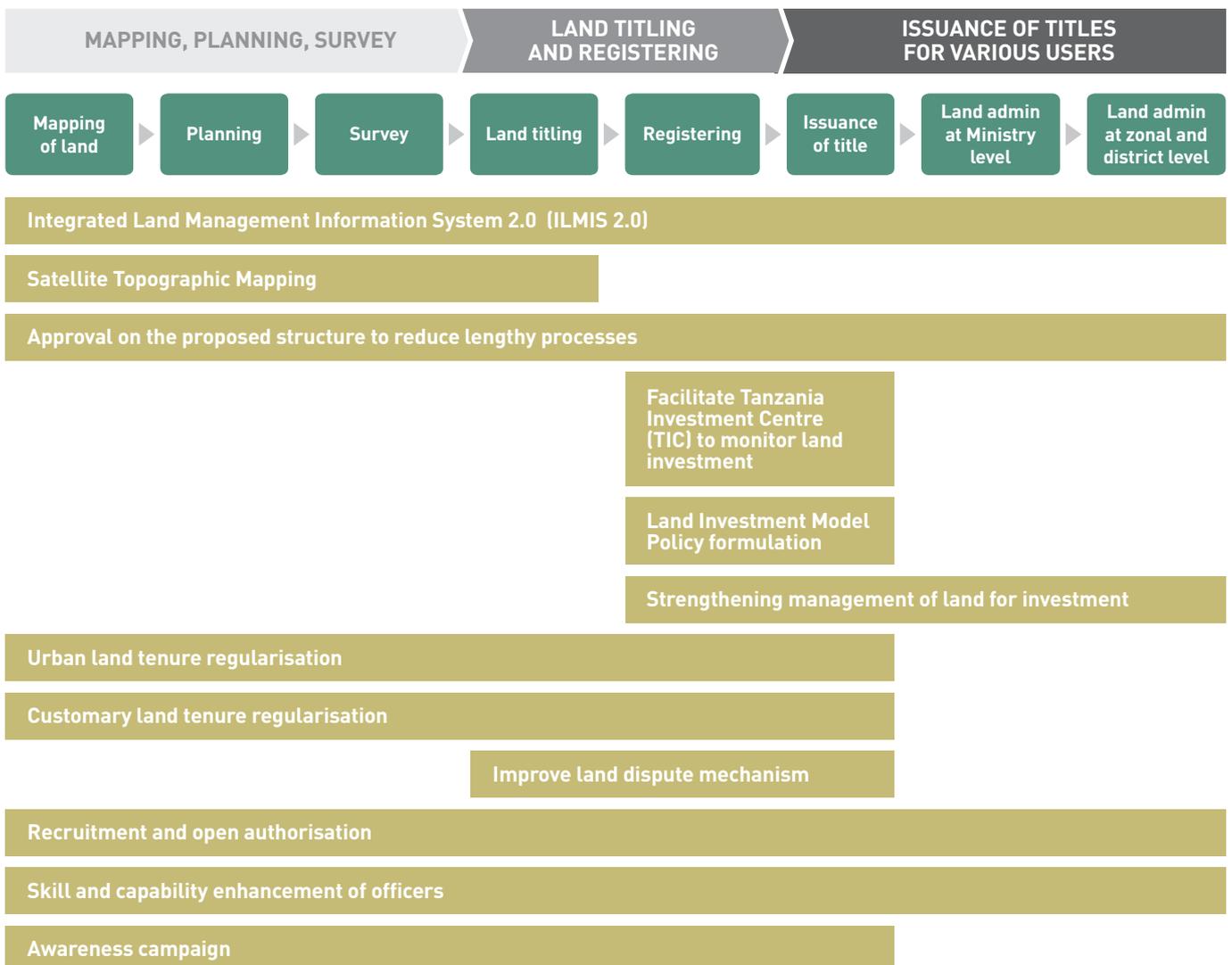
As private sector business plays a key role in achieving Tanzania’s development vision, it is imperative that the land administration framework be brought in line with industry and commercial expectations.

To ensure that the land administration process is

facilitative of business and supportive of economic development, the initiatives of this NKRA will address the various aspects of the process. This includes better capacitating the existing administrative structure, streamlining roles, automating processes, and increasing awareness on land rights.

Collectively, this will ensure the security of land rights. Figure 2.1 provides an overview of land administration processes and the various initiatives under the Land NKRA.

**FIGURE 2.1 | Overview of land administration processes and various Land NKRA initiatives.**



# INITIATIVES

Five Focus Areas have been identified for the Land NKRA. These Focus Areas were selected to address fundamental issues with land administration at all levels of the value chain.

The topline Key Performance Indicators (KPIs) for 2017/2018 are:

- Issuing 10 million Certificates of Customary Right of Occupancy (CCROs).
- Issuing 1 million Certificates of Right of Occupancy (CROs).

**TABLE 2.1 | Overview of the Land NKRA Focus Areas and initiatives.**

| FOCUS AREA  | INITIATIVE   |
|---|--|
| Comprehensive land data and integration of land information | 1. Setting up an Integrated Land Management Information System (ILMIS 2.0)       |
|   | 2. Satellite topographic mapping   |
|   | 3. Strengthening management of land for investment                               |
| Improving governance  | 4. Urban land tenure regularisation  |
|   | 5. Customary land regularisation   |
|   | 6. Improving settlement mechanism for land disputes                              |
|   | 7. Recruitment and open authorisation  |
| Efficiency in land management for sustainability            | 8. Approval on the proposed structure to reduce lengthy processes                |
| Favourable gains from land investments                      | 9. Facilitating the Tanzania Investment Centre (TIC) to monitor land investments |
|   | 10. Land Investment Model Policy Formulation                                     |
| Awareness and capacity building                             | 11. Skills and capability enhancement of land officers                           |
|   | 12. Awareness campaign on land-based wealth creation                             |

# FOCUS AREA 1: COMPREHENSIVE LAND DATA AND INTEGRATION OF LAND INFORMATION

With the majority of Tanzania’s land yet to be surveyed and titled, there are significant information gaps in Tanzania’s land inventory with respect to the parcels of land available and ownership of parcels. This Focus Area aims to create a comprehensive electronic database of land and provide easily accessible up-to-date land information to land officers, landowners and investors, thus facilitating land administration and land investment.

## 1 SETTING UP AN INTEGRATED LAND MANAGEMENT INFORMATION SYSTEM (ILMIS 2.0)

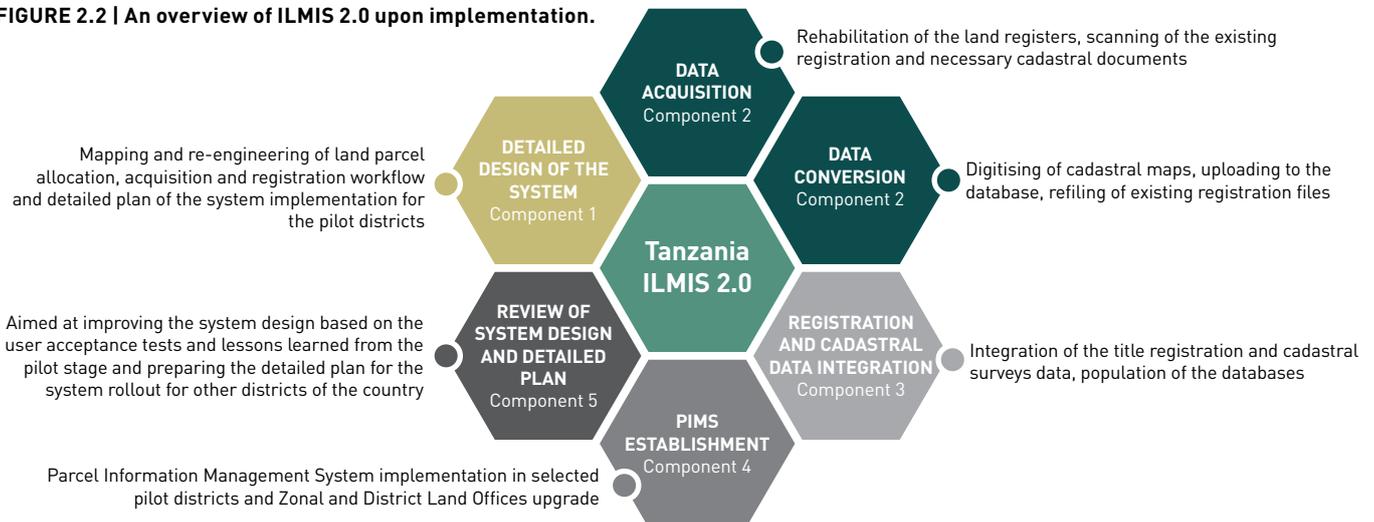
Under a previous effort to create an Integrated Land Management Information System (ILMIS), the Government of Tanzania through the Ministry of Lands, Housing and Human Settlements Development (MLHSD) created a conceptual design for the system, which was termed ILMIS 1.0. The project received funding from the President’s Office-Public Service Management (PO-PSM) under the Regional Communications Infrastructure Programme (RCIP). To differentiate the implementation of the system from its conceptual design, the project has now been termed ILMIS 2.0.

ILMIS 2.0 will establish a nationwide land management information system which will provide easily accessible, up-to-date land information to facilitate effective land administration. ILMIS 2.0 will specify workflows and processes involved in the land administration process. It will also function as a database containing comprehensive land parcel information and basic maps as well as facilitate electronic land rent payments by landowners. ILMIS 2.0 will be constructed in phases starting with the MLHSD Headquarters and extending to all eight Zonal Land Offices and District Headquarters. This process, which commenced in May 2015, is scheduled for completion in 2019/20.

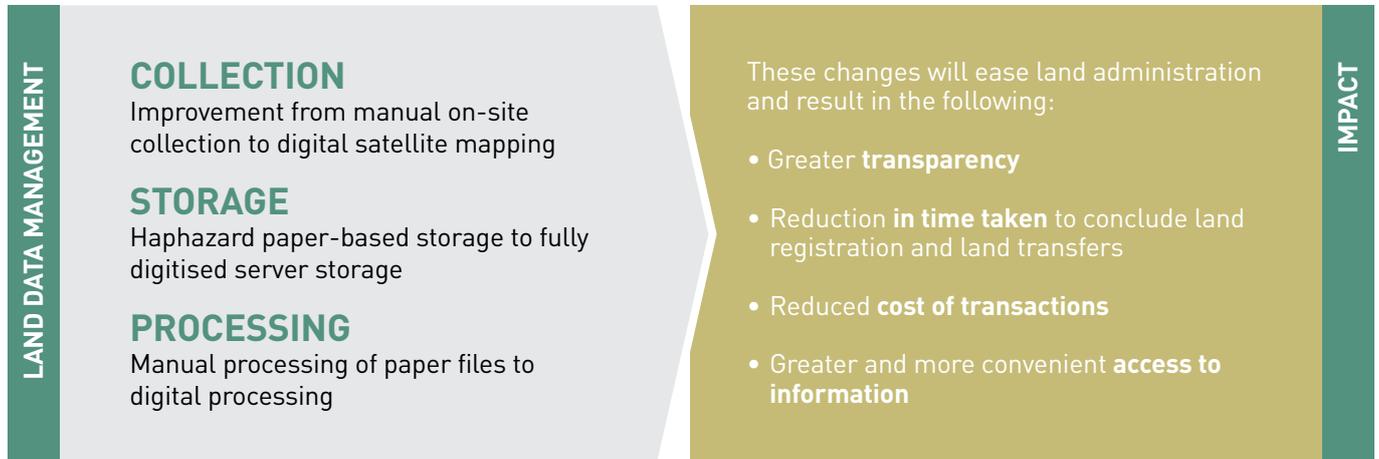
Utilising an electronic database, which is an upgrade of the current manual system, ILMIS 2.0 will improve efficiency and performance levels in land administration. At the same time, the electronic database will allow for greater accessibility to land officials and administrators as it is available via the Internet.

Under ILMIS 2.0, the collection, storage and processing of land data will be enhanced through the use of digital means and result in greater transparency, faster processing times and reduced cost of transactions. It will also facilitate more convenient access to land information (see Figure 2.2).

FIGURE 2.2 | An overview of ILMIS 2.0 upon implementation.



**FIGURE 2.3 | Overview of the impact of ILMIS 2.0 on land administration.**



Ultimately, ILMIS 2.0 aims to enhance land administration as well as provide the general public with greater access to statutory information about land and land use. The end goal is to engender greater transparency in the land administration process, expedite the land search and transfer process, and reduce the cost of transactions.

ILMIS 2.0 will be linked with various agencies and departments involved in land administration including the President’s Office-Regional Administration and Local Government (PO-RALG), and regional and district offices in the short term. Over the longer term, the Tanzania Revenue Authority (TRA) and financial

institutions such as banks and estate agents will also be linked to ILMIS 2.0. The MLHSD is the owner and key driver of this initiative. The KPI for this initiative is to have 60% of data on survey plans, town planning drawings and ownership information shared with all ILMIS 2.0 users by FY2017/2018.

## 2 SATELLITE TOPOGRAPHIC MAPPING

The topographic maps currently in use in Tanzania are out of date, as are the digital data sets that were digitised from the same maps. The maps were created using aerial photogrammetry, which proved too expensive for Tanzania to maintain. No funding was secured for updating the maps until December 2013.

Under this initiative, the existing topographic maps will be updated through the acquisition of satellite imagery for rural areas and digital aerial photography for urban areas. These newly acquired images can be used to produce topographic data for rural areas at a scale of 1:25,000 and 1:2,500 for urban areas. This initiative will focus on priority areas including new administrative areas and the Southern Economic Zone,

including farms within the Southern Agricultural Growth Corridor of Tanzania (SAGCOT).

The updated maps will form the foundation of the land regularisation endeavour as without maps, registering land will be difficult and records incomplete. In addition, updated maps will provide the public with better information regarding their landholdings, and help them in making investment decisions, particularly with respect to development initiatives. Investors will also spend less time trying to obtain land information, which will be made available through the updated maps.

Up-to-date topographic maps will also benefit the Government by supporting the development of its geographical

information system as well as ILMIS 2.0 by filling vital information gaps. This will enable better planning and more effective decision-making in land administration, e.g. in developing urban and rural areas, infrastructure and services.

As Figure 2.5 shows, the use of satellite imagery, digital models, custom vector feature extraction and image analysis classification will provide more detailed and accurate maps, which in turn will facilitate land use planning and more efficient land administration.

The KPI for this initiative is for the MLHSD to complete the mapping process of both urban and rural lands in Tanzania by FY2017/2018.

FIGURE 2.4 | Map of SAGCOT districts.



FIGURE 2.5 | Overview of the impact that topographic mapping will have on administrative capabilities.

|                    |  |               |
|--------------------|--|---------------|
| <b>DESCRIPTION</b> | <p><b>SATELLITE IMAGERY</b><br/>Used to gather strategic planning information pertaining to a district or an entire city</p> <p><b>DIGITAL ELEVATION MODELS</b><br/>Photography which can be processed for visualisation of terrain conditions in 3D</p> <p><b>VECTOR FEATURE EXTRACTION</b><br/>Custom vector feature extraction from high-resolution satellite imagery or aerial photography: roads, railroads, bridges, airports, hydrology, coastlines and building footprints</p> <p><b>CLASSIFICATION &amp; OBJECT BASED IMAGE ANALYSIS</b><br/>Spectral Classification and Object Based Image Analysis: land use / land cover, vegetation, hydrology, impervious surface and change detection mapping</p> | <b>IMPACT</b> |
|                    | <p>These changes will result in the following:</p> <ul style="list-style-type: none"> <li>• More detailed and accurate maps</li> <li>• Improved land use planning</li> <li>• More efficient land administration</li> </ul>   |               |

## 3 STRENGTHENING MANAGEMENT OF LAND FOR INVESTMENT

Managing land and ensuring that it is allocated to the appropriate investors in an equitable manner are key factors contributing to sustainable land use. At present, the oversight of lands for investment is shared between state land management corporations and village councils without a central unit at the MLHSD to coordinate and provide overall direction.

The lack of a central unit to oversee the allocation of land for investment purposes (i.e. identifying land suitable for investment, acquiring land, maintaining a database of land availability and making such information available to potential investors) has complicated the process of obtaining land, and prevents the Government from maximising potential returns on land allocations.

This has resulted in the following challenges:

- i. **The lack of available information on land for investment:** Investors are required to go to districts and villages in search of land for investment because little information is readily available.
- ii. **The lack of proper monitoring and control of land investment plans:** Land for investment is not being adequately controlled as the development of the land

falls outside the purview of the MLHSD, and is under the respective regional or district land offices. As these regional offices tend to operate independently of one another, the development of land is not being directed by one vision maximising returns to the Government.

- iii. **No optimal use of land for investment, resulting in questionable benefits for the people:** Land which has been designated for investment can be accessed by investors via “derivative rights” issued by the TIC. However, due to the lack of coordination among institutions, it is unclear whether this land is optimally used for the benefit of the people and the Government.

Under this initiative, a new unit will be created under the MLHSD to address these challenges and provide comprehensive land data (the Land Bank), ranging from availability to soil suitability. The KPI for this initiative is to have 1.3 million hectares of land ready for both local and foreign investors by FY2017/2018. The initiative is expected to drive land-based investments and increase the country’s level of FDI, as well as increase Government revenues.

## FOCUS AREA 2: IMPROVING GOVERNANCE

Land governance in both urban and rural Tanzania plays an integral role in ensuring that land, both vacant and occupied, is properly administered with the relevant regulations enforced. Legal ownership of land must be documented and formalised. Mechanisms must be put in place to ensure that disputes over land are settled to the satisfaction of all parties involved. Initiatives under this Focus Area are designed to regularise ownership and improve the framework to settle disputes while enhancing the capacity of land office staff.

### 4 URBAN LAND TENURE REGULARISATION

At present, there are a substantial number of unplanned settlements in major urban centres with inadequate access to infrastructure. These settlements have developed as a result of the rapid economic growth in urban areas. However, as they exist outside the purview of the original town plans, urban planners have little knowledge of their composition or how to best provide these settlements with basic amenities.

At the same time, a significant number of urban residents do not possess title deeds or legally recognised documentation confirming their ownership of properties. Due in part to the lack of awareness on the value of title deeds (see Initiative 12 under this NKRA), landowners have been further deterred from registering their property owing to the perceived cumbersome process of acquiring a title. Many owners thus opt to remain in unplanned areas which constitute about 70% of urban land.

The absence of formal ownership documentation has created negative repercussions for landowners who are unable to use their property as collateral to access credit and finance facilities. The lack of documentation has also given rise to land disputes as

there is no formal way to determine ownership.

This initiative aims to resolve these issues by regularising urban land ownership and tenure through a systematic adjudication and titling process. The MLHSD will use aerial photography to accurately map prioritised urban wards, and conduct land surveys and urban planning—with the consent of the landowners—to create an accurate map of existing urban settlements. Documents of ownership will subsequently be issued to the landowners to formally recognise their legal right over the land.

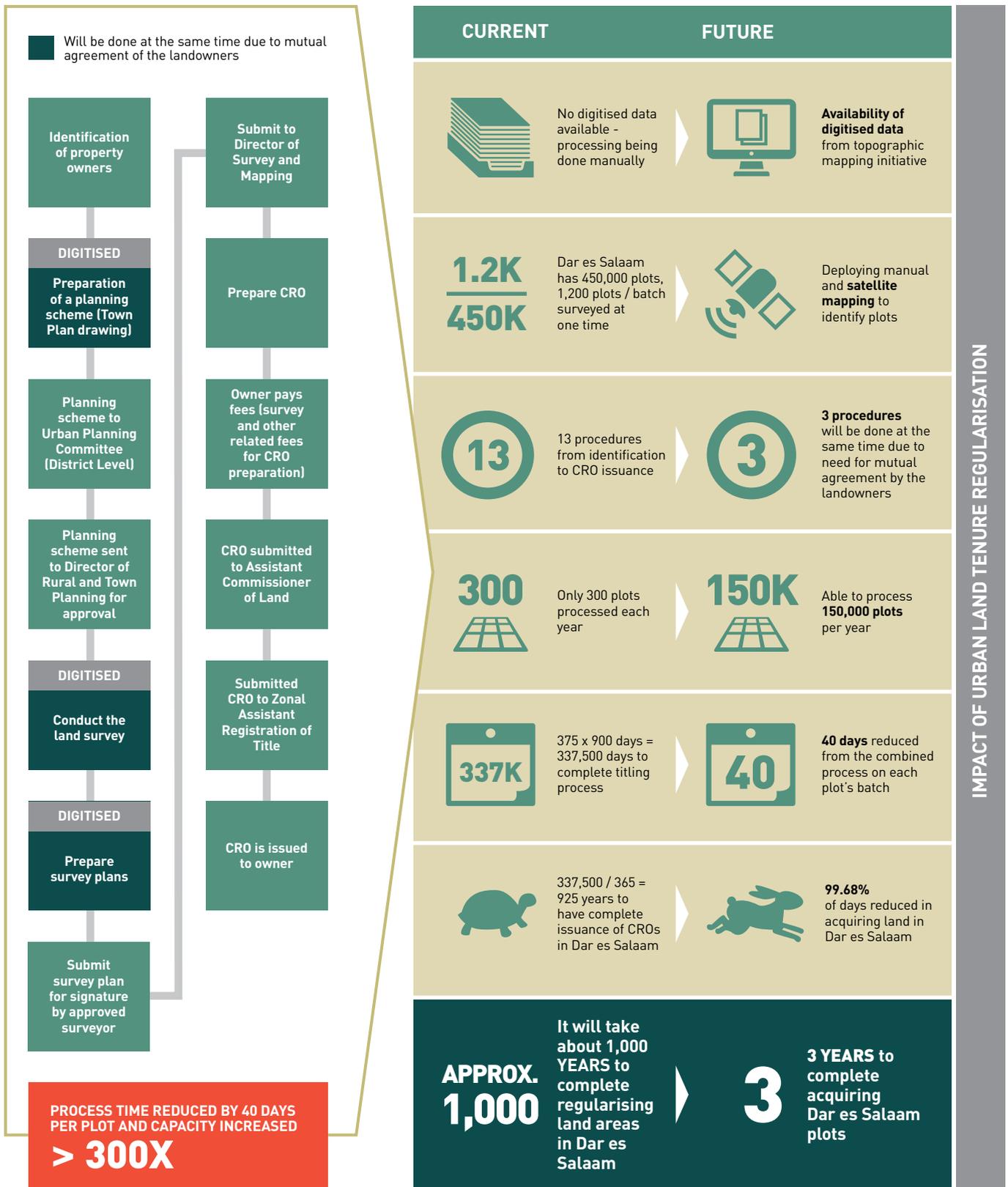
The use of aerial photography together with a streamlined titling process is expected to reduce the amount of time taken to issue a title to 40 days per plot. It will also increase the number of land plots that can be surveyed and processed at the same time by 300 times. Based on a preliminary estimate, the amount of time taken to process and title all plots in Dar es Salaam will be reduced to three years from approximately 1,000 years (see Figure 2.6). The target is to issue one million Certificates of Right of Occupation (CROs) for land parcels in urban wards by FY2017/2018.

Landowners can expect a number of positive developments from this formalisation of ownership including better-planned settlements, which will raise land values, thus increasing landowners' eligibility for credit and the potential to use their land as equity for investments. Boundary conflicts and land disputes are also expected to decline through this exercise, thereby creating a more facilitative environment for investments.

On the part of the Government, the regularisation of urban ownership will simplify land administration procedures by providing detailed information on specific plots. The decrease in land disputes will reduce the burden on land tribunals. Finally, the regularisation of urban land tenures is expected to raise local tax revenues as well as Tanzania's Doing Business rankings on the registering property indicator.

This initiative aims to systematically title all plots in the 137 unplanned urban wards in Dar es Salaam, Mwanza, Arusha, Mbeya, Tanga and Singida. The MLHSD aims to complete the titling of these wards by FY2017/2018.

FIGURE 2.6 | Reduction in processing time for urban regularisation.



# 5 CUSTOMARY LAND REGULARISATION

This initiative aims to address the lack of a systematic process to register rural and customary land rights. Presently, landowners are required to register at their own discretion. Low owner participation, due to the perceived high cost and cumbersome process, means that nearly 90% of Tanzania’s land has not been surveyed and titled. As a result, the Government has little

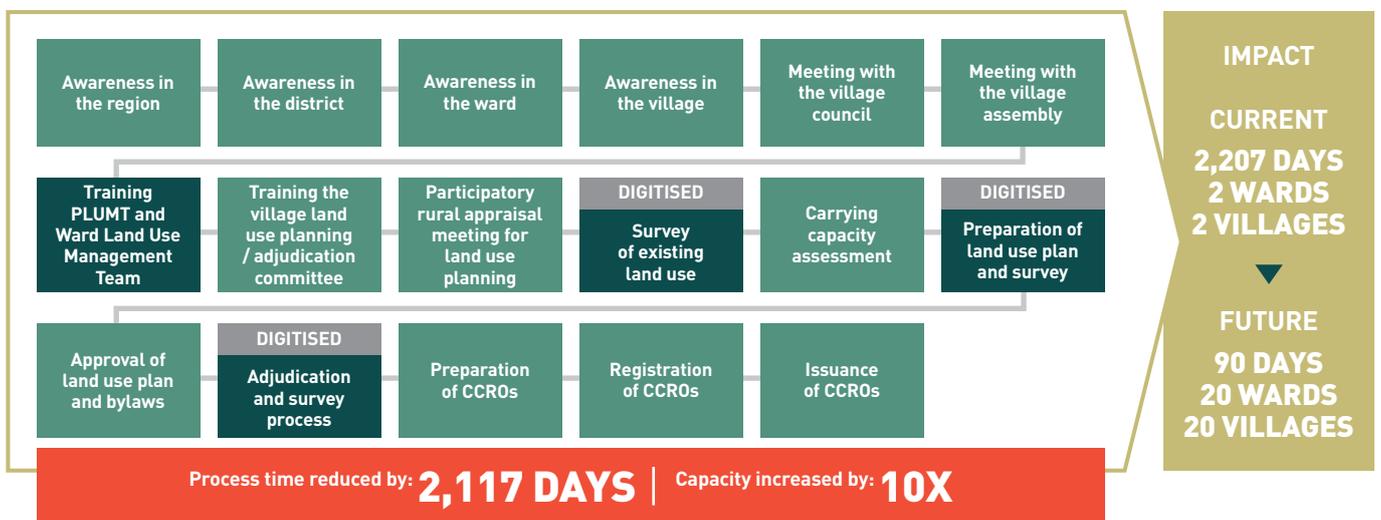
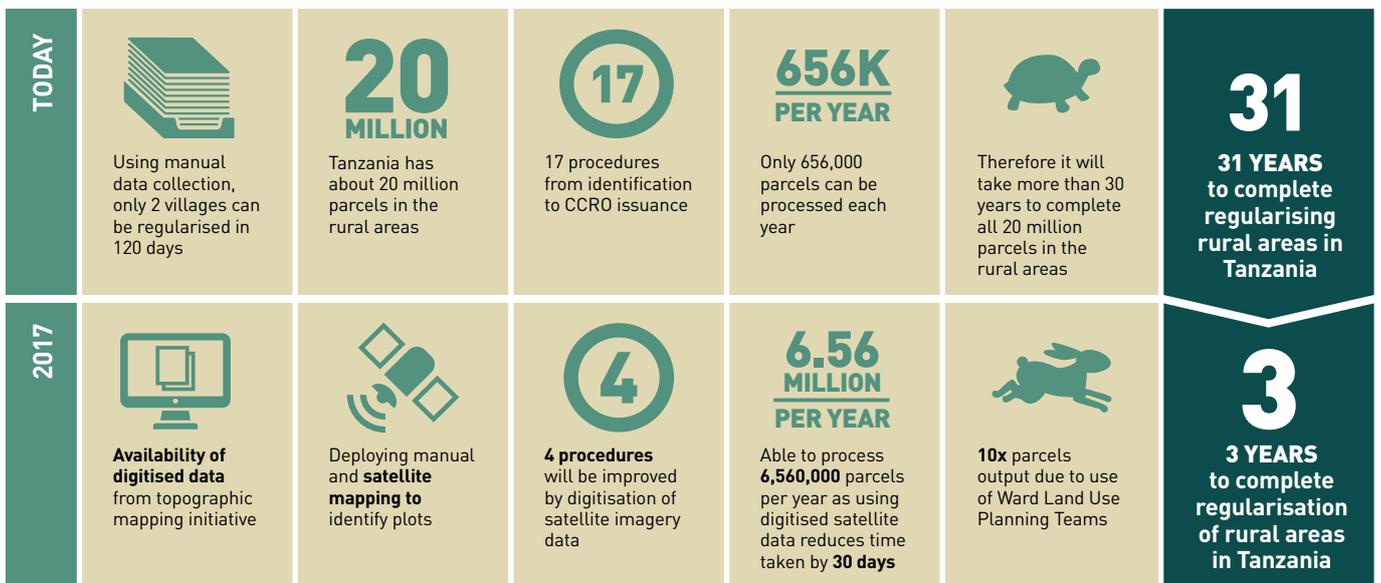
to no oversight over the vast majority of Tanzania’s rural land.

Without the proper registration of land, landowners are unable to seek legal redress for boundary violations or disputes. Government officials have limited avenues to enforce land regulations. This has led to abuse in some cases, which has placed some

areas under environmental pressure and strain, as well as encouraged illegal use of land.

Through this initiative, the MLHSD will conduct a systematic process of land mapping, surveying and registration for 50 prioritised districts, with the aim of issuing approximately 10 million Certificates of Customary

FIGURE 2.7 | Reduction in processing time for customary land regularisation.



PLUMT: Participatory Land Use Management Team

SOURCE: Study by MKARUBITA, 2008

Right of Occupancy (CCROs). The resulting information from this exercise will subsequently be uploaded to ILMIS 2.0 (refer to Initiative 1).

As with the previous initiative, the MLHSD will leverage on electronic means to expedite the rural land regularisation process, including using mobile mapping technology. Figure 2.7 illustrates the time savings introduced by this initiative. The streamlined process introduced

by this initiative is expected to encourage greater voluntary registration by landowners. Landowners will subsequently be issued legal documentation therefore creating greater security of tenure and more incentives to invest in their property. It will also help landowners collateralise their property in seeking credit facilities.

The regularisation of rural land will allow the Government to improve

land use planning, as well as boost revenue through taxes and allow for management of boundaries.

The formal recognition of boundaries and ownership is expected to reduce land disputes and ensure that village land is properly used and managed. The KPI for this initiative is for the Department of Rural and Town Planning and the Land Use Planning Commission to issue land use plans to 5,000 villages by FY2017/2018.

## 6 IMPROVING SETTLEMENT MECHANISM FOR LAND DISPUTES

There is currently a shortage of land tribunals in the country to adequately manage all land dispute cases. This has created a backlog of 23,000 cases pending mediation. There are currently only 49 (30%) of the 164 tribunals required in the country. Furthermore, the existing tribunals have not received sufficient equipment to carry out their roles, and require further capacity to perform more effectively.

This initiative aims to eliminate the backlog of land dispute cases while streamlining the settlement mechanism to facilitate a more efficient and effective settlement process.

Under this initiative, the MLHSD will analyse the current caseload among all tribunals to identify and prioritise those with the most number of pending cases. Tribunals will be categorised into critical and non-critical tribunals, with the former

being immediately equipped with the necessary facilities and resources to carry out their tasks. Resources to be provided include training for officers, office renovations, and office equipment.

For smooth operation of the tribunals, the Ministry will amend the appropriate laws and undertake a study with other stakeholders to assess the effectiveness of the present structure and advise accordingly. At present, village and ward tribunals are under the jurisdiction of the PO-RALG while the District Land and Housing Tribunals are under the oversight of the MLHSD. Meanwhile, both the High Court and the Court of Appeal are part of the Judiciary.

The KPI for this initiative is to double the rate of case clearance by tribunals from 1,200 cases to 2,400 cases per month, while eliminating the backlog of cases by FY2017/2018.

## 7 RECRUITMENT AND OPEN AUTHORISATION

There is currently an insufficient number of authorised land officers available to effectively perform their duties in the country. Based on a recent estimate, only 451 (28%) land officers of the 1,598 required are available. Additionally, land officers are also restricted to operate only within their authorised geographic areas, which limits the deployment of officers to areas most in need. The manpower shortage has resulted in slow land administration, including land use planning, surveying, and valuation and issuance of land titles.

This initiative will address the current shortage of land officers by boosting recruitment and providing “open authorisation” for selected district land officers. Open authorisation will permit authorised land officers to operate in additional regions, thus supporting areas where the shortage of manpower is most needed.

The plan to introduce open authorisation stems from the fact that it may not be feasible to hire the total number of required land officers in a short period of time to close the manpower gap. The authorised officers will be assigned to areas beyond their base station districts as a temporary solution. In so doing, the initiative will ensure that all districts will have access to land office services.

With a full cohort of land officers, service delivery is expected to become more efficient and the issuance of CROs and CCROs expedited. The issuance of open authorisation to all selected officers is expected to be completed by June 2016. The KPI for this initiative is to ensure that 145 councils have adequately staffed land offices by FY2017/2018.

# FOCUS AREA 3: EFFICIENCY IN LAND MANAGEMENT FOR SUSTAINABILITY

Enhanced service delivery in land administration is dependent on the existence of a clear organisation structure with minimal overlaps in roles and responsibilities. Clear chains of command in land administration functions are important for effective accountability. The initiative in this Focus Area aims to streamline the land administration structure to allow for improved and sustainable management.

## 8 APPROVAL ON THE PROPOSED STRUCTURE TO REDUCE LENGTHY PROCESSES

There is presently an absence of surveying, planning and valuation activities at the zonal level due to a lack of a central command at that level. This, together with a similar lack of a central command at the Ministerial level, has delayed the delivery of land services. A revised organisational structure is being reviewed to provide for the creation of these oversight units (see Figure 2.8).

Under the revised structure, central oversight will be implemented at both the Ministerial and zonal levels. Additionally, technical services will be centralised under the Commissioner for Lands to provide a more integrated approach while remaining relevant to the local community. Based on this new structure, the staffing composition of zonal offices will mirror the composition of the related departments in the zones, i.e. each zone will have a town planner, a surveyor, a valuer and an administrator/land officer.

The new arrangement simplifies the land management structure and aligns the functions of the Ministry with the zonal offices by creating direct reporting lines between the

zonal offices and the Ministerial unit. The new structure also reduces the dependence on the Permanent Secretary, who presently oversees both technical and supporting departments. The new structure will introduce officers on an interim basis to oversee activities between the Permanent Secretary and the various departments.

When implemented, the new structure will ensure easier access to land services while reducing both cost and time, making the process more accessible and convenient for investors and the general public. At the same time, the new structure simplifies land administration for the Government, which is, in turn, expected to enhance services, reducing public complaints and improving its credibility.

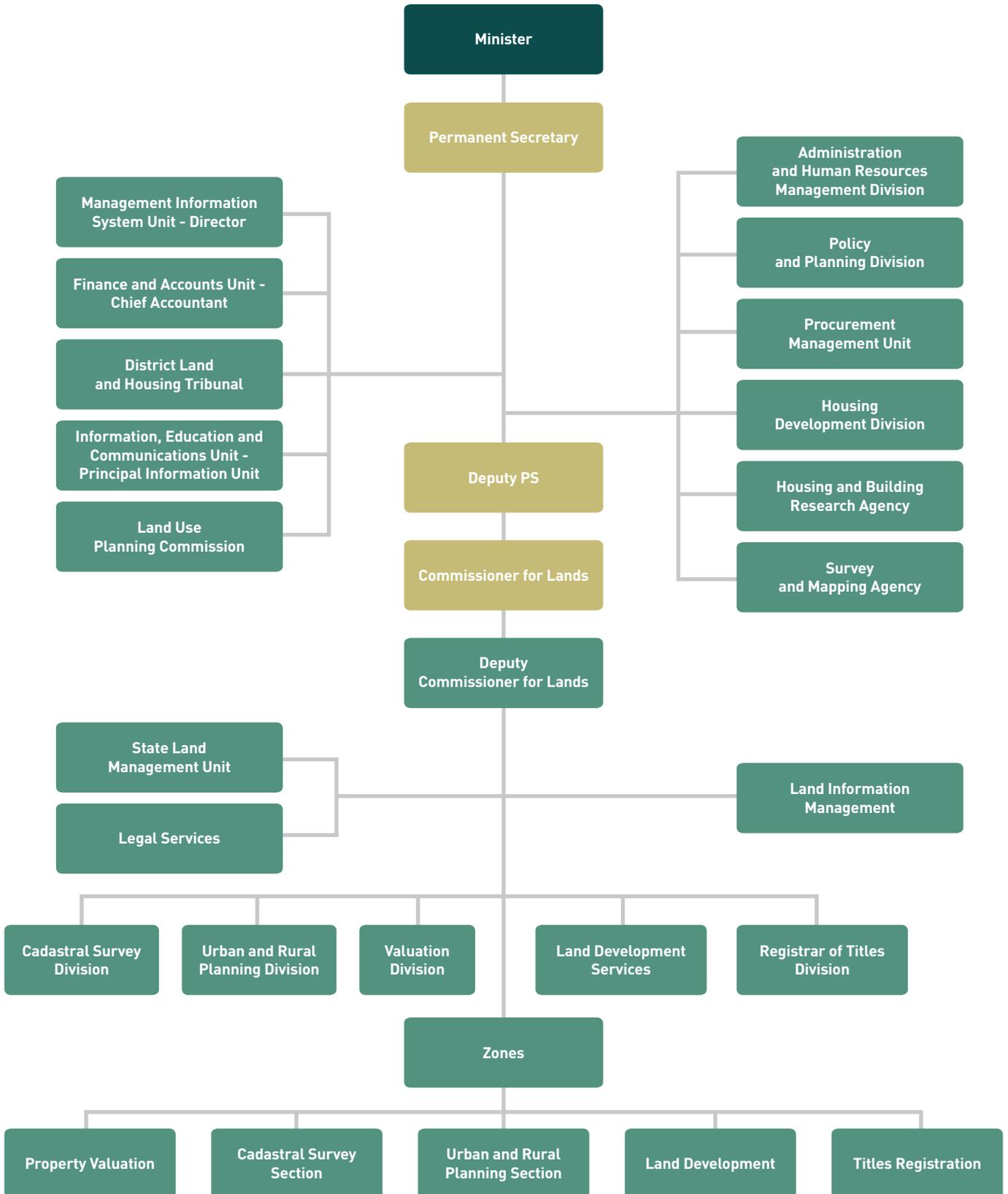
The KPIs for this initiative are to have the new structure approved and to have the land office in eight zones fully staffed with a town planner, a surveyor, a valuer and an administrator/land officer by FY2017/2018. These zones are Dar es Salaam with its headquarters (HQ) in the MLHSD, Eastern (HQ in

Morogoro), Central (HQ in Dodoma), Northern (HQ in Arusha), Western (HQ in Tabora), South Eastern (HQ in Mtwara), Southern Highlands (HQ in Mbeya) and the Lake Zone (HQ in Mwanza).

**TABLE 2.2 | The eight zones where land offices will be established**

|                    |               |
|--------------------|---------------|
| COASTAL ZONE       | Dar es Salaam |
| EASTERN ZONE       | Morogoro      |
| CENTRAL ZONE       | Dodoma        |
| NORTHERN ZONE      | Arusha        |
| WESTERN ZONE       | Tabora        |
| SOUTH EASTERN ZONE | Mtwara        |
| SOUTHERN HIGHLANDS | Mbeya         |
| LAKE ZONE          | Mwanza        |

FIGURE 2.8 | Proposed structure of land administration.



## FOCUS AREA 4: FAVOURABLE GAINS FROM LAND INVESTMENTS

Initiatives under this Focus Area address concerns that investors are not utilising land assigned to them to their maximum potential, nor are they contributing significant benefit to the local community. The initiatives here are designed to enhance oversight powers of monitoring authorities while putting in place formal guidelines that will ensure the fair treatment of both investors and landowners.

### 9 FACILITATING THE TIC TO MONITOR LAND INVESTMENTS

The lack of an appropriate monitoring mechanism for investments has resulted in a number of cases where investors who have been allocated land from the Tanzania Investment Centre (TIC) for agricultural purposes have left the land idle, holding it for speculative purposes instead. This has led to land invasions and demands that the land be reallocated.

This initiative aims to empower the TIC to monitor land provided to investors to ensure that their activities are in line with the conditions of investment. At present, the TIC has limited resources to monitor the activities of such investors, and therefore cannot provide sufficient information to the Commissioner for Lands to take decisive action in cases where investors are violating the terms of their investment agreement with the TIC.

Under this initiative, the MLHSD will work together with, and equip, the TIC to monitor investment activities in line with conditions attached to the derivative title issued to the land investors. Information obtained from the monitoring of investors' activities will be forwarded to the

Commissioner for Lands along with a recommendation for action.

The TIC will also provide relevant information on other areas such as labour and water extraction to the relevant authorities for appropriate action if necessary. The KPI for this initiative is for the TIC to inspect and report on 100% of the land investment contracts under its purview by FY2017/2018 to ensure that land is being used in accordance with the conditions attached to the derivative title.

The successful execution of this initiative will ensure that approved investors will have greater incentive to develop the land as per the land agreement, while communities living near land that has been allocated for investment will derive greater benefits from the commercial projects.

At the same time, the initiative will provide the Government with better information about the productivity of the land. The allocation of land to productive investors will also have the potential to increase tax collection, boosting Government revenue from land sources.

## 10 LAND INVESTMENT MODEL POLICY FORMULATION

Tanzania lacks a policy on effective land investment models to regulate land agreements between investors and individuals, villages, district councils and the Central Government. The lack of an official policy statement in the current Land Policy means that these contracts are entered into without the benefit of a guiding example to ensure that agreements are in the best interests of all parties involved.

In addition, there is no formal benefit-sharing agreement model dictating terms to both investors and landowners, which potentially results in unfair benefit-sharing arrangements between the two groups.

The lack of formal regulations and guidelines results in land investments and arrangements being contracted without Government regulation, leading to insecure land tenure and the inability of the Government to track land use and land revenues effectively. In the latter case, for example, land has been granted to investors for productive use but has remained idle as investors hold on to it for speculative purposes (see Initiative 9).

This initiative will establish a set of regulations and guidelines under the existing National Land Policy 1995, Land Act No. 4, 1999 and Village Land Act No. 5, 1999 to guide the implementation and execution of land

investments in Tanzania, with emphasis on benefit-sharing arrangements between villages, district councils and the Central Government. Specifically, the guidelines will provide potential investors with all relevant information and requirements such as how to obtain land for investment purposes, the limitations of the arrangement, the concessions, and how it would benefit the local community.

The establishment of a formal set of regulations and guidelines will provide a standard that will serve as a model for all future land agreements, and will ensure both investors and landowners are fairly treated. The model will enhance income security from land investments and will also improve the relationship between landowners and investors.

The formal policy will also ensure that the Government receives tax revenues from land investment arrangements while at the same time improving transparency on the terms of land investments. Greater transparency will enhance the credibility of land deals in the country and reduce complaints of unfair terms as terms and obligations will be contracted in accordance with the model.

The KPI for this initiative is to review the current policy statement on land for investment in the Land Policy by FY2017/2018.

# FOCUS AREA 5: BUILDING AWARENESS AND CAPACITY

Initiatives under this Focus Area are concentrated on enhancing capacity of land administration officers, training para-surveyors and raising public awareness about the value of land. The aim of these initiatives is to raise the level of performance on the administrative side and to increase awareness, and subsequently the participation, of the Tanzanian public in land matters.

## 11 SKILLS AND CAPABILITY ENHANCEMENT OF LAND OFFICERS

Local government officials tend to have limited capacity in terms of exercising their roles and responsibilities in land administration and governance. Most of these officials have reported that they received little training and capacity-building when appointed. The deployment of inadequately resourced staff has led to some negative ramifications, such as a rise in cases of land mismanagement at the village level.

There have also been reports that other functionaries, such as Land Use Planning Teams, lack the necessary skills to conduct land use planning, surveying and titling, while district administrators are unfamiliar with their roles with respect to mediation and conflict resolution. The latter has contributed to the limited capacity of Government officials to resolve land disputes, leading to a backlog of cases at the village, ward and District Land and Housing tribunals.

In summary, the shortage of well-trained land officers equipped with appropriate skills in mediation and

conflict resolution has led to the mismanagement of land at the local level. This, in turn, gives rise to land disputes and conflicts, which further hinder the administrative process.

This initiative will put in place a plan to upskill land officers who currently lack the sufficient skills and capabilities to perform their roles effectively. The initiative also aims to train approximately 54,000 para-surveyors at the local government (i.e. at the ward and village) levels, to expedite efforts towards surveying and titling 10 million parcels of Tanzanian land.

In addition to retraining and upskilling existing land officers, the training programme introduced by this initiative will help familiarise the officers with the use of new technology being introduced in land administration, such as ILMIS 2.0. The training will also include modules on mediation and conflict management to help them settle land disputes.

Better-trained officers will translate into better services for the public.

This initiative is expected to expedite the surveying process through the addition of the new para-surveyors who are expected to contribute to the overall land registration process.

The KPI for this initiative is to train all identified local government land officers, including para-surveyors, by FY2017/2018.

## 12 AWARENESS CAMPAIGN ON LAND-BASED WEALTH CREATION

Tanzanians have an important part to play in land transactions. In order for Tanzania to develop its land and derive monetary benefits from these developments, Tanzanians will have to be convinced of the value and benefit of ceding some of their landholdings for investment purposes.

Currently, there are few Tanzanian landowners who own title deeds to their properties (approximately 300,000 titles have been issued in the country). The MLHSD believes that this is due in part to the lack of information on the land acquisition process as well as little understanding of the value of title deeds as a means of not only securing tenure, but also of potentially serving as wealth creation assets. The absence of legally recognised documentation contributes to land disputes and stunts economic growth as a large part of the country's land remains in the extra-legal sphere, thereby contributing to the growth of the informal economy.

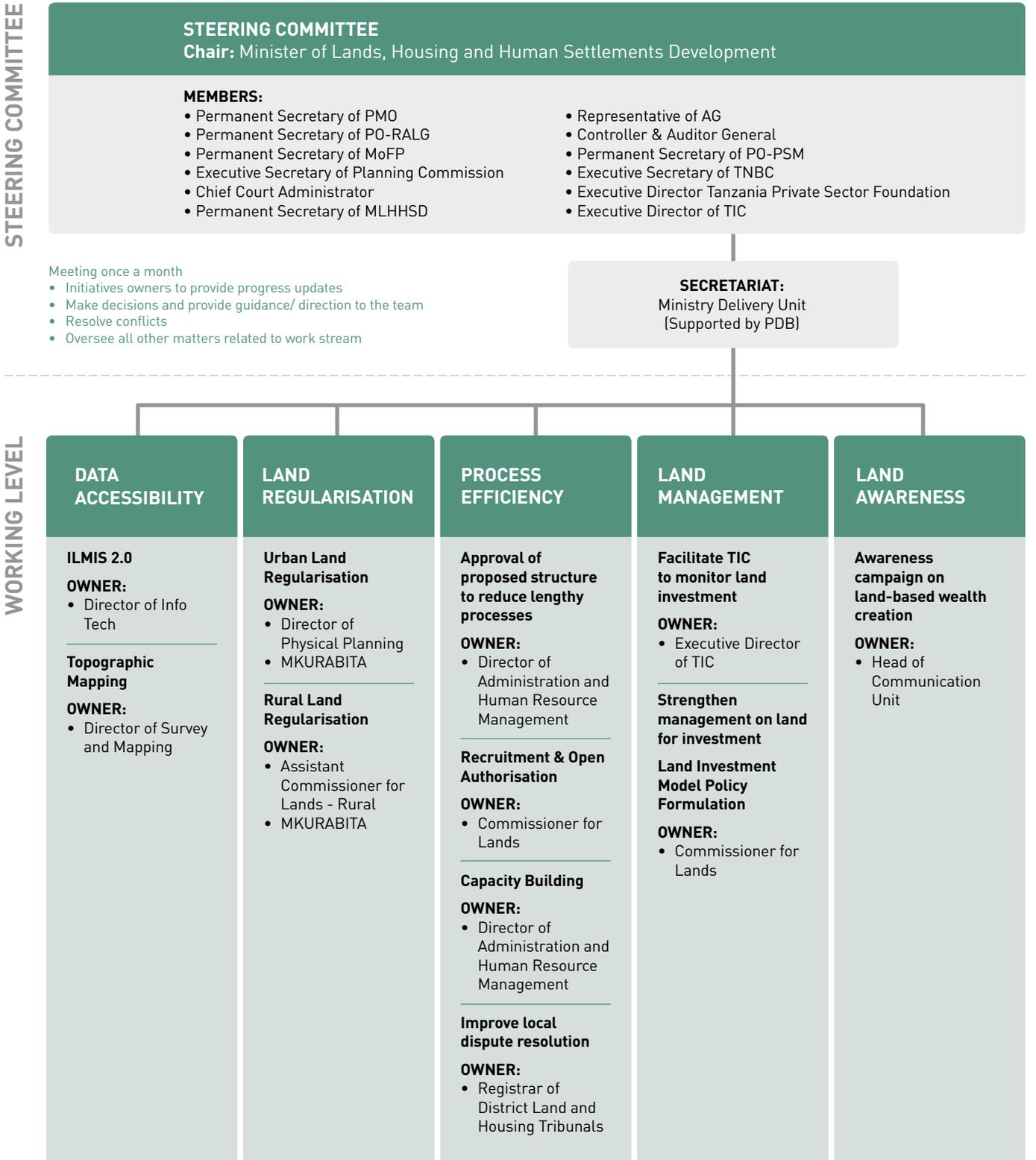
The lack of participation in the land management process in villages also contributes towards disputes over

land use. There is presently a low participation rate in village assemblies designed to pass decisions on land use, with less than two-thirds of villagers present at such meetings. Decisions taken are thus typically not representative of the majority of the village, leading to future disputes over land.

The national awareness campaign to be delivered under this initiative seeks to raise awareness about land ownership rights and processes, as well as mobilise greater participation in communal discussions. The ultimate aim is to motivate greater public participation and decision-making on land issues at all levels—from the local level to the national level—and to increase the awareness of the importance of village land use planning and titling for the issuance of CCROs. Women and the youth have been specifically targeted to increase their participation at the district and village levels.

The KPI for this initiative is to conduct 170 awareness events involving villages by FY2017/2018.

# GOVERNANCE STRUCTURE



- Meeting once a month
- Initiatives owners to provide progress updates
  - Make decisions and provide guidance/ direction to the team
  - Resolve conflicts
  - Oversee all other matters related to work stream

- Meeting bi-weekly
- Liaise directly with Ministry's Delivery Unit and respective PDB director

## NATIONAL KEY RESULT AREA

# TAXATION

## Ministry of Finance and Planning

# MINISTER'S MESSAGE

The aspirations of Tanzania's Development Vision 2025 include transformation of the country's economy from low-income to middle-income status. In addition to having clear plans in place to guide implementation towards this Vision, ensuring sufficient funds are available to finance the development agenda is critical. Generation and collection of domestic revenue is therefore an essential element in the realisation of Vision 2025.

In order for the country to steadily increase domestic revenue, a robust tax system that is fair, transparent and predictable must be in place. This is particularly pertinent for a country such as Tanzania which has a rapidly growing population that requires readily available basic infrastructure and social services. As the main source of tax revenue, the private sector plays an important role in this regard.

In addition to increasing Government revenue, enhancing processes and taking deliberate efforts towards reducing the cost of compliance for taxpayers will contribute significantly towards easing tax administration. In recognising that businesses are less likely to pay taxes if processes are complicated and burdensome, one of the key issues that will be addressed immediately is that of enhancing tax

administration and promoting greater compliance with the tax regime.

We further recognise that the existing tax regime has been made more cumbersome by weaknesses in the fiscal policy-making process. Uncoordinated consultation has resulted in undesirable tax exemptions and incentives for economic growth, as well as abrupt introduction of new taxes that have severe and unexpected impact on day-to-day operations. Tax exemptions play a crucial role in boosting strategic private investment and job creation for Tanzania. Periodic reviews are important as the economic landscape constantly shifts due to both internal and external factors. Ensuring there is predictability in fiscal policy is therefore the second area of focus in this priority area. A holistic review of the tax exemption and incentives policies will be conducted. The identified weaknesses in the process of fiscal policy reviews will then be addressed in order to ensure greater coordination.

The Taxation NKRA complements the Resource Mobilisation NKRA which aims to strengthen Tanzania's financial position and mobilise additional resources that can be strategically allocated towards prioritised development initiatives. This will be achieved through a series of reforms

that will unlock new sources of funds and increase efficiency in revenue and expenditure management as well as reduce revenue leakages. The reforms will also create a more favourable environment for private sector-led economic growth. We anticipate that making the process of paying taxes easier and more transparent will encourage greater compliance by taxpayers, and ultimately, widen the tax base, thereby generating additional revenue for the Government to fund development initiatives.

While Tanzania's economy has long been lauded for having exceptional growth potential, this potential will only be unlocked by creating a favourable environment for businesses to operate and thrive. This includes making it easier and more affordable for businesses to pay taxes.

I am certain that these initiatives will address some of the most pressing issues facing Tanzania's private sector while also contributing towards improving Tanzania's reputation as an easy country to do business.

**Hon. Dr. Philip Mpango**

Minister of Finance and Planning

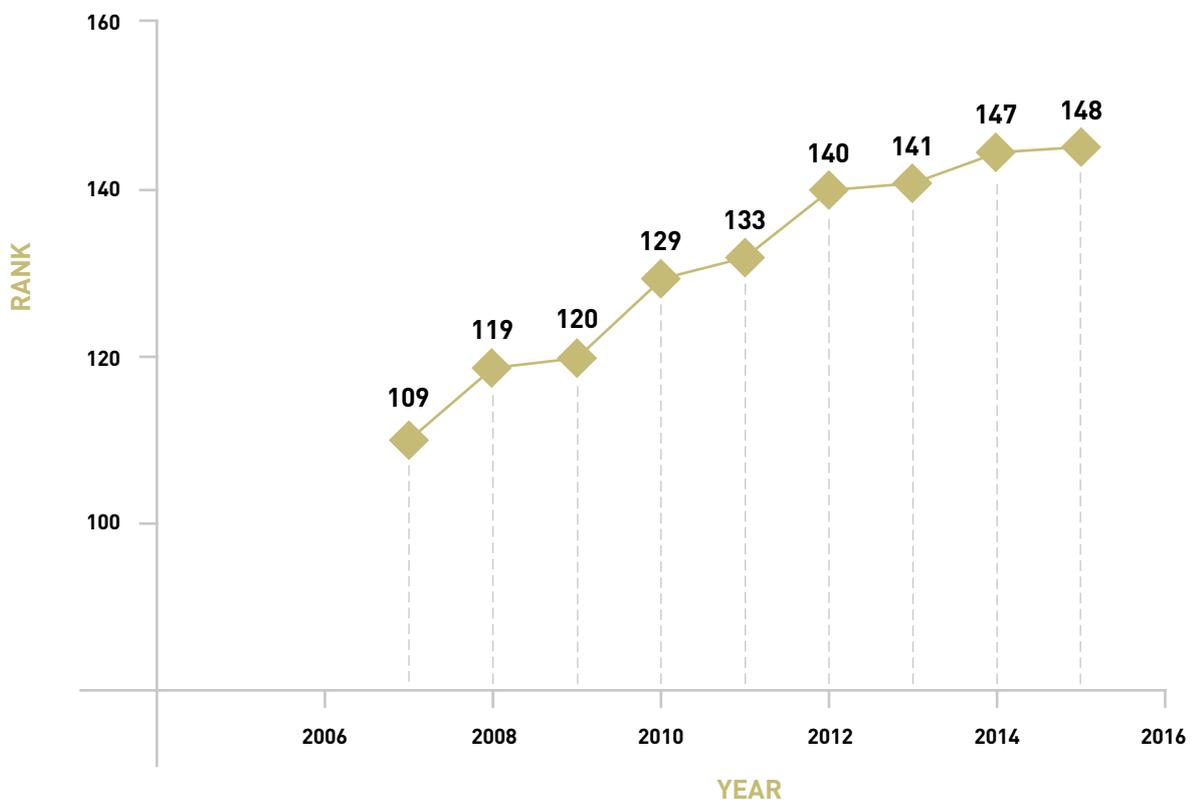
# OVERVIEW

Taxes are the primary source of revenue for most sovereign states and are used to pay for social services and infrastructure projects which contribute towards national development.

The framework governing various types of taxes and the processes by which taxes are collected are critical determinants of the ease or complexity of the business environment. Taxes represent a cost to businesses in terms of both the monetary value as well as the extent to which the process by which they are paid are burdensome. In order to support both business and national development objectives, tax administration frameworks must be fair, transparent and efficient.

Tanzania’s tax system faces a number of challenges that contribute towards weaknesses in the business environment. These challenges are reflected in the 2015 Ease of Doing Business rankings, where Tanzania’s Paying Taxes indicator stood at 148 out of 189 economies. The country’s ranking on this particular metric has been on a declining trend since 2006.

**FIGURE 3.1 | Tanzania’s Paying Taxes Ranking.**



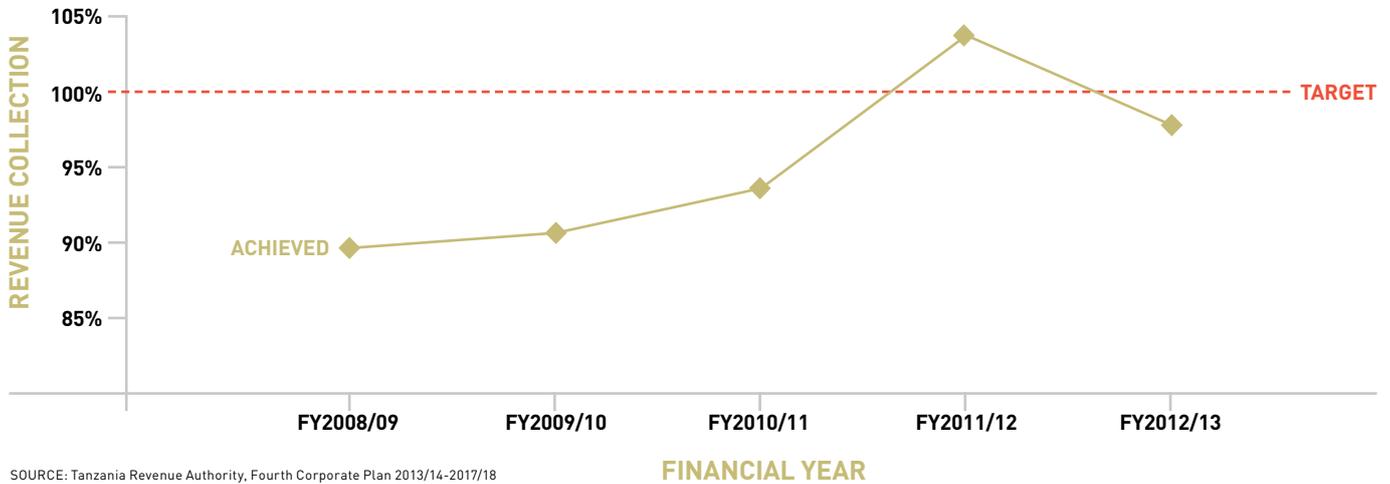
SOURCE: World Bank, Doing Business 2015 report

Tanzania’s ranking is below the Sub-Saharan Africa regional average of 129 out of 189 economies. According to the Doing Business report, Tanzania’s low rank is due primarily to unfavourable tax policies and procedures that contribute to a high cost of compliance. On average, firms make 49 tax payments a year, spend 181 hours a year filing, preparing and paying taxes and pay total taxes amounting to 44.3% of profit. The tax system in Tanzania is perceived as being burdensome, unfair and lacking in transparency<sup>1</sup>.

Due to these challenges, tax collection has not grown steadily over the years, as illustrated in figure 3.2. The inconsistency in performance of tax revenue collection by the Tanzania Revenue Authority (TRA) indicates areas where improvements can be made.

<sup>1</sup> World Bank, *Tanzania Economic Update Issue 7, July 2015*, pxii

FIGURE 3.2 | TRA revenue collection performance.



SOURCE: Tanzania Revenue Authority, Fourth Corporate Plan 2013/14-2017/18

Despite projections by the International Monetary Fund<sup>2</sup> of potential total revenue collection in Tanzania being 20% by 2018/19, Tanzania's revenue collection stood at 12.5% and 11.8% of Gross Domestic Product (GDP) for 2013/14 and 2014/15, respectively. These figures show that the Government faces a shortfall in its potential revenue collection.

This loss of tax revenue has translated into a limited ability to finance operations, thereby slowing down the rate of execution of national development plans. These include the infrastructure and facilities required by the private sector to boost investment and further promote economic growth. In order to address these weaknesses, the Government has undertaken measures to improve opportunities for economic growth through the use of fiscal tools as well as the application of the Big Results Now! (BRN) methodology in the implementation of these measures.

In 2015, the Government, through the Ministry of Finance and Planning (MoFP), amended the Value Added Tax (VAT) Act and introduced the Tax Administration Act to streamline taxation policies and to further improve tax administration and compliance. It is expected that the new legislation

will lead to increasing transparency in taxation policy.

In 2012, the TRA implemented a continuous Quality Management System to improve the institution's service delivery, both internally and externally. Improvements were tracked under two sets of performance management tools, strategic measures and key performance indicators (KPIs) set for fiscal years 2013/14 to 2017/18.

The introduction of the BRN methodology under the Taxation NKRA in the Business Environment Priority Area is an avenue to further improve the taxation environment for businesses in Tanzania.

The Taxation Lab proposed the creation of a set of balanced taxation policies and improvements in tax administration to foster economic growth. This would subsequently create opportunities for greater tax revenue generation. The following are the areas identified to create an attractive business environment which is also a factor in increasing tax revenue:

- i. **A taxation policy which includes tax exemptions and incentives:** Policy planning and execution requires improvement to enhance stability of the business environment. These changes in

taxation policy should be minimal and should not be introduced abruptly to avoid disrupting business planning and growth. Clarity on the guidelines for tax exemptions and incentives will also be enhanced to create a level playing field that will improve business competitiveness and attract investment.

- ii. **Detailed guidelines for tax compliance:** The issue of tax administration and compliance must be addressed as some of the available guidelines for tax administration, i.e. procedures and regulations, lack clarity and may cause disputes to arise. Some types of taxes also do not have guidelines, which further contributes to poor compliance by taxpayers.

To address these challenges, the Government is implementing two initiatives under this NKRA. These initiatives will be supported by the efforts undertaken by other NKRA's such as the Resource Mobilisation NKRA and the Realigning Regulations and Institutions NKRA to simplify processes, widen the tax base and increase tax revenue.

<sup>2</sup> International Monetary Fund, 2011 Article IV Consultation and Second Review Under the Policy Support Instrument – Staff Report

# INITIATIVES

The aspiration of this NKRA is to transform Tanzania into a global investment destination through favourable fiscal policies and procedures. The topline KPI is to place Tanzania among the top 50 countries in the ease of paying taxes by FY2017/2018.

Part of creating a conducive business environment includes making it easier for businesses to pay taxes. Simplified tax administration will not only encourage businesses to pay their taxes, but will also contribute towards widening the tax base. This would also assist the TRA in achieving its target of increasing tax revenue to 13.9% of GDP by FY2017/2018 from 11.8% in FY2014/2015.

## 1 IMPROVE COORDINATION OF TAX INCENTIVES AND EXEMPTIONS

The objective of this initiative is to create greater predictability for investors through regular reviews of tax incentives and exemptions. The aim is to ensure stability in fiscal policy decision-making processes and prevent uncoordinated and abrupt review of exemptions. This initiative proposes that the Government explores alternative ways to attract Foreign Direct Investment (FDI) in Tanzania and improve predictability of the investment climate through a structured review process for incentives and tax exemption.

The expected outputs include a better-coordinated working relationship among the three main policy-making ministries and implementation agencies. These comprise the Prime Minister's Office (PMO), Ministry of Finance and Planning (MoFP) and Ministry of Industry, Trade and Investments (MITI), with the implementing agencies being the Tanzania Investment Centre (TIC), the TRA and the Export Processing

Zones Authority (EPZA). Improving coordination between these stakeholders will aid in streamlining incentives and exemptions, which is expected to foster growth in specific economic sectors deemed by the Government as focus growth areas (e.g. tourism and agriculture).

The initiative will entail three main tasks including:

**i. Reviewing the decision-making process for fiscal policies**

Objective: To determine weaknesses and to minimise negative impacts of policy changes to improve stability of the taxation policy environment.

**ii. Establishing an improved econometric model to support decision making**

Objective: The enhanced model will be used by decision makers as a tool to determine the most efficient tax policies used for development.

**iii. Determining tax incentives and exemptions packages to drive activities which will enable economic growth**

Objective: The new or revised packages are expected to plug the loopholes of ineffective exemptions and incentives.

## 2 STREAMLINE OPERATIONS AND PERFORMANCE MANAGEMENT OF REVENUE COLLECTING AGENCIES

This initiative will address challenges related to tax administration and compliance by focusing on the operations of the TRA, to reduce existing costs embedded in the tax system.

Expected outputs from this initiative include the simplification of tax payment processes. This will reduce various costs that are currently borne by the private sector, and encourage compliance which will lead to an increase in Government revenue.

The expected output will be indicated through the achievements of the TRA's KPIs as follows:

**i. Compliance in meeting 100% of the TRA's Quality Management**

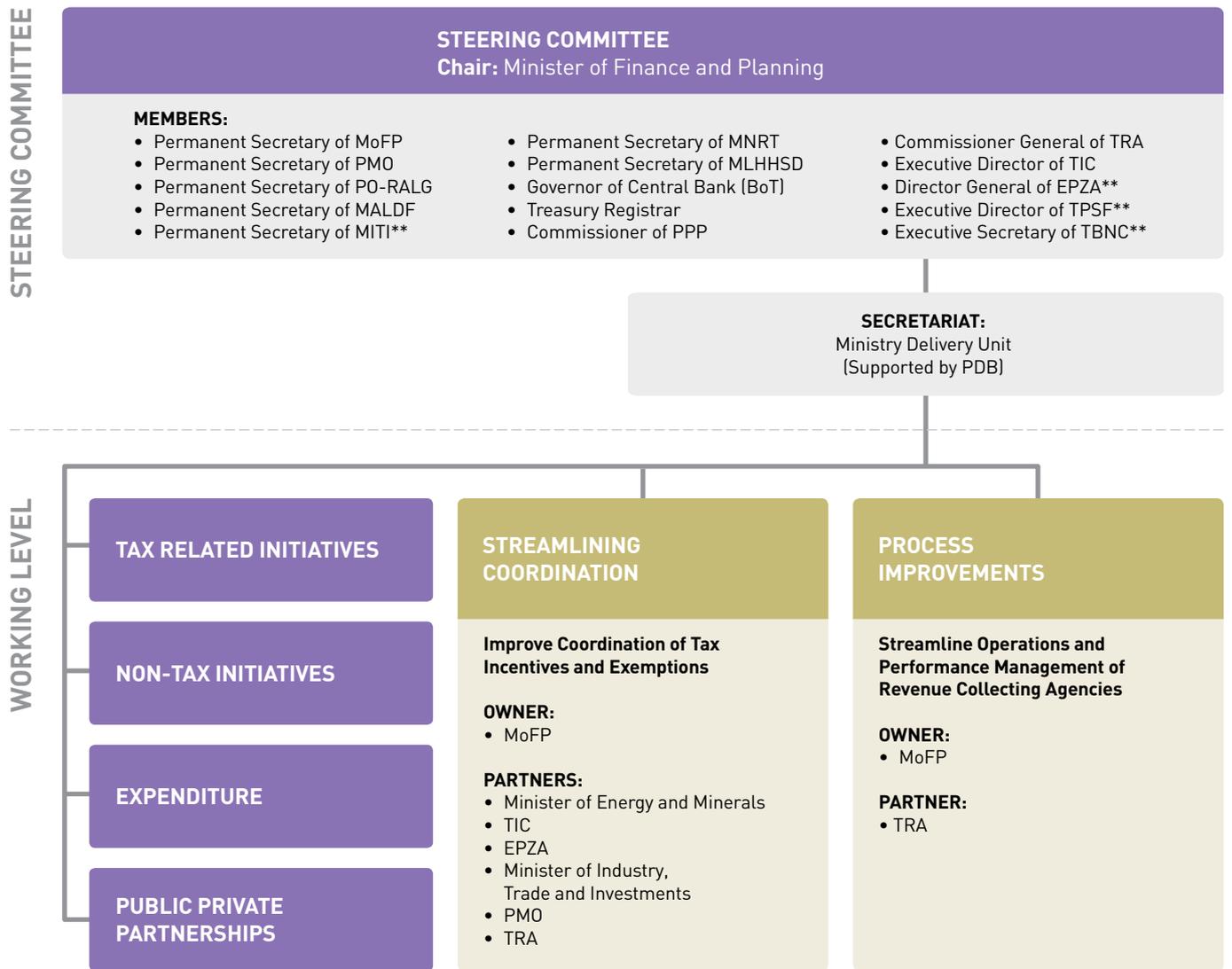
**System targets:**

- Total annual tax revenue collection
- Percentage of VAT refund made within 30 days
- Reducing cost of collection.

**ii. Introduction of a new integrated domestic tax administration system (including modules for Registration, Taxpayer Service, Assessment, Audit, Collection, Objections & Appeals, Refunds, Accounting, Investigation).**

Potential new initiatives include the creation of a single point of payment for all taxes, which could lead to fewer transaction costs for businesses and improve compliance.

# GOVERNANCE STRUCTURE\*



  : Resource Mobilisation NKRA

  : Taxation NKRA

\* The Taxation NKRA Governance Structure will leverage on the existing Governance Structure of the Resource Mobilisation NKRA. Private sector representation will be added to the structure to ensure private sector input

\*\* Business Environment Taxation Steering Committee members

## NATIONAL KEY RESULT AREA

# CURBING CORRUPTION

## President's Office-Regional Administration and Local Government

# MINISTER'S MESSAGE

As Tanzania approaches the deadline of the Development Vision 2025, notable progress has been made in a number of areas, but there remains much to be done to achieve our goals. In addition to peace, stability and unity, good governance is one of the five pillars of the Development Vision.

Upholding the rule of law and ensuring accountability in public service delivery are key characteristics of promoting good governance.

The Curbing Corruption National Key Result Area under Big Results Now! seeks to reduce the prevalence of corruption not only in the business environment, but in society as a whole. Through strengthening laws and enforcement, enhancing public awareness and education, as well as modernising systems to create greater transparency in processes and structures, it is expected that great strides will be made in curbing corruption in Tanzania.

The 10 initiatives presented in this Roadmap are a reflection of the areas considered most critical in addressing the root causes of corruption. These initiatives cover a range of approaches, from updating the curriculum to include ethics and modernising procurement systems, to conducting a comprehensive review of

public servants' remuneration.

As with any undertaking that anticipates big, impactful results, the initiatives under the Curbing Corruption NKRA will be implemented by a number of institutions which each have a common goal of enhancing service delivery and strengthening institutions. The agencies include the Preventing and Combating Corruption Bureau, President's Office-Public Service Management, Tanzania Education Institute, Ethics Secretariat, Public Procurement Regulatory Authority, Public Service Remuneration Board, Attorney General's Chambers and State House.

Enforcement of the law, transparency in procurement processes, and raising awareness on the negative effects of corruption are among areas of improvement which the Lab on Improving Business Environment identified with the participation of multiple stakeholders including development partners and non-governmental organisations. The Lab also identified best practice approaches from leading countries in their efforts to curb corruption. With the Big Results Now! Methodology, we are confident that the recommended initiatives will yield desirable results and enable Tanzania to achieve its National Development Vision 2025

in a more inclusive and sustainable manner.

We are confident that with this BRN delivery methodology and continuous commitment from all parties, we will be able to achieve great strides in our efforts to curb corruption in Tanzania.

### **Hon. Angella Kairuki**

Minister, President's Office (Good Governance and Public Service)

# OVERVIEW

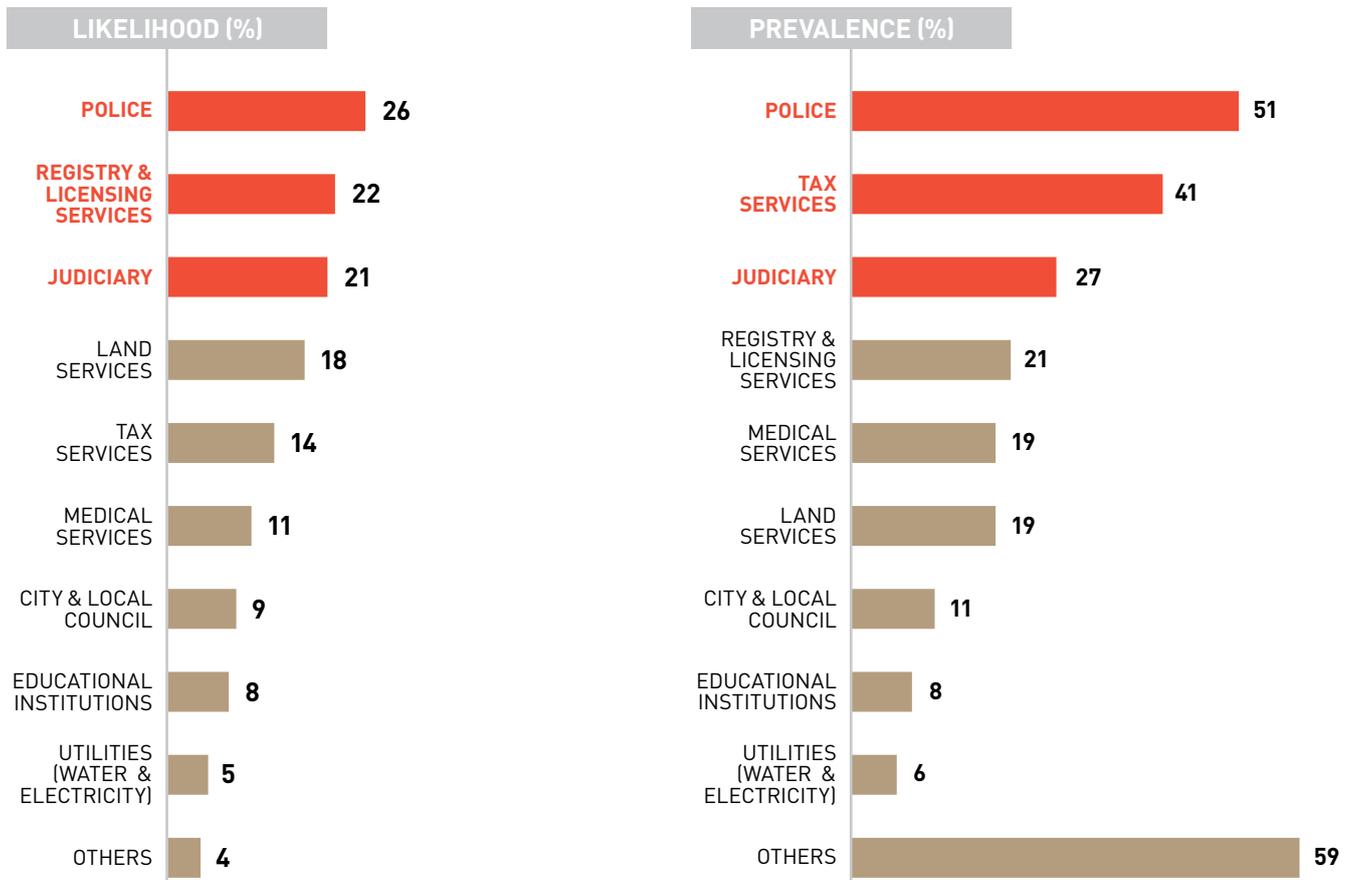
Corruption has had broad negative impact on the country’s development, including contributing to social ills such as moral decadence, poor public service delivery and weak governance. Moreover, corruption has impinged on the Government’s ability to manage the country as revenues have been siphoned away, thereby reducing its ability to pay for public services and amenities.

While the Government is actively involved in initiatives to combat corruption, such as through awareness campaigns and efforts to strengthen internal practices, key international indices continue to suggest that there is room for improvement in this area.

Studies suggest that there is general public distrust in the effectiveness of public institutions,

which play a vital role in facilitating business transactions. According to Transparency International’s (TI) East Africa Bribery Index 2013, Tanzania’s public services, including those working with investors, are perceived to be among the worst corruption offenders (see Figure 4.1).

**FIGURE 4.1 | The likelihood and prevalence of corruption among institutions in Tanzania.**



The Police, Licensing Authorities and the Judiciary are perceived to be most likely to be corrupt

Highest number of corruption cases were reported among the enforcement authorities and the Judiciary

SOURCE: Transparency International [East Africa Bribery Index 2013]

According to TI's findings, the police, the registry and licensing services, and the Judiciary are perceived by the general public to be most likely to be corrupt. In terms of bribes paid, the survey revealed that Tanzanians have paid the most number of bribes to the police, the Tanzania Revenue Authority (TRA) and the Judiciary.

Corruption, when allowed to proliferate, introduces additional costs, delays and uncertainty into business transactions, thereby significantly weakening the business environment. This in turn translates into reputational loss for Tanzania's status as an investment destination. Corruption must therefore be removed as a consideration when doing business in the country.

The Curbing Corruption NKRA seeks to address corruption issues in a holistic manner by addressing the following structural issues:

- 1. Weak rules and regulations:** The limited harmonisation of business-related regulations has led to unnecessary delays in obtaining approvals from public institutions. These have in turn created opportunities for corruption as businesses seek to expedite the approval process. At the same time, some of the existing rules and regulations are out of date, and do not cater to the business community. These also introduce unnecessary complexities, costs and delays in setting up a business, which again create opportunities for corruption.
- 2. Lack of enforcement:** The lack of adequate mechanisms to monitor and enforce service quality creates vulnerabilities which can be exploited for corrupt purposes. At the same time, enforcement is being hampered by legislative weaknesses such as lenient punishments for corruption offenders.

- 3. Ineffective systems and processes:** Insufficient coordination between Government agencies and departments, and outdated systems that continue to rely on manual entries have introduced inefficiencies into public service delivery. This creates opportunities for graft by those seeking to circumvent these inefficiencies.
- 4. Lack of awareness of individual rights:** Government officers lack the capacity and motivation to fight corruption. With insufficient powers to monitor and sanction corruption offenders, or incentives to do so, corruption is given room to proliferate. At the same time, the general public tends to be indifferent when it comes to corruption issues and thus must be appropriately ingrained with a sense of urgency to help combat corruption.
- 5. Lack of accountability and transparency:** The lack of accountability and transparency is a problem afflicting decision makers at all levels of Government.
- 6. Poor attitudes:** A prevailing social attitude in communities that corruption is part of the status quo has stymied efforts to combat corruption. The general public is, by and large, generally unaware of their duties and rights as citizens, and no focused schemes have been implemented that have effectively changed their minds.

The Curbing Corruption NKRA aims to resolve these identified barriers through a comprehensive set of 10 initiatives grouped under three Focus Areas, with each initiative addressing one or more of the issues raised above.

# INITIATIVES

The Curbing Corruption NKRA's three Focus Areas are designed to address key elements that contribute to the prevalence of corruption in the country. The aspiration for the NKRA is for Tanzania to be among the top five Sub-Saharan countries in TI's CPI ranking by 2020. The topline KPI for this NKRA is to improve Tanzania's CPI score to 75 by FY2017/2018.

Table 4.1 provides an overview of the Focus Areas and initiatives under the Curbing Corruption NKRA.

**Table 4.1 | Overview of the Curbing Corruption NKRA Focus Areas and initiatives.**

| FOCUS AREA                        | INITIATIVE  |
|-----------------------------------|---|
| Education and awareness           | 1. Enhance public awareness   |
|                                   | 2. Implement "Name and Shame" Programme   |
|                                   | 3. Enhance ethical education in schools, higher learning institutions and teachers' training colleges |
|                                   | 4. Develop e-reporting  |
| Laws, regulations and enforcement | 5. Implement punitive sanctions   |
|                                   | 6. Whistleblowers and Witness Protection  |
|                                   | 7. Implement Integrity Pledges  |
| Structure, systems and processes  | 8. Rationalisation and harmonisation of remuneration systems and linking to performance               |
|                                   | 9. Implement e-procurement  |
|                                   | 10. Develop mechanisms to enforce the implementation of the Client Service Charter                    |

# FOCUS AREA 1: EDUCATION AND AWARENESS

The public at large are one of the key determinants of the outcomes of anti-corruption initiatives as they bear the consequences. Unfortunately however, the public also plays a role in contributing to corruption.

To ensure that Tanzanian citizens have the right perception and attitude towards corruption, initiatives under this Focus Area will educate and raise the general public's awareness on corruption. The Focus Area also introduces mandatory ethical education in all institutions of learning, as well as in teachers' training colleges, to ensure that corruption is understood and discouraged from a young age. Finally, the Focus Area will also enhance the corruption reporting mechanism by introducing an e-reporting platform, which will make corruption reporting more accessible to the public.

## 1 ENHANCE PUBLIC AWARENESS

This initiative aims to improve existing efforts to better educate the general public on corruption through the broad use of various media channels to reach as wide an audience as possible. The Prevention and Combating of Corruption Bureau (PCCB), as the lead for this initiative, will embark on an integrated communication campaign that seeks to work with other implementing institutions involved under the Curbing Corruption NKRA to ensure:

- 1) Continuous and holistic messaging on efforts by all Government agencies in the fight against corruption
- 2) Various communication channels used by other institutions are leveraged to ensure greater appreciation and participation by members of the public.

PCCB is already engaged in various public outreach programmes. The messages will be designed to create

greater awareness on the general public's right to information and of the impact of corruption on their lives.

The KPIs for this initiative are to reduce both public perception of the level of corruption as published by TI from 67.6% in 2014 to 35% by 2018, and improve the Control of Corruption Score by Millennium Challenge Corporation from 53% in 2014 to 96% by 2018.

## 2 IMPLEMENT "NAME AND SHAME" PROGRAMME

At present, there is no formal mechanism to name and shame corruption offenders and coverage of corruption cases in newspapers is sparse. This initiative aims to develop a database that will be made available online for public viewing, and will contain the name, photo and conviction details of corruption offenders. The online name and shame database, to be administered by the PCCB, aims to discourage would-be corruption offenders and to send a message to

the general community that no mercy will be shown to corruption offenders.

To further deter offenders, names and photos of convicted offenders entered into the database will be publicised in other forms of media.

To ensure that the Name and Shame Programme is properly administered, names and photos will only be posted online after conviction has been verified. All convicted offenders will

be entered into the database and displayed for three years, although the offender's information will be kept in the database indefinitely.

The KPI for this initiative is to launch the "List of Shame" page on the PCCB website by December 2014. The website can be accessed via [www.pccb.go.tz](http://www.pccb.go.tz). The PCCB will also monitor the number of convicts published on the website as well as the number of visits to the website.

### 3 ENHANCE ETHICAL EDUCATION IN SCHOOLS, HIGHER LEARNING INSTITUTIONS AND TEACHERS' TRAINING COLLEGES

There is presently no focus on corruption in the syllabi of primary and secondary schools, or in higher learning institutions, particularly teachers' training colleges. While there are existing courses dealing with ethical matters being taught in schools, e.g. General Studies and Development Studies, these are generic courses with no specific concentration on corruption.

This initiative aims to focus on developing a curriculum on ethics that will lead to behavioural change. It is

important to instil strong ethics and good morals in Tanzania's children whilst they are still at an impressionable age in line with the Swahili adage, "*Mtoto umleavyo ndivyo akuavyo*" (The way you bring up a child is the way he/she shall grow).

The Tanzania Institute of Education (TIE) will prepare a formal anti-corruption curriculum in consultation with the PCCB to fill the identified gap. Teachers will also be trained to effectively teach the subject in all primary and secondary schools.

The KPIs for this initiative are to implement the curriculum for both primary and secondary schools by FY2017/2018 and to empower at least 25 teachers' training colleges to provide training on ethics by the same deadline.

### 4 DEVELOP E-REPORTING

This initiative aims to establish an electronic reporting (e-reporting) framework that allows the general public to report corruption cases through various means of digital communication. The initiative leverages on the growing number of Tanzanians with access to the Internet and mobile phones to ease and encourage the reporting process.

The e-reporting framework will implement a user-friendly web portal and content management services to comprehensively collate all reports submitted by the public through the website, SMS, phone calls or walk-ins to any of the PCCB offices located nationwide. Those who file cases will receive a receipt of their report.

The e-reporting system serves a complementary role to other initiatives under this NKRA, such as the enhancement of public awareness (see Initiative 1). The KPI for this initiative is the total number of actual corruption reports received with actionable information. With other curbing corruption initiatives underway and the recognition that it is a long-term effort with a gradual outcome in terms of behavioural change, the number of corruption cases reported is expected to be high. The target is to have 1,500 cases reported by FY2017/2018.

# FOCUS AREA 2: LAWS, REGULATIONS AND ENFORCEMENT

The existing laws on anti-corruption are not punitive to the degree of the offences committed. The penalty amount prescribed by the laws does not allow the courts to impose equitable judgement based on the severity of the offence committed. This Focus Area introduces initiatives to review existing laws to ensure sanctions are harsher. It is expected that enforcement of these laws will deter people from engaging in corrupt practices.

Some of the actions to be undertaken by initiatives under this Focus Area include reviewing existing laws, and imposing heftier fines and longer jail sentences to act as deterrents against corruption.

## 5 IMPLEMENT PUNITIVE SANCTIONS

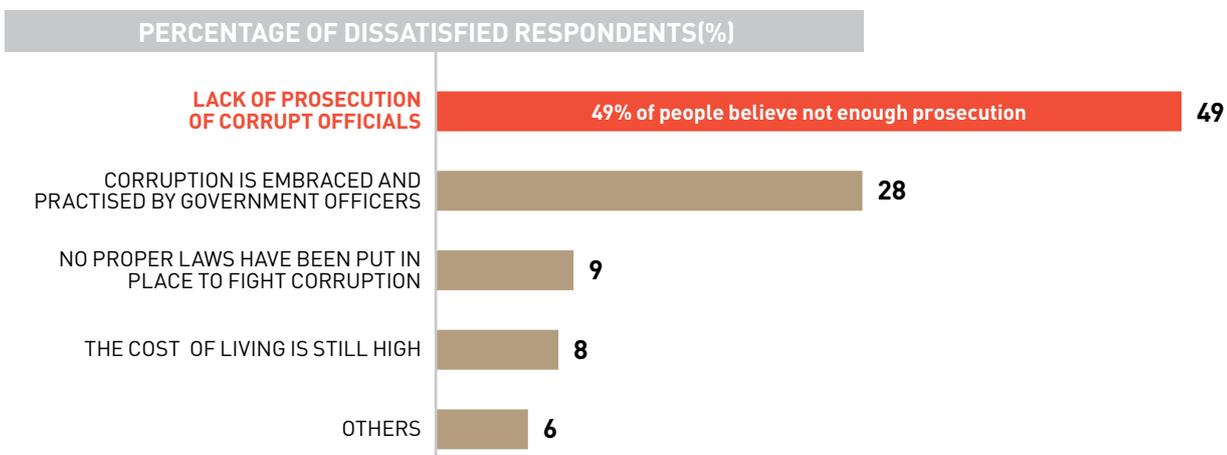
Under this initiative, punitive sanctions for corruption and related offences will be more severe in meting out penalties and jail terms, as well as function as a preventive measure to deter future offenders. The aim is to ensure that the punishment for corruption offences

outweighs its benefits, thereby making corruption an unattractive option.

Evidence that the existing justice system has insufficiently punished corruption offenders was presented in a TI survey in 2013 which found that

almost half of the survey respondents who are dissatisfied with Tanzania’s anti-corruption practices say that there is insufficient prosecution of corruption offenders (see Figure 4.2).

**FIGURE 4.2 | Reasons for dissatisfaction with the Government’s efforts to curb corruption.**



SOURCE: Transparency International East African Bribery Index 2013

In addition, the initiative aims to introduce mandatory confiscation of proceeds arising from corruption to ensure that convicted offenders do not enjoy the fruits of their illegal activities. Under the present framework, the Director of Public Prosecutions (DPP) may obtain a forfeiture order against property obtained through corruption, but must apply to the courts to do so. The amendment gives power to the judge to forfeit any property as a result of the illicit gain of corrupt practices. This will reduce the amount

of paperwork and litigation steps compared to existing practices where a separate application is required to forfeit or confiscate any property found to be part of illicit gain from the corruption.

The following laws are proposed to be amended under this initiative:

1. Prevention and Combating Corruption Act (No.11 of 2007)
2. Economic and Organised Crime Control Act (Cap. 200, Revised edition 2002)

3. Road Traffic Act (Cap. 168, Revised edition 2002)
4. Anti-Money Laundering Act (No.12 of 2009)
5. Proceeds of Crime Act (Cap. 256, Revised edition 2002)
6. Minimum Sentence Act (Cap. 90, Revised edition 2002).

The KPI for this initiative is to achieve Parliamentary approval for the proposed amended laws by FY2016/17.

## 6 WHISTLEBLOWERS AND WITNESS PROTECTION

A whistleblower is described as “a person who acts to expose allegations of misconduct, dishonesty or any activities associated with treachery”. This initiative entails drafting a bill to protect whistleblowers and witnesses who report on corruption and crime. This is to encourage more people to report on instances of corruption without having to worry about their personal safety and job security.

There is currently no standalone Act or framework that protects and provides clear guidance on whistleblowers. Moreover, the current system discloses the identities of whistleblowers, therefore putting them at risk. As a result, there is a general reluctance to report information related to corruption cases as they have little to gain and much to lose should offenders decide to take retributive action.

This initiative, led by the Ministry of Constitutional Affairs and Justice, will provide greater protection to whistleblowers and victims of crime through the introduction of clear legislation of their protection. The

Attorney General will support this initiative and draft a bill to protect whistleblowers.

The enactment of a Whistleblower and Witness Protection Act is in line with international practice, and is expected to increase the number of people willing to come forward to report on corruption and to act as witnesses in corruption cases. The KPI for this initiative is for the new Whistleblower and Witness Protection Act to be in effect after publication in the Government Gazette by FY2016/17.

## 7 IMPLEMENT INTEGRITY PLEDGES

Integrity Pledges are formal acknowledgements by pledgees to indicate their support for, and commitment to, ethical practices. These pledges bind the pledgees to a standard of practice that must be abided by at all times or cause them to risk losing certain privileges. At present, only senior public officials are required to sign integrity pledges while no such mechanism is in place for private companies.

This initiative is led by the Ethics Secretariat under the President's Office. The Integrity Pledge will be signed by public leaders (members of the Cabinet), public servants and the private sector of Tanzania. For the private sector, the signing of the Integrity Pledge is expected to be a pre-requisite for private companies that intend to provide goods and services to the Government.

The Integrity Pledge will require pledgees to adhere to standards including the pursuit of excellence in service, diligence, impartiality, respect of law, integrity and accountability.

Pledges made by both public and private sectors are to be made public so that any violation of the pledge will be publicly noted. Expected outcomes of this initiative include increased transparency and accountability in the public sector, reducing corruption in the Government's dealings with the private sector and creating a level playing field for all businesses.

The target for this initiative will begin with all public leaders and public servants and a minimum of 50 private companies signing the Integrity Pledge in FY2015/16. During the same period, the Ethics Secretariat will develop a survey mechanism and guideline to gauge ethical values in the organisations after they have signed the Integrity Pledge.

The target for FY2016/17 is to ensure 85% of those who signed comply with the guideline. In FY2017/18, the compliance is to increase to at least 90%, while all private companies which have contracts with the Government will have to sign the Integrity Pledge. It will also be a pre-requisite for the award of Government contracts.

## FOCUS AREA 3: STRUCTURE, SYSTEMS AND PROCESSES

Initiatives under this Focus Area are designed to streamline the existing public service structures, systems and processes to reduce opportunities for corruption. The initiatives are also designed to reinforce commitment to ethical service delivery to the public, and to eventually create a corruption-free and client-centric culture within the public service.

### 8 RATIONALISATION AND HARMONISATION OF REMUNERATION SYSTEMS AND LINKING TO PERFORMANCE

This initiative aims to address disparities in remuneration between similar job functions across different departments and various levels of public service. The initiative will also link remuneration to service delivery quality to create a fairer and more meritocratic basis for salary reviews.

A disparate remuneration system within the Government, due to the discretion allowed under the law especially for statutory bodies, has made corruption an attractive alternative to public servants who receive lesser pay in comparison to their peers in other ministries, departments or agencies (MDAs). This has also affected the morale of many public servants.

To address these salary disparities, the Public Service Remuneration Board (PSRB) will conduct a job evaluation exercise across the entire public service to identify pay disparities, and re-grade positions to implement a performance-linked wage system. Ultimately, the new remuneration system is expected to improve morale of the civil service, increase job satisfaction and make civil servants more accountable for their service delivery quality.

The target is for the adoption of the new remuneration model by all MDAs including Local Government Authorities (LGAs) by FY2017/2018.

## 9 IMPLEMENT E-PROCUREMENT

This initiative aims to set up an electronic procurement (e-procurement) system that will automate procurement processes to increase efficiency, and reduce delays associated with procurement. This will subsequently contribute towards improving the delivery of public services to intended recipients.

The present paper-based procurement system used by the Government contributes to corruption as the procurement process is accessible to only a few stakeholders and officials at any given time. The manual handling of tender bids has also increased the likelihood of corruption as it depends on human agency, which is susceptible to bribery.

Through the e-procurement system, bidders will have access to accurate information on the process involved in the award of tenders. In so doing, the e-procurement system will contribute to a level playing field for all bidders and allow instances of corruption to be more readily identified.

The new system will also benefit the logistical side of the procurement process as it aims to reduce general costs associated with procurement and reduce delays, which ultimately stall the delivery of public services to intended recipients. To expedite the process, the e-procurement system will allow approvals to be made remotely by Tender Board members, thus allowing for more efficient decision-making.

The initiative, led by the Public Procurement Regulatory Authority (PPRA), will be developed in parallel with the enforcement of cyber laws, and needs to be integrated with the laws so that the e-procurement system will serve as a platform for the end-to-end procurement process.

The KPI for this initiative is to have the e-procurement system operational by FY2017/2018 for all MDAs and LGAs.

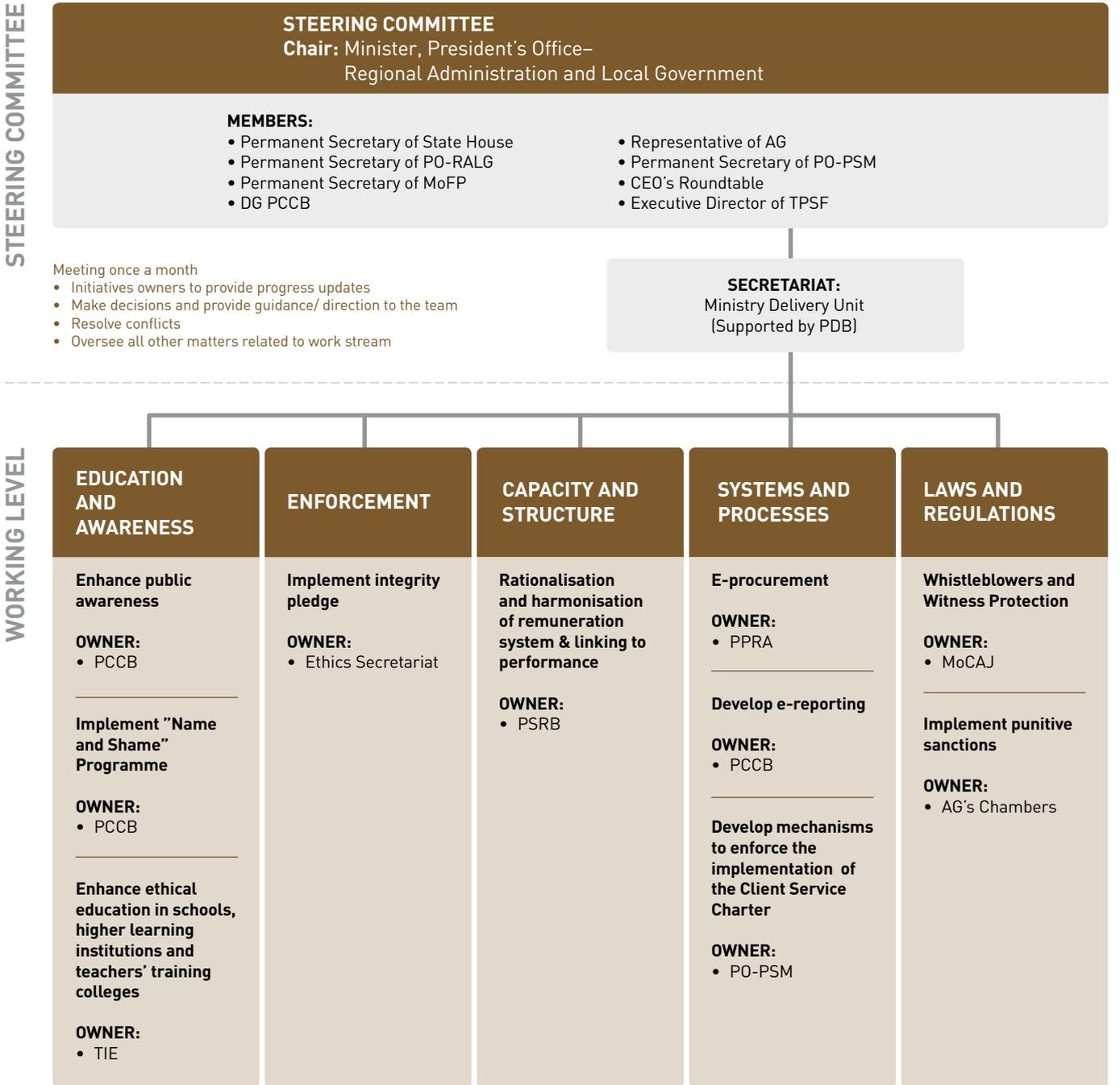
## 10 ENFORCEMENT OF THE CLIENT SERVICE CHARTER

A Client Service Charter is a contract or service agreement between the service provider and its client or customer on the level of service that can be expected. While each MDA has already adopted a Client Service Charter, the existing monitoring and evaluation (M&E) framework has had limited success in identifying and sanctioning violations of the Charters, thus rendering them ineffective. This initiative will enforce the Charters to improve the efficiency and quality of the public service delivery system, and to regain public trust in the effectiveness of Government institutions. This will be achieved by empowering lead officers to undertake M&E of their staff and impose sanctions on underperforming officers.

Further supporting the delivery of this initiative will be the implementation of public campaigns to raise awareness on the Client Service Charters. A feedback mechanism for evaluation will also be developed to seek quick feedback for continuous improvement.

The KPI for this initiative is to ensure that 80% of all public service employees comply with their respective Client Service Charters by FY2017/2018 from a baseline of 60% in FY2013/2014.

# GOVERNANCE STRUCTURE



Meeting once a month

- Initiatives owners to provide progress updates
- Make decisions and provide guidance/ direction to the team
- Resolve conflicts
- Oversee all other matters related to work stream

Meeting bi-weekly

- Liaise directly with Ministry’s Delivery Unit and respective PDB director

## NATIONAL KEY RESULT AREA

# LABOUR LAW AND SKILL SETS

Prime Minister's Office-Policies, Parliamentary Coordination, Labour, Youth, Employment and Disabled Persons

## MINISTER'S MESSAGE

The presence of an adequately skilled workforce that is aligned with the evolving needs of industry is crucial for the development of any country's economy. In addition to sound business plans, entrepreneurship and capital, labour is a critical factor of production required by businesses to operate and thrive.

The Government of Tanzania has recognised that the current labour market is left wanting in a number of areas, particularly in meeting the demands of industry. Sustainable measures for ensuring the creation of a skilled workforce complemented by the introduction of more favourable employment laws are therefore critical. The Government's approach thus aims to create a healthy and sustainable labour force in Tanzania through a combination of policy reforms and targeted skills training.

To create a sustainable workforce, we must develop mechanisms that will ensure fair treatment for both employers and employees. This means having in place the right laws and policies, procedures and mechanisms, and people to administer the entire framework. Specifically, the review of the Employment and Labour Relations Act has been completed and the Government has started the process of reviewing the National

Employment Policy. These represent key initiatives under this NKRA in order to create a stable platform for further improvements in the labour policy.

Additionally, we aim to preserve the harmony between employees and employers by strengthening the Labour Court and enhancing the effectiveness of the Commission for Mediation and Arbitration in conducting peaceful and timely resolution of labour disputes. We will also be providing guidance to workers and employers concerning their legal rights and obligations to help reduce disputes and the cost associated with them. The Prime Minister's Office-Policies, Parliamentary Coordination, Labour, Youth, Employment and Disabled Persons therefore seeks to improve labour law administration in Tanzania.

Last but not least, the Ministry will collaborate with the Ministry of Education, Science, Technology and Vocational Training to address the country's skills gaps. We will work together to develop a strategy on national skills development, with special emphasis on key selected sectors of the economy, that aligns with the aspirations of Vision 2025.

Beyond technical and vocational education and skills development,

we will encourage the industry and private sector to play a bigger role in helping graduates transition into the workplace by creating internship and apprenticeship opportunities. We are also exploring possible avenues for making the Skills Development Levy more accessible to employers for training purposes.

I am confident that these initiatives, together with the work of the other Business Environment NKRA's, will address some of the most pressing issues facing Tanzania's private sector. Together, we are taking significant steps forward in making Tanzania a more attractive place to do business.

### **Hon. Jenista Mhagama**

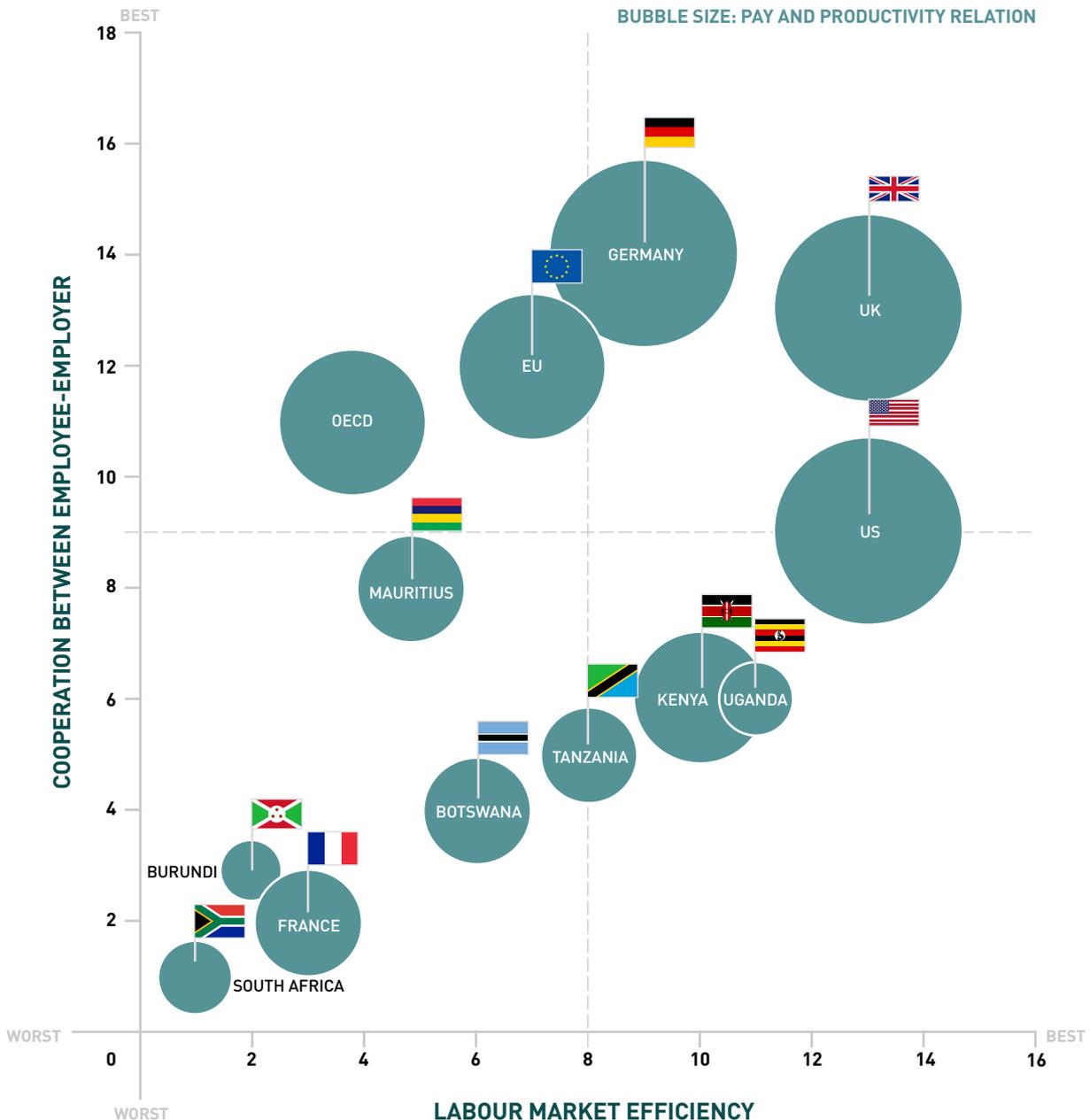
Minister, Prime Minister's Office,  
Policies, Parliamentary Coordination, Labour,  
Youth, Employment and Disabled Persons

# OVERVIEW

Fair labour laws and access to a skilled workforce are important considerations for business owners in any country. Employees are among the most valuable assets of any business and hence represent a significant determinant of business success or failure.

There is therefore a crucial need for a robust labour market framework that can produce skilled workers needed by employers while protecting the rights of both employers and employees. The framework needs to be efficient in the delivery of employment services, and effective in addressing structural limitations that jeopardise the supply of labour and the relationship between employers and employees.

**FIGURE 5.1 : Data from the World Economic Forum’s (WEF) Global Competitiveness Report 2013 shows that Tanzania’s relatively weak labour market efficiency can be inferred from its low ranking in employee-employer relationships.**



Tanzania’s labour market presently suffers from two structural challenges: a labour market framework that is not conducive to competitive business, and a domestic workforce that is insufficiently skilled to meet business needs. In assessing Tanzania’s labour market, the World Economic Forum in 2013 concluded that labour laws are largely biased towards employees, which limits employers’ capacity to manage their workforce. This has been made more cumbersome by the presence of overlapping laws and regulations overseen by multiple regulatory authorities and unreviewed employment policies.

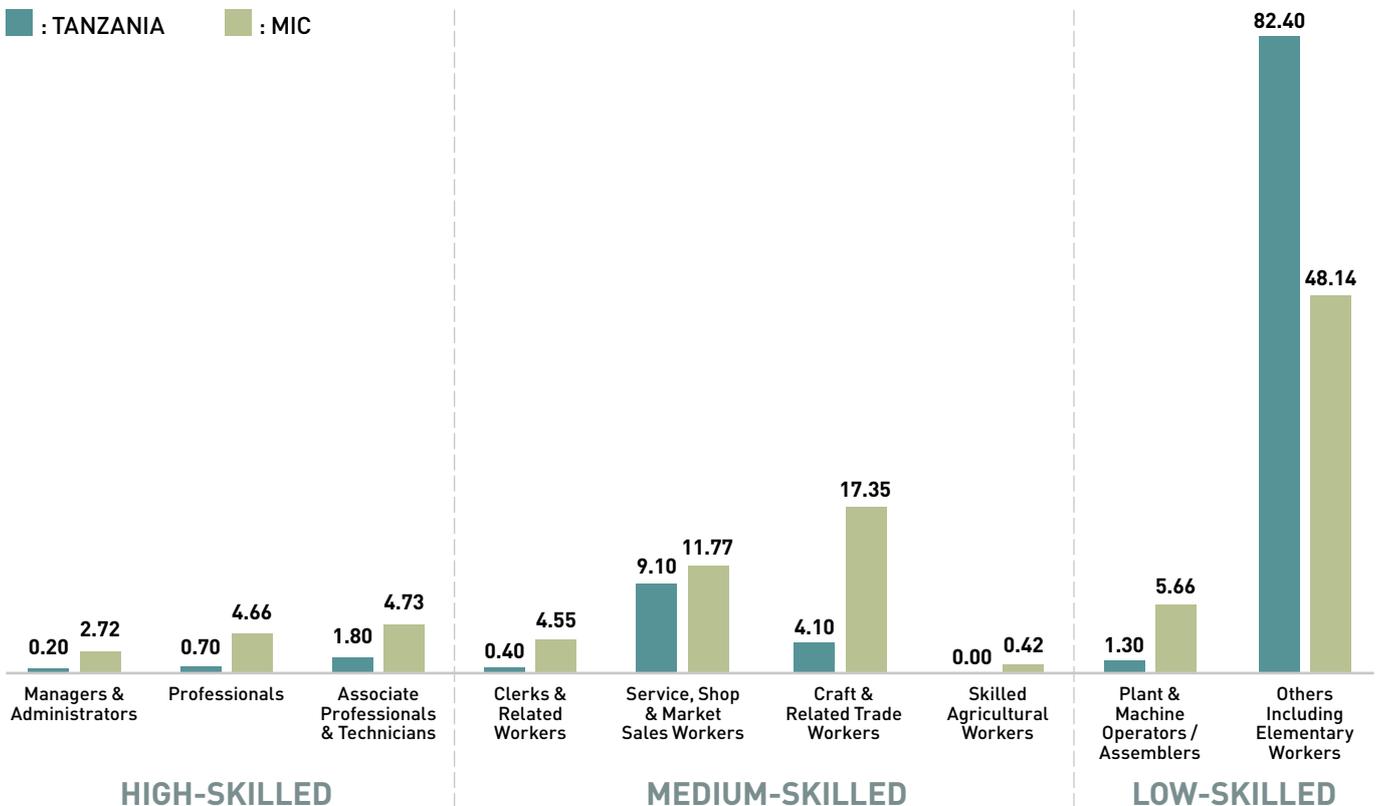
At the same time, the lack of domestic workers with job-relevant

skills has also made hiring a difficult challenge for employers. A survey on employment and earnings conducted in the year 2010/2011 by the National Bureau of Statistics indicates that on average, 30% to 40% of vacancies advertised in the formal sector lacked the skilled personnel needed. At the same time, research that was conducted by employers indicates that 71% of employers in the agricultural sector lacked eligible skilled personnel. Additionally, few of the professions studied by youth do not accommodate self-employment opportunities in the labour market. Tanzania presently has an estimated labour force of 19.1 million out of which 14.3 million are self-employed, 1.7 million are employed in the private

sector, and 0.5 million are employed in the public sector.

Of the total Tanzanian workforce, 83.7% are low-skilled workers. If Tanzania is to achieve its vision of becoming a middle-income country, it will have to reduce the proportion of low-skilled workers to 53.8%, increase the ratio of semi-skilled workers from 13.6% to 33.7%, and the ratio of skilled workers from 2.7% to 12.1%. Figure 5.2 illustrates the gap between Tanzania’s present cohort of high- and medium-skilled workers, and the number of personnel required in each respective position for the country to reach middle-income status by 2025.

**FIGURE 5.2 | Percentage of working population by major group of occupations in comparison with other Middle-Income Countries (MIC).**



SOURCE:  
 1. Attaining Middle Income Status - Tanzania: Growth and Structural Transformation Required to Reach Middle Income Status by 2025; International Growth Centre, London School of Economics and Political Science, 2012  
 2. Tanzania Integrated Labour Force Survey 2006

The data suggests that there must be a significant change in the employment policies in order to enhance the existing skill sets of the Tanzanian workforce. On the Government’s side, the Technical and Vocational Education and Training (TVET) curriculum must be better aligned with industry needs. On the private sector’s side, employers must undertake greater investment in skills training.

There are therefore two key areas to be addressed by the initiatives of this NKRA:

**LABOUR LAWS**

Initiatives will address issues related to conflicting labour laws, under-resourced labour institutions and outdated employment policies. The modernisation of labour laws will accord balanced protection between employers and employees, thus improving industrial harmony. These are critical success factors in creating a conducive business environment.

**SKILL SETS**

Initiatives will be implemented to address gaps in skills development policy, governance and implementation. Skills development is critical as it has a direct bearing on productivity. The aim of the initiatives under skill sets is to increase the availability of quality employees and reduce the rate of turnover due to poor job-to-skill sets matching. This will lower costs involved in recruiting and retaining employees.

Initiatives will also be directed at developing a sustainable pipeline of workers by prioritising youth development in line with industry needs.

Specifically, five issues will be addressed by the initiatives of this NKRA:

1. **Conflicting labour laws:** Labour administration in Tanzania is currently governed by different laws. A number of clauses conflict with one another. Some provisions are unsuited to current business needs, and require amendments to play a more effective role.
2. **Shortage of resources in labour institutions:** While there are many institutions governing the labour market in Tanzania, most of them face a shortage of resources (including personnel and equipment), which creates barriers to the effective execution

of their roles. These operational challenges therefore create backlogs that stifle their service provision to the private sector.

3. **Employment policies that require review:** The National Employment Policy (NEP) specifies the national strategy to attain full and productive employment for all Tanzanians. However, no review has been undertaken to ensure the implementation of its provisions since the policy was established in 2008.
4. **Gaps in TVET skills development:** Skills development for TVET and higher-level education students is inadequate due to a shortage of quality trainers, facilities and industry linkages that impacts the delivery of the curriculum. This has created a technical skills gap where the skills acquired by students have little or no real world application.

Little coordination and interaction between the Government and the private sector results in the unavailability of comprehensive information on skills requirements as well as a strategy to rectify mismatches.

5. **Gaps in skills policy:** There is at present little incentive for employers to further invest in training for their employees as they already contribute a substantial amount to the Skills Development Levy (SDL). While the SDL is meant to address the talent needs of industry by investing in higher learning and TVET education, the impact of the SDL is not being felt by employers. There is also a need to encourage the private sector to offer apprenticeships and internship training and upgrade the skills of their employees in order to provide students with valuable real world experience.

# INITIATIVES

The Labour Law and Skill Sets NKRA is divided into five Focus Areas that address the entire labour policy framework in the country.

Table 5.1 provides an overview of the Labour Law and Skill Sets NKRA's Focus Areas and initiatives. The initiatives were identified as high-impact and ready for immediate implementation.

TABLE 5.1 | An overview of the NKRA's Focus Areas and initiatives.

| FOCUS AREA                        | INITIATIVE   |
|-----------------------------------|--|
| Modernise Labour Laws             | 1. Amending Employment and Labour Relations Act 2004 (ELRA)                          |
|                                   | 2. Improving work permit processing for foreign workers                              |
| Strengthen Labour Institutions    | 3. Strengthening and optimising the Commission for Mediation and Arbitration (CMA)   |
|                                   | 4. Strengthening labour enforcement  |
|                                   | 5. Strengthening the Labour Court  |
| National Employment Policy        | 6. Reviewing the National Employment Policy 2008                                     |
| Skills Strategy and Interventions | 7. Developing strategies for national skills development and executing interventions |
|                                   | 8. Making the Skills Development Levy (SDL) accessible to employers for upskilling   |
| Skills Development                | 9. Strengthening delivery of Technical Vocational Education Training (TVET)          |
|                                   | 10. Training students and graduates through internship and apprenticeship programmes |

The topline KPIs for this NKRA are as follows:

- To reduce the ratio of low-skilled workers in the workforce:** The target is to reduce the percentage of low-skilled workers, which is defined as workers generally characterised by low education levels and low wages, to 54% in FY2017/2018 from 83% in FY2013/2014 (baseline).
- To increase the employability of TVET graduates:** Employability is defined as the percentage of graduates who obtain employment within six months of graduation. The goal is to raise the percentage of graduates who obtain employment six months post-graduation to 75% in FY2017/2018 from 28% in FY2013/2014 (baseline).
- To increase the percentage of inspected institutions that comply with labour laws:** The goal is to increase the ratio of institutions that are inspected and deemed compliant with labour laws by Labour Inspectors who conduct follow-up inspections. The target is to raise the number of compliant institutions to 30% in FY2017/2018. There is no baseline for this KPI.

# FOCUS AREA 1: MODERNISE LABOUR LAWS

Initiatives within this Focus Area are designed to strengthen and streamline the legal framework of the labour market to create a more conducive environment for business. The main objective of this Focus Area is to improve the labour environment for greater harmony in employer-employee relations.

## 1 AMENDING THE EMPLOYMENT AND LABOUR RELATIONS ACT

The Employment and Labour Relations Act (ELRA) 2004 regulates the relationship between employers and employees to promote economic development through economic efficiency, productivity and social justice.

In the application of the law, it has been noted that certain provisions are conflicting and in some cases, constrain the creation of a competitive business environment. The identified conflicts contribute to challenges in complying with and administration of the law. Limitations or constraints, such as in maximum working hours, disharmony in setting minimum wages, and restrictions to payments in lieu of leave, result in the law being

perceived to protect employees to the disadvantage of employers who seek greater productivity for better competitiveness.

To create a more supportive business environment, this initiative aims to make the necessary amendments to ELRA. These amendments to legislation, if applied correctly, are expected to help boost productivity in the country. The proposed amendments to the ELRA are available in the Appendix.

This initiative aims to have the proposed amendments submitted to Parliament and passed by FY2015/2016<sup>1</sup>.

<sup>1</sup>At the time of printing, a number of amendments have already been passed. However, labour law amendments are continuous. It is expected that ongoing social dialogue will result in further amendments

## 2 IMPROVING WORK PERMIT PROCESSING FOR FOREIGN WORKERS

Foreign workers play an important role in Tanzania's workforce by filling shortages in skilled areas. Under Tanzania's legislative framework, foreign workers are required to obtain residence permits and work permits to work legally in Tanzania.

Feedback from Tanzanian employers reveals that the existing application process in Tanzania takes anywhere between three and eight months to complete despite a client charter committed to the issuance of permits within 14 days. This time-consuming process has made it difficult for employers to plan and source for labour from outside Tanzania.

The root causes for the delay in issuing work permits are:

- i. Multiplicity of laws administering work permits (a total of seven laws)
- ii. The manual processing of foreign work permit applications through the Labour Commissioner
- iii. Insufficient staff in the Ministry to process work permits.

This initiative will expedite the issuance of work permits for foreign workers in Tanzania by comprehensively streamlining the process, from improving legislation to ensuring sufficient processing capacity. In implementing this initiative, the Prime

Minister's Office will streamline the work permit application process by developing a single law governing the entire procedure under a single authority.

The introduction of electronic systems for processing work permit applications will reduce the total processing time as well as the number of personnel required to process paperwork, and increase transparency. The system will be integrated with Immigration and other authorities such as the Business Registrations and Licensing Agency (BRELA), the Tanzania Investment Centre (TIC) and the Exports Processing Zones Authority (EPZA).

This integration of systems will effectively reduce the number of processes required to obtain a permit, hence avoiding potential delays. It will also synchronise information between the different agencies hence ensuring uniform distribution of data and information while reducing the manual handling of documentation between different parties.

This initiative aims to have all work permits processed online and issued within seven working days upon the receipt of all proper application documents by FY2017/2018.

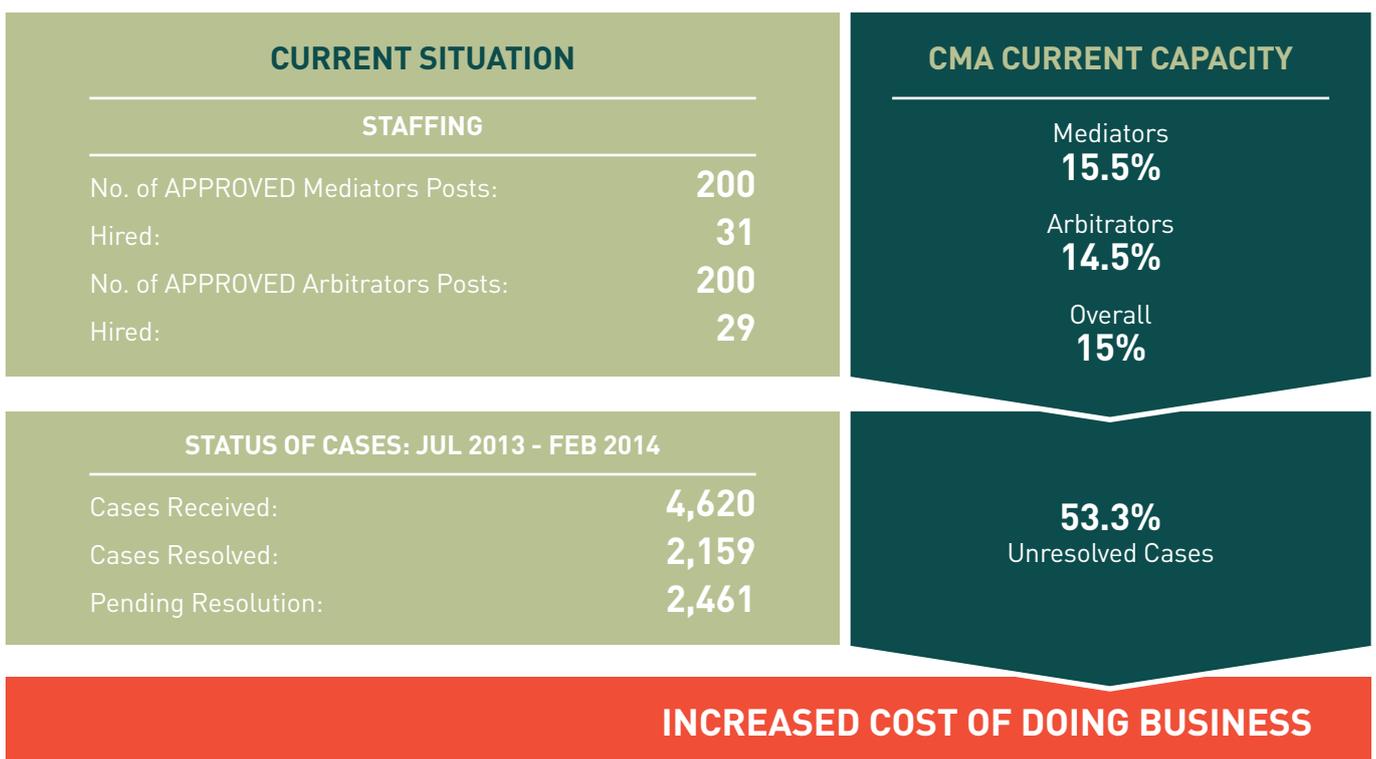
# FOCUS AREA 2: STRENGTHEN LABOUR INSTITUTIONS

Initiatives under this Focus Area aim to strengthen the various labour institutions within Tanzania including the Commission for Mediation and Arbitration, the Labour Office and the Labour Court. In so doing, these initiatives will expedite the settlement of labour disputes as well as ensure greater compliance—voluntary or otherwise—with labour regulations in the country. Finally, they will also streamline the processes to ensure that businesses can seek quicker and more effective legal redress, which will ultimately boost business confidence in the country.

## 3 STRENGTHENING AND OPTIMISING THE COMMISSION FOR MEDIATION AND ARBITRATION

The Commission for Mediation and Arbitration’s (CMA) current capacity is operating well below its optimal level. As a result of this, less than half of the 4,620 cases received between July 2013 and February 2014 have been resolved. The CMA’s recruitment efforts have also yielded limited success, managing to hire only 31 mediators and 29 arbitrators although 200 positions for each post have been approved.

**FIGURE 5.3 | An overview of the CMA’s existing capacity under current conditions.**



This has inevitably led to the increased cost of doing business as cases are backlogged and employers and employees are forced to wait for an indefinite period of time before their cases can be resolved.

This initiative aims to clear the backlog of pending cases awaiting

mediation or arbitration at the CMA by better equipping the Commission to undertake its role. The CMA presently faces challenges in the form of insufficient human resources and a constrained budget to fully discharge its duties as a labour dispute intermediary. The immediate priority is to hire an additional 99 mediators and

arbitrators to help clear the backlog of cases as well as to provide labour services in resolving labour disputes.

This initiative aims to have all mediation cases 100% resolved within 25 days and to have all arbitration cases 100% resolved within 60 days, by 2017/18.

## 4 STRENGTHENING LABOUR ENFORCEMENT

The enforcement of the provisions of labour laws is currently hampered by an inadequate number of labour officers with relevant skills. The low numbers are due, in part, to high turnover resulting from unattractive remuneration packages, poor job grading systems and the lack of equipment to discharge their duties. Moreover, the untimely and insufficient release of allocated budget funds has also hampered the overall performance of labour law administration and enforcement.

Labour law administration is expected to be improved by increasing the

number of inspection officers and by better capacitating them to more effectively perform their roles in administering and enforcing labour laws. The initiative also recognises that labour law compliance cannot depend entirely on regulators and enforcers, therefore facilitation training and guidance will also be conducted for employers to solicit greater voluntary compliance from them.

Under this initiative, the necessary personnel required in the Labour Offices will be recruited. Workplace conditions will also be improved to create a more desirable working

environment for the officers. It is expected that this will result in more inspections being conducted, leading to increased compliance.

The KPI for this initiative is to increase the percentage of compliance with inspection orders during follow-up inspections to 100% by FY2017/2018. In addition, the number of workplaces that receive facilitation training or a working session on encouraging social dialogue and collective agreements will be raised to 700 by FY2017/2018 from an estimated 62 in FY2013/2014 (baseline).

## 5 STRENGTHENING THE LABOUR COURT

The High Court of Tanzania - Labour Division has exclusive jurisdiction on the adjudication of all labour matters. Businesses presently view the process of settling labour disputes to be prolonged, costly and therefore disruptive to business operations.

As at 31 December 2013, there were 1,825 cases pending resolution at the Labour Court, out of which 1,177 cases (65%) were more than a year old. This situation could be a result of the

Labour Court being under-resourced in both human and material terms. The number of judges, registrars and law assistants is below minimum levels; the required number of judges, registrars and law assistants is seven, seven and six respectively. In addition, provision of working tools such as information and communication technology is not up to standard.

To mitigate this, the Court has allocated additional resources to

source judges from other divisions of the High Court and build capacity to improve efficiency and effectiveness in the administration of labour cases.

This initiative aims to clear the backlog of labour cases more than a year old by FY2017/2018. Greater efficiency of the Labour Court is expected to translate into greater productivity and lower costs, which will in turn lead to more harmonious industrial relations.

# FOCUS AREA 3: NATIONAL EMPLOYMENT POLICY

This Focus Area aims to address some of the shortcomings in the existing administration of the NEP. The aim of this policy is to stimulate adequate employment growth in Tanzania's economy in order to reduce unemployment and underemployment rates and eventually attain full, productive and decent employment for all Tanzanians. The overall vision of the policy is to have society engaged in gainful employment capable of generating adequate income to sustain it, and reduce poverty as envisaged by the Tanzania Development Vision 2025.

## 6 REVIEWING THE NATIONAL EMPLOYMENT POLICY 2008

The National Employment Policy (NEP) was developed as a dynamic blueprint specifying actions in response to changing labour conditions. While the NEP contains a mechanism requiring the policy be subject to annual evaluations and a holistic review every three years, no such review has taken place since the policy's adoption in 2008.

The evaluation process is critical to monitor and track implementation progress as labour conditions are fluid in Tanzania. In the absence of a review, the extent to which the policy has been implemented is unclear.

This initiative aims to execute the planned review of the NEP to better address the promotion of decent employment. An improved NEP is expected to clarify stakeholder roles (including the Government, non-Government actors, employers and employees), strengthen labour administration including the management of the domestic and foreign workforce, and address the existing challenges of job creation.

The KPI for this initiative is to conduct a full review of the NEP by FY2015/2016 and to have 80% of the NEP's recommendations implemented by FY2017/2018<sup>2</sup>.

<sup>2</sup> National Employment Policy 2008

# FOCUS AREA 4: SKILLS STRATEGY AND INTERVENTIONS

The main enabler for the majority of the labour force to participate in growing the Tanzanian economy is not only their basic education levels, but also their skills level. The current skills structure and composition of the labour force, mainly made up of unskilled and semi-skilled labour, must be upgraded in the country's transformation from low- to medium-income status.

Under this Focus Area, the skills gap in priority sectors will be identified and the existing SDL will be made accessible to employers to ensure more effective use of funds. Initiatives under this Focus Area also address the need for a robust, nationwide skills strategy and seek greater support from the private sector to help overcome this skills gap. This will in turn create a domestic labour force with the skills that match the needs of industry, thus contributing to a more competitive business environment.

## 7 DEVELOPING STRATEGIES FOR NATIONAL SKILLS DEVELOPMENT AND EXECUTING INTERVENTIONS

There is presently no comprehensive strategy to guide the skills development of the workforce to match the needs of business. This initiative aims to bring the Government and the private sector together in equal measure to collaboratively assess and identify skills gaps in the workforce and execute interventions to close those gaps.

This initiative will be jointly led by the Ministry of Education, Science, Technology and Vocational Training and the Prime Minister's Office. Activities to be undertaken include:

- Working with the private sector to identify skills gaps and develop solutions
- Linking with agencies mandated to collect labour market information
- Coordinating the training function and following up on identified skills gaps by obtaining baseline data which will be provided to institutions for analysis and implementation of plans
- Expanding funding avenues aside from the SDL to execute training programmes.

The goal of this initiative is to reduce skills gaps and increase employability through private sector involvement in labour interventions and implementation of training programmes that fit the needs of businesses.

The KPI for this initiative is to have private sector participation and buy-in for the skills-related plans and interventions developed by the Government by FY2017/2018. In addition, the goal is to implement 50% of the identified interventions by the same deadline.

## 8 MAKING THE SDL ACCESSIBLE TO EMPLOYERS FOR UPSKILLING

Currently, all employers (except those wholly-funded by the Government) employing four or more employees contribute 5% of the gross monthly employee emoluments towards the Skills Development Levy (SDL). The Higher Education Students' Loans Board receives two-thirds of this contribution while the remaining one-third goes to the Vocational Education and Training Authority (VETA).

As employers do not see direct benefits from their contributions to the SDL, there is a perception that the SDL funds are not effectively helping in addressing the skills shortage. This perception of the ineffectiveness of the SDL is further exacerbated by the fact that employers are often required to pay for the training of their staff in addition to paying the SDL.

This initiative aims to allocate a portion of the SDL funds back to employers to train their employees. This will be achieved by developing a mechanism for employers to gain access to the funds.

When implemented, this initiative will result in greater transparency on the administration and use of SDL funds, thus boosting employer confidence and willingness to contribute to the fund. The greater transparency will also ensure that the SDL funds are channelled into the correct areas of skills development, and used as efficiently as possible.

The KPI for this initiative is to ensure that all employers are able to directly benefit from the SDL funds by FY2017/2018.

# FOCUS AREA 5: SKILLS DEVELOPMENT

Initiatives under this Focus Area target the development of domestic workers at key stages of their lives to address the existing skills shortage. A renewed emphasis will be placed on TVET to modernise the Tanzanian workforce, while at the same time facilitating the development of students through apprenticeship and internship programmes. These measures are aimed at securing the long-term sustainability of Tanzania's labour force.

## 9 STRENGTHENING DELIVERY OF TECHNICAL VOCATIONAL EDUCATION TRAINING

Technical and Vocational Education and Training (TVET) plays an important role in every labour force and must be fostered to address critical skills shortages, especially in a developing country such as Tanzania. In most African countries, TVET has emerged as one of the most effective human resource development strategies in training and modernising their technical workforce for rapid industrialisation and national development.

One of the most important features of TVET is its emphasis on practicum and the acquisition of employable skills. TVET delivery systems are therefore well-placed to train the skilled and entrepreneurial workforce needed to create wealth.

Under the existing system, only 15%<sup>3</sup> of TVET graduates secure employment.

One of the key identified issues is the underperformance of existing TVET institutions. The aim is to improve these institutions in order to increase the quality of TVET graduates and thus better meet industry needs.

Under this initiative, steps will be taken to develop the assessment mechanism for all TVET institutions and to improve the quality of poor-performing institutions to create workplace-ready graduates. Specifically, this initiative will rank TVET institutions and provide weak institutions with targeted support in terms of teacher training, facilities and other resources.

The KPI for this initiative is to reduce the percentage of TVET institutions ranked as poor-performing to 25% by FY2017/2018.

<sup>3</sup>African Development Bank, *Support to Technical Vocational Education and Training and Teacher Education Report*, 2014

## 10 TRAINING STUDENTS AND GRADUATES THROUGH INTERNSHIP AND APPRENTICESHIP PROGRAMMES

An imbalance in terms of academic and practical training among tertiary students has made it difficult for them to transition into the working environment.

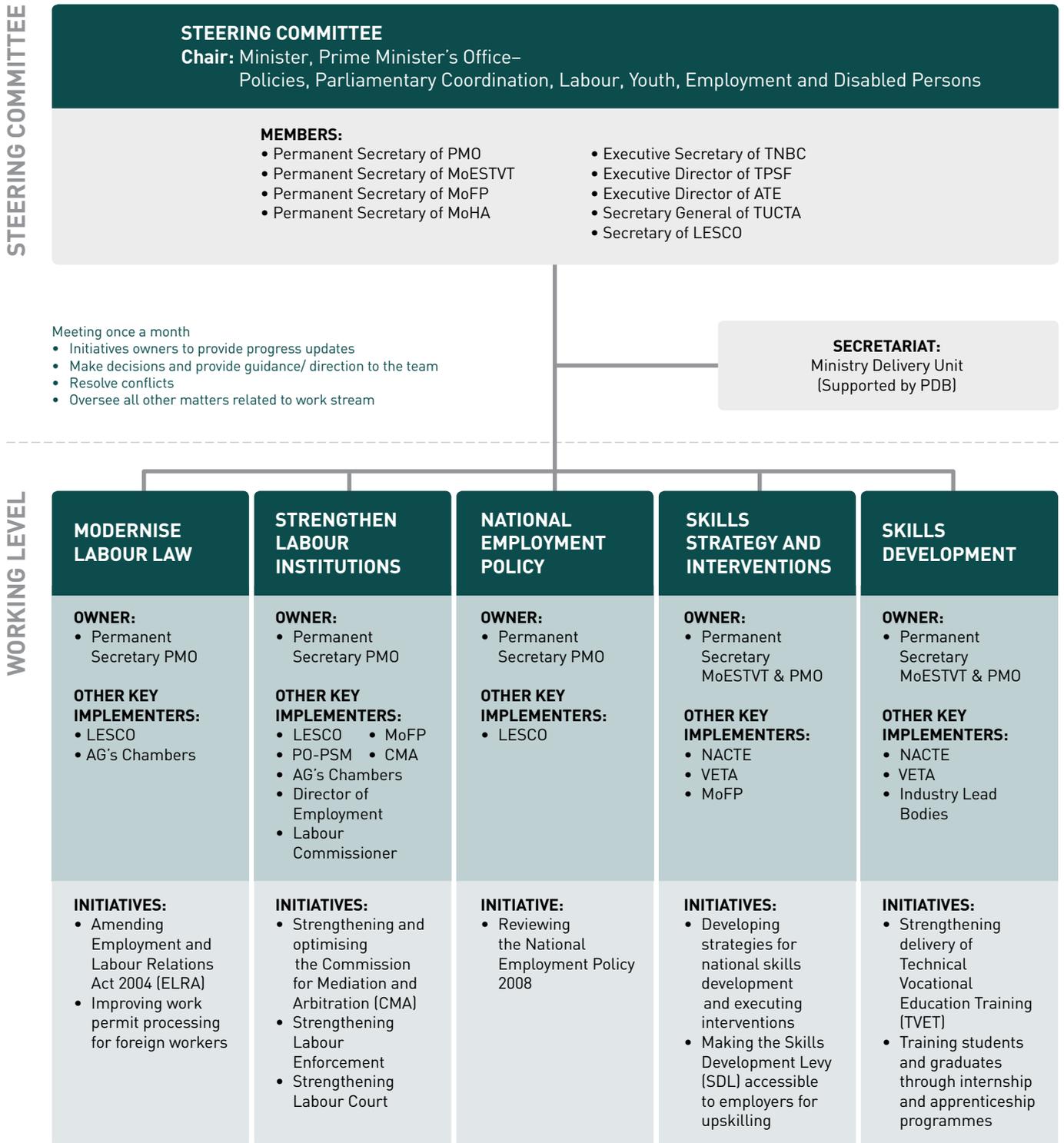
To provide students with a better sense of what is expected of them post-graduation, TVET institutions have mandated practical training within their curricula. Private sector collaboration in this endeavour is critical as the Government alone cannot determine the skills that are needed by industry, or the skills that may be needed by industry in the future.

This initiative seeks to engage the private sector and key industry

players in conducting apprenticeship and training programmes for tertiary students. This will provide students with the platform to acquire industry-relevant skills to complement their academic learning, which will in turn boost students' employability. It will also directly expose students to potential employers, thus creating the possibility of employment with the companies where they undertake their apprenticeships.

The KPI for this initiative is to have at least 150 companies offering apprenticeship and internship programmes by FY2017/18 with a 100% participation rate and 100% employability rate of all participants post-programme.

# GOVERNANCE STRUCTURE



## NATIONAL KEY RESULT AREA

# CONTRACT ENFORCEMENT, LAW AND ORDER

## Judiciary of Tanzania

# CHIEF JUSTICE'S MESSAGE

The Judiciary of Tanzania, as established under the Constitution of the United Republic of Tanzania, has the mandate of dispensing justice with equity and compassion. Access to justice for all is the vision we aspire to realise. This includes commercial justice.

An independent, efficient and accessible judicial system has far-reaching benefits for both businesses and individuals. Robust contract enforcement mechanisms serve to not only improve the level of service delivery in the judicial system, but also improve Tanzania's reputation as an attractive destination for investment.

When businesses enter into disputes, the process of resolving these disputes in a timely, equitable and fair manner is important. The faster disputes are resolved, the more businesses are able to continue with providing goods and services to the public, and therefore, contribute to economic growth. Capital that would have otherwise been tied to commercial cases pending judgements is released for greater production. An inefficiently managed Judiciary does not only translate to prolonged cases which have financial implications, but also negatively impacts the cost of borrowing, loan maturities, and ultimately, potential investment opportunities.

In recognising the key role that strengthened contract enforcement plays in creating an environment that instils confidence for investors, the Contract Enforcement National Key Results Area aims to achieve excellence in commercial dispute resolution.

Over the next three years, the Judiciary will focus on raising efficiency, increasing transparency and improving access to justice through the implementation of various initiatives such as clearance of case backlogs, streamlining and automating the case management system, as well as strengthening the practice of Alternative Dispute Resolution (ADR).

Activities will include conducting awareness campaigns to educate Tanzanians on their contractual rights and legal options. These campaigns will update all Tanzanians about the changes that will be made to the legal framework. We also aim to expand the network of courts to make justice physically accessible across the country. The aim is to establish 241 new court facilities of different levels (High Courts, Resident Magistrate's Courts, District Courts and Primary Courts). These new courts will also serve as centres for legal information.

Specific targets that we hope to

achieve by 2018 include:

- Reducing the number of days taken between filing a case and execution from 515 days to 250 days.
- Reducing the cost of accessing justice to 10% of the value claim, from the current 14%.

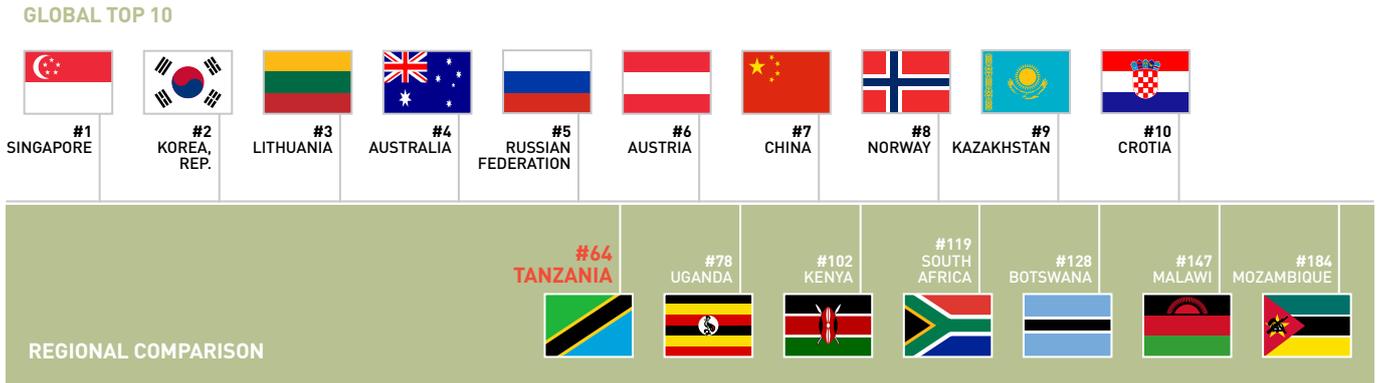
By achieving these goals, our judicial system and legal framework will be transformed. I welcome all stakeholders to play a part in upholding Tanzania's reputation as a law-abiding nation and a preferred destination for doing business.

**His Lordship  
Mohamed Chande Othman**  
Chief Justice

# OVERVIEW

Tanzania's ability to enforce contracts and provide businesses with efficient avenues for legal redress has not kept pace with the rise in economic and commercial activity in the country. Ranked 42nd in the category of Enforcing Contracts in the World Bank's Ease of Doing Business 2014 report, Tanzania is ahead of its regional peers, but lags behind global benchmarks (see Figure 6.1).

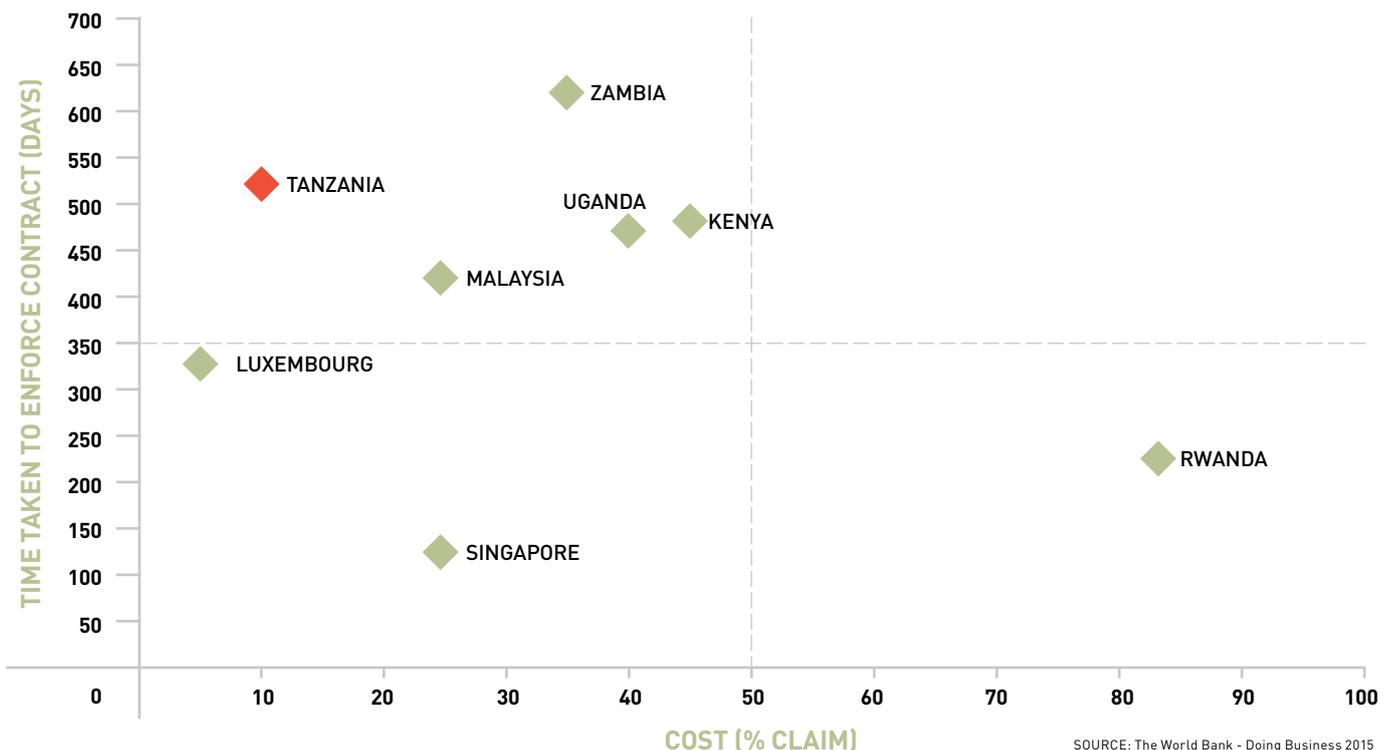
**FIGURE 6.1 | Tanzania's Enforcing Contracts ranking in 2015.**



SOURCE: The World Bank - Doing Business 2015

In Tanzania, the settlement process requires 38 different procedures and takes 515 days on average for Commercial Court cases, compared to just 150 days in Singapore. Nevertheless, the costs incurred in taking a claim to court are relatively low compared to other countries (see Figure 6.2). However, the slow processing time and overly complex procedures are still impacting commercial growth.

**FIGURE 6.2 | Comparative data on cost and enforcement timelines among selected countries.**



SOURCE: The World Bank - Doing Business 2015

Three key issues have been identified as the cause of delays in contract enforcement:

**1. Inefficiency:**

- a) Cumbersome rules and laws of procedure, poor case management, and minimal use of Alternative Dispute Resolution (ADR) mechanisms have led to large case backlogs which have clogged the system and caused further delays in settling commercial disputes.

Some of the rules and procedures governing the enforcement of contracts are outdated and unnecessary. At the same time, court system processes have not been automated, leading to inefficiencies in time taken to manually retrieve records, poor scheduling of cases and uneven caseload distribution.

- b) The large backlog of cases limits the capacity of the courts to hear new cases, which in turn introduces further delays in a vicious cycle. The High Courts alone reported a backlog of 4,564 cases in 2013. About a quarter of those cases are now more than five years old.
- c) Finally, the heavy reliance on the courts to settle commercial disputes instead of utilising ADR has further increased the burden on the courts.

**2. Lack of transparency and quality:**

The limited judicial information available to the public has eroded public confidence in the judicial system, and created a perception that adherence to the rule of law and respect for judgements are not universal in Tanzania.

This reputation is particularly detrimental for contracts involving the Government as the delay in the enforcement of judgements against the Government deters the private sector from working

with the Government.

The problem has been exacerbated by deficiencies in skills and performance management on the part of court staff. Insufficient training, staffing and data for effective supervision have led to below-par service quality delivery and improper conduct on the part of some officers. The absence of easy-to-understand user guides for Small and Medium-Sized Enterprises (SMEs) and the general public means that court procedures are seen as complex and inaccessible to most Tanzanians.

- 3. Accessibility and cost:** The uneven geographical distribution of courts throughout the country has made it challenging for SMEs to easily seek legal redress while the relatively high court fees also prove a hindrance to greater accessibility.

The absence of a small claims procedure specifically for SMEs, coupled with insufficient education and awareness to assist SMEs to navigate the dispute resolution system, effectively excludes them from seeking redress at the Commercial Court. This is compounded by the high claims value threshold at the Commercial Court.

Meanwhile, an ineffective Advocates' Ethics Committee (AEC) is contributing to improper conduct and performance by the community of advocates. The role of the AEC is to ensure that advocates adhere to an ethical code of conduct in dispensing advice and in representing clients, and it thus plays an important role in upholding the standard of performance.

An ineffective AEC has resulted in long and costly delays in settling court matters, as inadequate performance often results in disputed judgements, which require full trials to settle. Full

trials are both time-consuming and costly, which deters commercial parties, especially SMEs, from filing court cases.

# INITIATIVES

Table 6.1 provides an overview of the Contract Enforcement NKRA initiatives. The initiatives were selected based on being considered as high-impact and ready for immediate implementation.

Taken together, these initiatives will better protect investors and businesses, as well as other stakeholders, by creating an effective and reliable contract enforcement framework. The initiatives will also streamline processes related to the court system to create a more efficient and effective judicial process.

There are two topline KPIs for this NKRA. The first is to reduce the number of days taken between filing a case and execution from 515 days in FY2014/2015 to 250 days by FY2017/2018. Specifically, the KPI will measure the number of days it takes for a plaintiff to obtain final satisfaction of his or her decree from the date that the case was first filed.

The second KPI is to have user costs incurred for the legal process—from the time of filing to execution—reduced by 10% by FY2017/2018. This includes attorney costs, court costs and enforcement costs incurred by the parties from the date of filing to the final execution of the decree, measured as a percentage of the total claim value. However, as there is presently no baseline measure of costs, the first step is to establish baseline costs.

**TABLE 6.1 | An overview of the NKRA's initiatives.**

| INITIATIVE  | BRIEF DESCRIPTION  |
|---|--|
| <b>1. Simplifying rules and laws of procedure</b>           | Review and simplify the rules of procedure and ensure that these reviews are conducted regularly to minimise delays and promote efficiency in the commercial dispute resolution system             |
| <b>2. Clearing case backlogs</b>                            | Eliminate backlogs of cases pending at Commercial Court and other mainstream courts through a one-off clearance programme  |
| <b>3. Increasing use of alternate dispute resolution</b>    | Deregulate and strengthen the ADR environment in Tanzania to reduce burden on the court system and encourage early settlement of commercial disputes   |
| <b>4. Improving records and case management system</b>      | Streamline and automate existing manual systems and processes for civil cases  |
| <b>5. Strengthening enforcement of Government contracts</b> | Reduce the time required to enforce judgement against the Government, increase oversight of the execution process and create greater transparency in concession agreements                         |
| <b>6. Widening access to justice for SMEs</b>               | Establish small claims procedures at Resident Magistrate's and District Courts to offer quick and cost-effective channel for SMEs, and develop model contracts to help SMEs draft contracts        |
| <b>7. Improving skills and performance management</b>       | Implement comprehensive training programmes together with a merit-based performance management system to improve staff performance in resolving disputes   |
| <b>8. Increasing information sharing and transparency</b>   | Make court-related information readily accessible to both internal and external stakeholders, and implement an awareness campaign on contract enforcement initiatives to instil greater confidence |
| <b>9. Improving infrastructure of court services</b>        | Improve the geographical distribution of court services and improve accessibility to court buildings and facilities  |

# 1 SIMPLIFYING RULES AND LAWS OF PROCEDURE

Presently, there are 38 procedures and regulations governing commercial dispute resolution. This plethora of rules has resulted in a time-consuming and costly process. Furthermore, a number of the procedural rules are outdated, including:

- Civil Procedure Code Schedules
- High Court Registries Rules
- Court of Appeal Registries Rules
- Commercial Court Rules
- Court Brokers Rules
- Advocates Remuneration and Taxation of Costs Rules
- Court Fees Rules.

Under this initiative, led by the Chief Registrar and the Chief Court Administrator, the total number of rules will be reduced and updated. The framework will be kept updated by a dedicated section within the Judiciary to conduct regular reviews of the rules. All the changes proposed in the Civil Justice Review report submitted by the Law Reform Commission in May 2013 will be implemented.

Ultimately, this initiative will review and simplify the rules of procedure to minimise delays and promote efficiency in the commercial dispute

resolution system. The initiative will also begin the regular and periodic review of these rules to ensure that they remain relevant to existing business needs.

The KPI for this initiative is to reduce the number of procedures governing commercial dispute resolution to 21 procedures from the existing 38 by FY2017/2018.

# 2 CLEARING CASE BACKLOGS

This initiative will introduce a one-off case backlog clearance programme designed to settle all cases that have been active for more than a year at the Commercial Court and all cases that have been active for more than two years at all mainstream courts. The number of cases pending in the courts system is as follows:

FIGURE 6.3 | Total number of cases pending: 3,615 (as at December 2013)

| COURT   | CASE PENDING                           | AS AT         |
|---|--|---------------|
|  Court of Appeal                           | 426 cases aged above two years         | December 2013 |
|  Commercial Court                          | 260 cases aged above one year          | August 2013   |
|  High Court                                | 1,743 civil cases aged above two years | December 2013 |
|  District and Resident Magistrate's Courts | 1,186 cases aged above two years       | December 2013 |

SOURCE: Judiciary of Tanzania

Delayed trials and judgements have a negative reputational impact on Tanzania’s business environment. Prolonged trials incur additional litigation costs and lock resources that could otherwise be used towards productive economic activity. This negatively impacts businesses’ liquidity as well as their bottom lines. This initiative will prepare a backlog clearance programme to expedite the resolution of prolonged cases. The programme will identify cases that can

be fast-tracked, enable consecutive hearings of cases and provide additional judges and magistrates to increase capacity and expedite judgements.

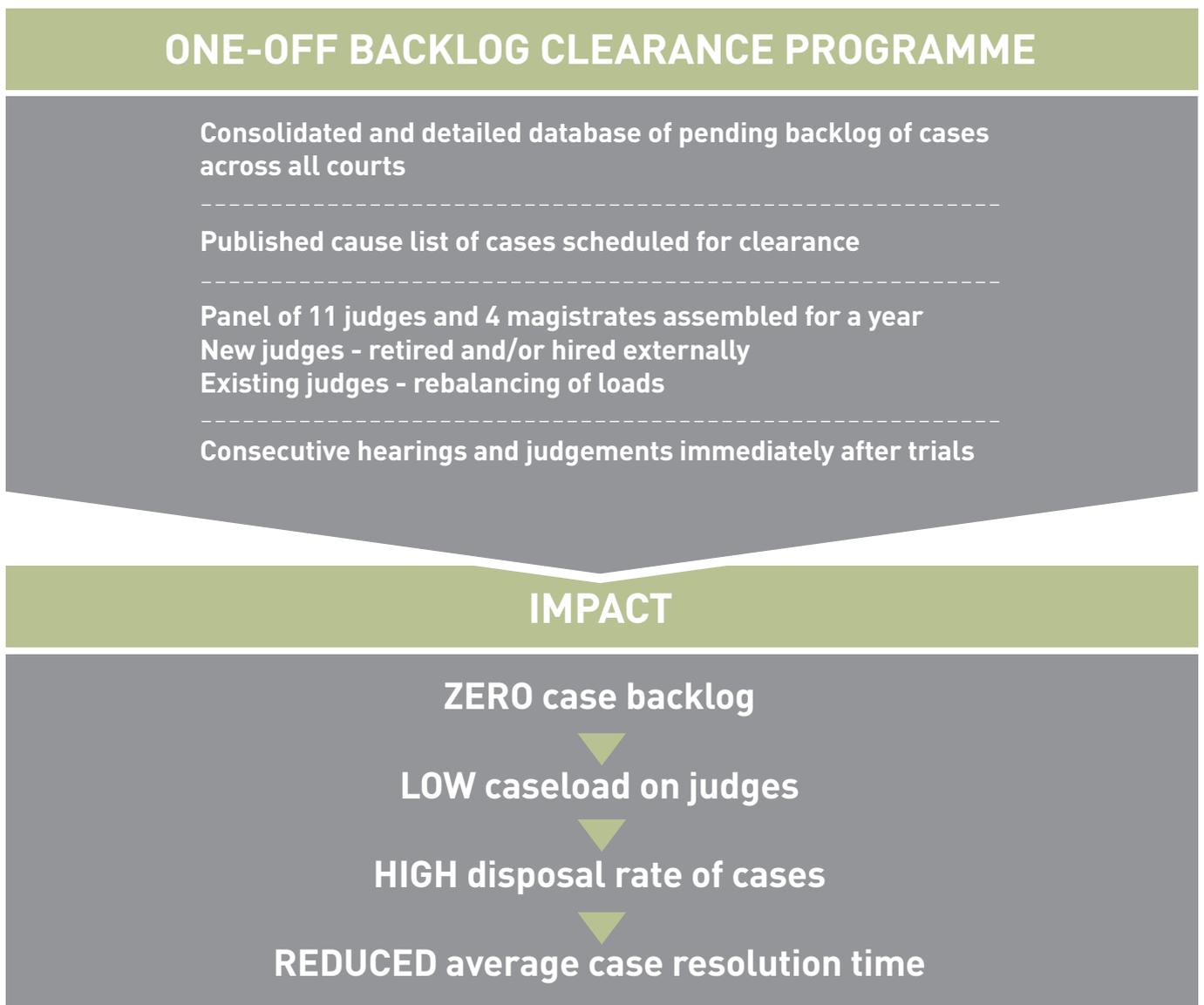
The initiative will also publish a cause list of cases scheduled for clearance and hold consecutive hearings and judgements immediately after trials. In so doing, the initiative will clear the backlog of cases, reduce judges’ caseloads, expedite the disposal of

cases and reduce the total average resolution time.

Figure 6.4 provides a summary of the initiative’s key activities and expected outcomes.

The KPI for this initiative is to eliminate the backlog of cases at all court levels other than the Primary Court by FY2017/18.

**FIGURE 6.4 | An overview of the initiative to clear backlogged cases.**



### 3 INCREASING USE OF ALTERNATE DISPUTE RESOLUTION (ADR)

This initiative will deregulate and strengthen the ADR environment to enable it to better support the court system and encourage the early settlement of commercial disputes. The initiative will also raise public awareness about ADR to promote its greater use as a dispute resolution avenue.

Presently, all mediation is a function of the court, as the law does not allow for independent mediators. Based on available data, only 13% of total cases disposed of in 2013 were settled through mediation. The agency responsible for the training of arbitrators, the Tanzania Institute of Arbitrators (TIA), has insufficient

numbers of trained professionals, limiting the Institute's ability to conduct ADR training.

Under this initiative, the present state of the private sector arbitration bodies including the TIA will be assessed to determine their relative strengths and weaknesses. Gaps in the system will be addressed by strengthening TIA or through the set-up of a separate body. Legislation will also be amended to allow private sector participation in ADR, and to review the out-of-date Arbitration Act. To address the existing skills gap, an intensive ADR training programme will be delivered to judicial staff. ADR training will also be made mandatory for the Tanganyika Law

Society's Continuing Legal Education (TLS CLE) programmes for advocates.

These efforts will be supported by a nationwide campaign to increase awareness and uptake of ADR.

The KPIs for this initiative are to:

- Increase the percentage of cases resolved through ADR at the Commercial Court to 30% by FY2017/18.
- Have all judicial staff trained in ADR by FY2017/18.

### 4 IMPROVING RECORDS AND CASE MANAGEMENT SYSTEM

This initiative will streamline and automate the existing manual case management systems and processes used in court for civil cases, which have proven to be inefficient and inadequate for current needs.

This can be seen from court statistics where:

- More than half of all cases take between 30 and 90 days to proceed from first filing to the hearing of the preliminary objective.
- Two-thirds of all cases take between 90 to 1,000 days to proceed from pre-trial hearing to trial.
- Two-thirds of all cases take between 150 to 1,000 days to arrive at a decision following trial.

The lack of sanctions for

non-compliance with time standards has also contributed to delays because of frequent court adjournments. Court data shows that more than two-thirds of cases are adjourned because parties involved fail to appear, or because of the court's own motion.

A Law Reform Commission Report published in 2012 produced recommendations that have not been implemented.

This initiative, led by the Chief Registrar and the Chief Court Administrator, will implement the following recommendations of the Law Reform Commission Report:

- refining time standards, particularly for pre-trial actions and adjournment,
- introducing sanctions for violations

- of time standards and court orders,
- implementing an integrated e-case management system including e-filing and case records,
- implementing a change management programme for advocates and the Judiciary to improve timeliness, and
- automating the recording of evidence which is presently done manually in longhand.

The initiative will also identify inefficiencies in the non-case-related records management system and establish ways to address these.

The KPI for this initiative is to have 100% of new cases cleared/disposed at all court levels by FY2017/2018.

## 5 STRENGTHENING ENFORCEMENT OF GOVERNMENT CONTRACTS

This initiative will reduce the amount of time required to enforce a court judgement against the Government, improve oversight of the execution of contracts and create greater transparency in concession agreements. Presently, enforcement of Government contracts is protracted, leading to higher costs for counterparties, thus making business with the Government less attractive for future investors or businesses.

Undisclosed concession agreements contributed to the lack of awareness and non-compliance of Government departments.

This was further exacerbated by insufficient coordination between various agencies within the Government.

This initiative will revise the existing set of rules and laws to strengthen the execution of decrees and arbitral awards against the Government. It will also review and analyse the challenges facing timely resolution of disputes involving the Government, and arrive at recommendations to address them.

The initiative also seeks to strengthen Government compliance with contractual obligations by enhancing investor consultation. A policy decision on publishing of concession agreements will be sought. In addition, efforts to strengthen regulation and oversight of court brokers will be conducted. The initiative will leverage on the improved ADR environment to encourage greater use of alternative mechanisms to resolve disputes with the Government.

The KPIs for this initiative are to:

- Reduce the total number of days taken for satisfaction of a decree against the Government to one day by FY2017/18.
- Increase the share of Government-related cases to be resolved through arbitration by 2% by FY2017/18.

## 6 WIDENING ACCESS TO JUSTICE FOR SMES

There is presently no small claims procedure to expedite service for SMEs at either the Resident Magistrate's Courts or District Courts, leading to prolonged court processes and high costs in settling small claims suits.

SMEs also typically do not use formal or appropriate contracts, which impedes their access to the justice system. Additionally, SMEs have difficulty filing claims as there is no court guide detailing basic information on court processes and there is little awareness on the option of using ADR.

This initiative will establish small claims procedures at the Resident Magistrate's Courts and the District

Courts to create a quick and cost-effective claims channel for SMEs. The initiative will also develop model contracts for SMEs to help them draft more effective contracts quicker.

These model contracts will be drafted for common transactions in both English and Kiswahili and made widely available at key locations and online.

The KPIs for this initiative are to:

- Reduce the average total time to resolve small claims disputes from 18 months to 30 days by FY2017/18.
- Complete the roll-out of small claims procedures across all courts by FY2017/18.

## 7 IMPROVING SKILLS AND PERFORMANCE MANAGEMENT

There is presently no objective mechanism for performance assessment for judicial staff. As a result, the following are experienced in the Judiciary:

- Staff evaluation is conducted for non-judicial staff but not for judicial staff.
- There is no comprehensive training programme due to inadequate needs assessment.
- Courts are not subjected to thorough inspections with effective follow-ups.
- Ineffective complaints handling by AEC.
- Court broker supervision is not being conducted, resulting in costly execution.
- Lack of a comprehensive system to capture case-related information such as the number of cases resolved through ADR.

To address these shortcomings, this initiative will develop an Open Performance and Review Appraisal System and conduct systematic training for judicial staff. The initiative will also review the current inspection and supervision system, and strengthen the delivery mechanism for the Institute of Judicial Administration (IJA).

This initiative will create a comprehensive training programme as well as a merit-based performance management system to promote high performance of the judicial staff involved in the dispute resolution process.

A unit dealing with the day-to-day operations of advocates and court brokers will also be established to update the organisation structure, and

a Secretariat created to strengthen the professional conduct of advocates.

The KPIs for this initiative are to:

- Implement a Judicial Open Performance and Review Appraisal System (JOPRAS) by June 2016 and to see improved performance results from Judiciary staff by FY2017/2018.
- Have all Judiciary staff undergo both short- and long-term training programmes to improve their work performance by FY2017/18.

## 8 INCREASING INFORMATION SHARING AND TRANSPARENCY

Presently, information on laws and court-related information has not been comprehensively consolidated, making it difficult to access. There is no user guide with relevant information on Judiciary services or on the complaints process. The client service charter has also not been updated since 2002, which means that information available to the public is outdated. These problems are further exacerbated by poor methods of data collection and dissemination.

Under this initiative, information dissemination in the court system will leverage on digital media for greater access to all stakeholders. All laws, rules and regulations will be compiled and published online, and the complaints management system will

be overhauled. User guides and the client service charter will be updated and published, and the cause lists and court calendar for both the Court of Appeal and High Courts made publicly available. A new Information, Education and Communication Unit will be fully staffed and equipped, and empowered to play its role in disseminating information.

Ultimately, this initiative will make court-related information readily accessible to both internal and external stakeholders, as well as mitigate law and order issues by launching awareness campaigns on contract enforcement. Greater transparency in court processes is expected to help restore public faith in the court system.

The KPIs for this initiative are to:

- Have all cause list sessions and the Court Calendar published in the Government Gazette by the Court of Appeal by FY2017/18.
- Have all complaints handled in accordance with the complaints handling charter by FY2017/18.
- Have all laws, rules and regulations and related amendments available online and accessible to citizens by FY2017/2018.

# 9 IMPROVING INFRASTRUCTURE OF COURT SERVICES

This initiative will expand the accessibility of the court system by constructing new courts and facilities in underserved regions. Presently, there are High Courts in only 11 of the 25 regions in the country, covering 38% of the total area and 53% of the population of the country.

This means 14 regions covering 62% of the country and representing 47% of the total population do not have access to High Court services.

The situation is better in the case of Resident Magistrate’s Courts, which have a presence in 21 out of 25 regions, while District Courts cover 110 of 133 districts. However, there are only 960 Primary Courts nationwide although there are 3,338 Wards in total.

To rectify this situation, this initiative will embark on a construction plan for priority areas as detailed in the following figure:

**FIGURE 6.5 | Courts construction plan to improve access to court services.**

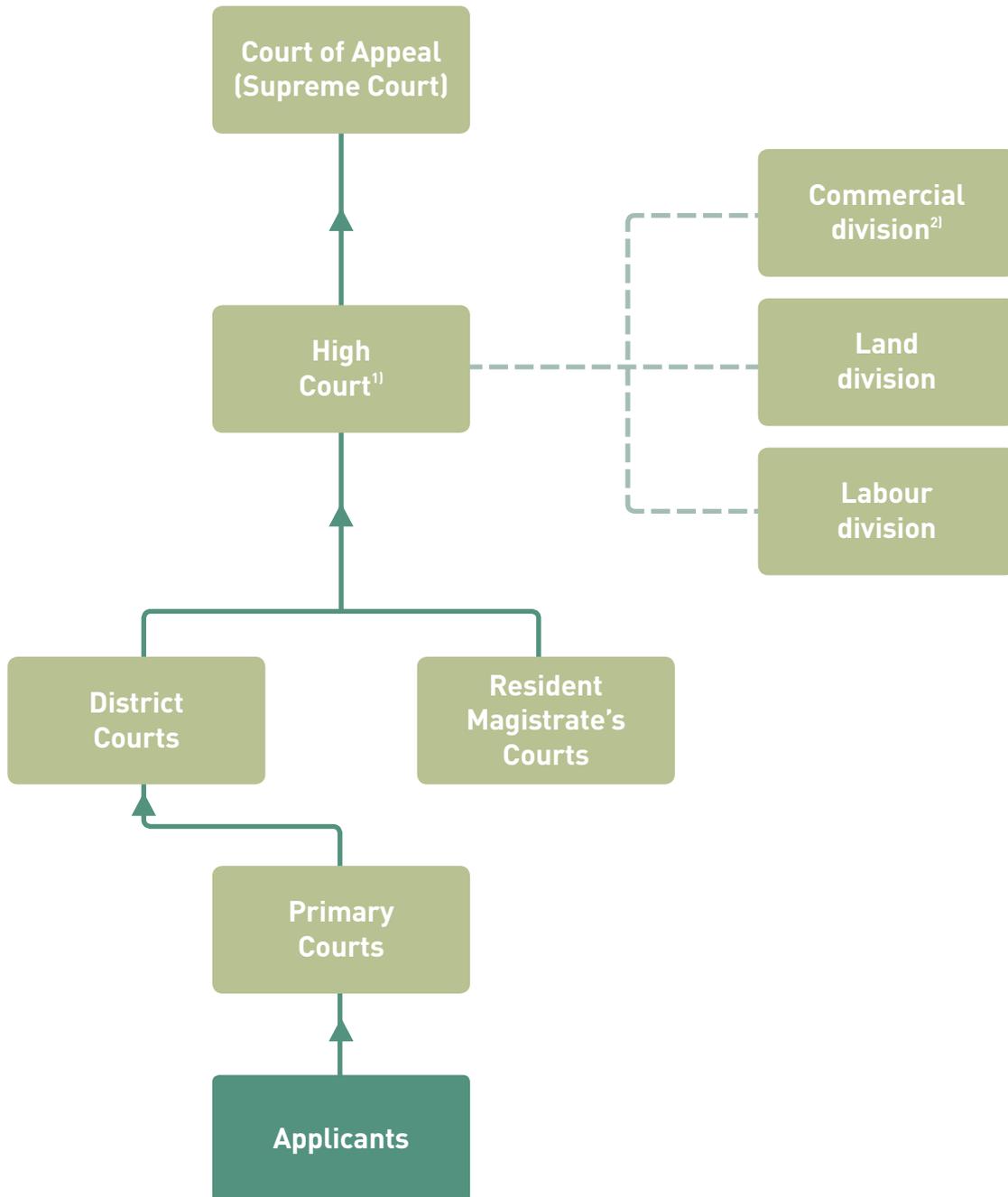
| COURT  | CURRENT NUMBER | CURRENT GAP | TARGETED NUMBER |
|--|----------------|-------------|-----------------|
|  High Courts                  | 11             | 14          | 25              |
|  Resident Magistrate’s Courts | 21             | 4           | 25              |
|  District Courts              | 110            | 23          | 133             |
|  Primary Courts               | 960            | 200         | 1160            |

The initiative will also take steps to ensure there is sufficient manpower to staff the newly constructed courts. Staffing levels and recruitment strategies will be determined following a needs analysis.

The KPI for this initiative is to construct 200 new Primary Courts throughout the country by FY2017/18 to provide better accessibility to legal recourse for all Tanzanian stakeholders.

# GOVERNANCE STRUCTURE

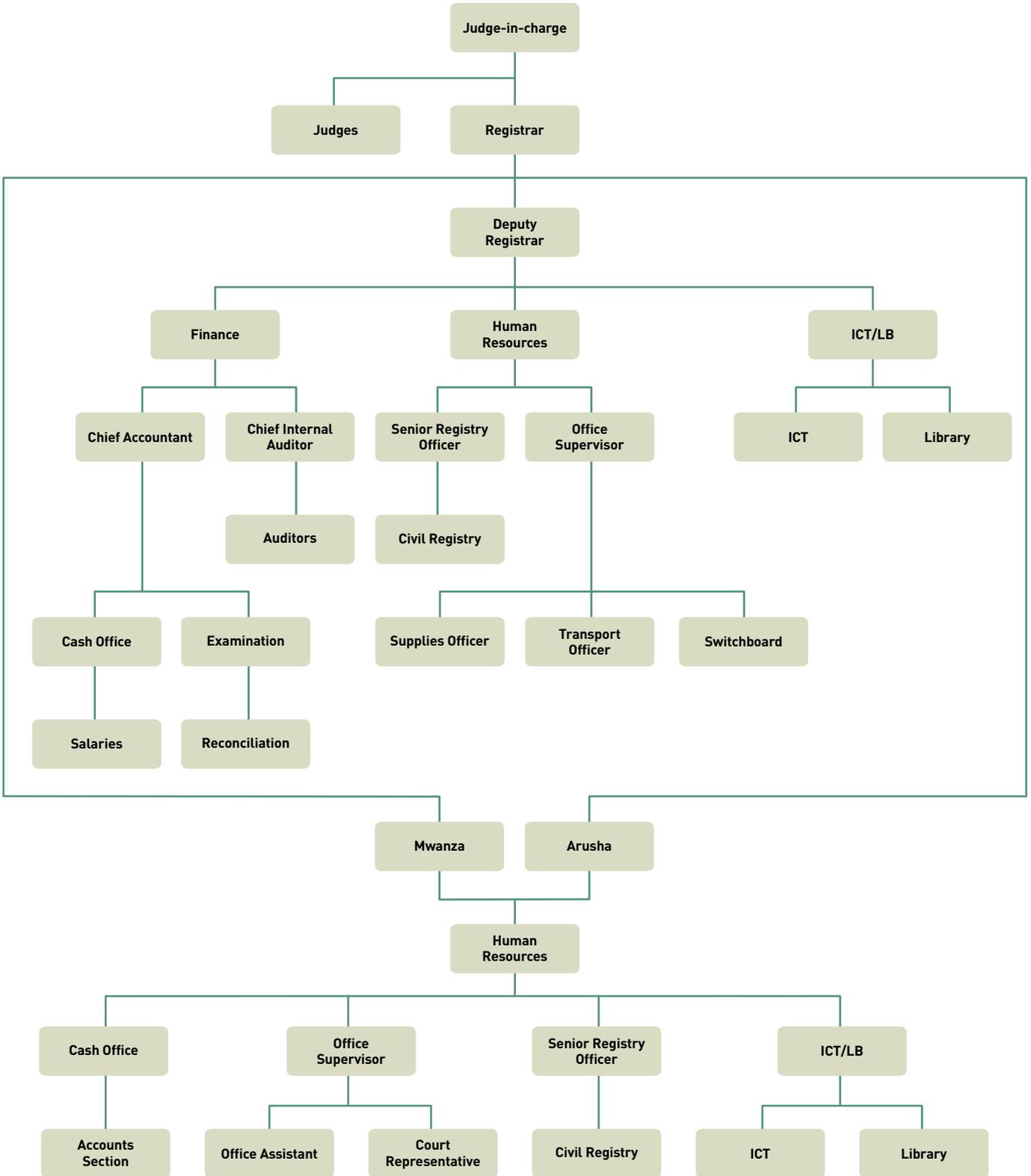
## JUDICIARY OF TANZANIA - HIERARCHY



<sup>1)</sup> The High Court has three specialised divisions, although these are not exclusive. A commercial / civil case can go to either the main High Court or these three divisions

<sup>2)</sup> Also known as the "Commercial Court"

### COMMERCIAL COURT OF TANZANIA - ORGANISATIONAL STRUCTURE



SOURCE: High Court of Tanzania - Commercial Division

## LAB MEMBERS

## REALIGNING REGULATIONS AND INSTITUTIONS NKRA

|                               |  |
|-------------------------------|--|
| <b>Bede Lyimo</b>             | Tanzania Private Sector Foundation   |
| <b>Mike Laiser</b>            | Tanzania Private Sector Foundation   |
| <b>Yeecheng Ting</b>          | PEMANDU  |
| <b>Si Ken Long</b>            | PEMANDU  |
| <b>Boniface Michael</b>       | Ministry of Industry, Trade and Investments (MITI)   |
| <b>Cleofa Assey</b>           | PMO  |
| <b>Adam Gahhu</b>             | Tanzania Private Sector Foundation   |
| <b>Alex Mkindi</b>            | United States Agency for International Development - Strategic Economic Research and Analysis (USAID – SERA) project |
| <b>Ali Salum</b>              | Ministry of Industry, Trade and Marketing – Zanzibar   |
| <b>Andrew B. Mkapa</b>        | Business Registrations and Licensing Agency (BRELA)  |
| <b>Asha-Sabrina Ayub</b>      | Advocate   |
| <b>Christopher S. Nassari</b> | MITI   |
| <b>David Irwin</b>            | DfID/UKaid   |
| <b>George Mwendamseke</b>     | President's Office: Ethics Secretariat   |
| <b>Hussein Sufian</b>         | Tanzania Private Sector Foundation   |
| <b>James Michael Maziku</b>   | Export Processing Zones Authority (EPZA)   |
| <b>Josef Loening</b>          | African Development Bank Group (AfDB)  |
| <b>Belinda P. Kyesi</b>       | MALDF  |
| <b>Magdalene Mkocha</b>       | Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA)   |
| <b>Maria Miller</b>           | International Finance Corporation (IFC)  |
| <b>Martin Masalu</b>          | Tanzania Investment Centre (TIC)   |
| <b>Moses K. Kibirige</b>      | World Bank   |
| <b>Samuel M. Nyantahe</b>     | Confederation of Tanzania Industries (CTI)   |
| <b>Simon White</b>            | DfID/UKaid   |
| <b>William Bocco</b>          | Tanzania Civil Engineering Contractors Association (TACECA)  |

## ACCESS TO LAND AND SECURITY OF TENURE NKRA

|                                  |  |
|----------------------------------|--|
| <b>Abdulla M. Mmanga</b>         | Zanzibar National Chamber of Commerce, Industry & Agriculture (ZNCCIA) |
| <b>Adam Nyaruhuma</b>            | Ministry of Lands, Housing and Human Settlements Development (MLHHS)   |
| <b>Adam Ole Mwarabu</b>          | Land Rights Research & Resources Institute (LARRI)                     |
| <b>Ali Ngongolo</b>              | Taco Agri Business Consultant  |
| <b>Anna Locke</b>                | Overseas Development Institute (ODI)                                   |
| <b>Azreena Azizan</b>            | Performance Management & Delivery Unit - Malaysia (PEMANDU)            |
| <b>Balamurugan</b>               | PEMANDU  |
| <b>Barney Laseko</b>             | Prime Minister's Office (PMO)  |
| <b>Deniel Lyimo</b>              | President's Delivery Bureau (PDB)                                      |
| <b>Edward E. Gisawit</b>         | Pastoralists Indigenous Community Development Organisation (PAICODEO)  |
| <b>Eliever Chuma</b>             | Ministry of Agriculture, Livestock Development and Fisheries (MALDF)   |
| <b>Experancia Tibasana</b>       | National Land Use Planning Commission (NLUPC)                          |
| <b>Giles Henley</b>              | Overseas Development Institute (ODI)                                   |
| <b>Gungu M. Mibavu</b>           | MALDF  |
| <b>Jabir Singano</b>             | MLHHS  |
| <b>Joseph Ignas Shewiyo</b>      | MLHHS  |
| <b>Lucia Chacha Mwita</b>        | MALDF  |
| <b>Martin X. Mhagama</b>         | MLHHS  |
| <b>Renatus Mbamilo</b>           | Agricultural Council of Tanzania (ACT)                                 |
| <b>Richard Chacha Kehengu</b>    | PMO  |
| <b>Sabrina Masinjila</b>         | ActionAid International  |
| <b>Sion McGeever</b>             | Department for International Development (DfID)                        |
| <b>Sosthenes Sambua</b>          | Tanzania Private Sector Foundation (TPSF)                              |
| <b>Stephen John Rusibamayila</b> | Property and Business Formalisation Programme for Tanzania (MKURABITA) |

## TAXATION NKRA

|                                  |  |
|----------------------------------|--|
| <b>Placidus Luoga</b>            | Tanzania Private Sector Foundation                   |
| <b>Lawrence Mafuru</b>           | Tanzania Private Sector Foundation                   |
| <b>Anthony Chamanga</b>          | Tanzania Agriculture and Horticultural Association   |
| <b>Shani Kinswaga</b>            | Media Owners Association of Tanzania (MOAT)          |
| <b>Laetitia William</b>          | Agriculture Council of Tanzania                      |
| <b>Evans Mlelwa</b>              | CTI  |
| <b>Phocas Lasway</b>             | CTI  |
| <b>Juma Rajabu</b>               | Maxi Malipo  |
| <b>Mkwale Adam Taib</b>          | ZNCCIA   |
| <b>Tumsifu Lema</b>              | Tanzania Private Sector Foundation                   |
| <b>Alex Lugendo</b>              | Tanzania Chamber of Minerals and Energy (TCME)       |
| <b>Kelvin Remen</b>              | Tanzania Association of Tour Operators (TATO)        |
| <b>Joseph Waziri</b>             | PricewaterhouseCoopers (PwC)                         |
| <b>Anna Mbelwa</b>               | Ministry of Finance and Planning (MoFP)              |
| <b>Freddy Moshy</b>              | Tanzania Revenue Authority (TRA)                     |
| <b>Mustapha S. Yussuf</b>        | PO-RALG  |
| <b>Charles Masabo</b>            | National Board of Accountants & Auditors             |
| <b>Maryam A. Balazi</b>          | Zanzibar Revenue Board                               |
| <b>Benjamin Mbano</b>            | Bank of Tanzania                                     |
| <b>Ezamo Sawaki Maponde</b>      | Prime Minister's Office – Private Sector Development |
| <b>Mwakibuga, A. Michael</b>     | MALDF  |
| <b>Godfrey Kilolo</b>            | President's Office - Ethics Secretariat              |
| <b>Yusufu S. Salum</b>           | TRA  |
| <b>Stephen Silvester Chimalo</b> | ActionAid International                              |
| <b>Ali Mjela</b>                 | BEST-Dialogue  |

## CURBING CORRUPTION NKRA

|                               |  |
|-------------------------------|--|
| <b>Salum Awadh</b>            | Tanzania Private Sector Foundation                   |
| <b>Christopher Mariba</b>     | Prevention and Combating of Corruption Bureau (PCCB) |
| <b>Omar Said</b>              | Zanzibar   |
| <b>Wilbert Kitima</b>         | Tanzania Private Sector Foundation                   |
| <b>Devangara K. Mmari</b>     | Board Member   |
| <b>Eliza</b>                  | Ethics Secretariat, President's Office               |
| <b>Nsyande Muro</b>           | Tanzania Revenue Authority (TRA)                     |
| <b>Benno A. Sanga</b>         | Attorney General's Chambers                          |
| <b>Notker P. Kilewa</b>       | Tanzania Police Force – Traffic Division             |
| <b>Benjamin A. Lung'wecha</b> | Tanzania Police Force                                |
| <b>Johansen Kahatano</b>      | Tanzania Police Force                                |
| <b>Justin Williams</b>        | DFID   |

## LABOUR LAW AND SKILL SETS NKRA

|                           |  |
|---------------------------|--|
| <b>Aggrey K. Mlimuka</b>  | Association of Tanzania Employers (ATE)  |
| <b>Angelus T. Kapinga</b> | Ministry of Education, Science, Technology and Vocational Training (MoESTVT)                                   |
| <b>Azlin Niza Ismail</b>  | PEMANDU  |
| <b>Cosmas Msigwa</b>      | Commission for Mediation and Arbitration (CMA)   |
| <b>Edwin Mwakyembe</b>    | Trade Union Congress of Tanzania (TUCTA)   |
| <b>Enock Kayani</b>       | MoESTVT  |
| <b>John R. Mboya</b>      | PMO  |
| <b>Kassim Tuwelango</b>   | Prime Minister's Office - Policies, Parliamentary Coordination, Labour, Youth, Employment and Disabled Persons |
| <b>Maridadi Phanuel</b>   | International Labour Organization (ILO)  |
| <b>Mat Lazim</b>          | PEMANDU  |

|                               |   |
|-------------------------------|---|
| <b>Odin Chong</b>             | PEMANDU   |
| <b>Omar Ali Omar</b>          | ZNCCIA  |
| <b>Oscar Mkude</b>            | ATE   |
| <b>Peter Kitabi</b>           | Vocational Educational and Training Authority (VETA)    |
| <b>Philon Phabian Kyetema</b> | Immigration Services Department                         |
| <b>Privatus C. Kihanga</b>    | National Examinations Council of Tanzania (NECTA)       |
| <b>Rosemary Muze</b>          | National Council for Technical Education (NACTE)        |
| <b>Suhail Kassim</b>          | World Bank  |
| <b>Veila Shoo</b>             | President's Office - Public Service Management (PO-PSM) |

## CONTRACT ENFORCEMENT, LAW AND ORDER NKRA

|                              |   |
|------------------------------|---|
| <b>Juvenalis Motete</b>      | Tanzania Private Sector Foundation  |
| <b>John R. Kahyoza</b>       | Judiciary   |
| <b>Sebastian Lacha</b>       | Judiciary   |
| <b>Katarina Revocati</b>     | Judiciary   |
| <b>Thadeo M. Mwenempazi</b>  | Attorney General's Chambers   |
| <b>Seperatus R. Fella</b>    | Ministry of Home Affairs  |
| <b>Burton A. Mwasomola</b>   | President's Office–Regional Administration and Local Government (PO-RALG) |
| <b>Maryam Dahir Khamis</b>   | Zanzibar Planning Commission  |
| <b>Christopher J. Mramba</b> | PMO   |
| <b>Godwin M. Nyelo</b>       | Private Sector (Mining)   |
| <b>Sarah Callaghan</b>       | Consultant to DfID  |

## APPENDIX

## Proposed amendments to the Employment and Labour Relations Act (ELRA)

| LEGISLATION TO BE AMENDED   | DESCRIPTION  |
|---|--|
| <p><b>Section 19 – Hours of work</b></p>  | <p>ELRA Sec 19(3) specifies that workers can only work a maximum of 50 hours of overtime in any four-week cycle. This has made it difficult for businesses to plan for and meet production requirements during peak periods and when there is a labour shortage. This amendment will remove the restriction, thereby allowing workers to work more than 50 hours of overtime provided that the parties involved put their agreement in writing.</p>  |
| <p><b>Section 19(5) - Hours of work</b></p> <p><b>Section 25 - Public Holiday</b></p> | <p>ELRA Sec 19(5) states that an employer must pay no less than 1.5 times the employee's basic wage for any overtime worked, while Sec 25 states that an employee working on a public holiday specified in the Public Holidays Act must receive double his or her basic wage for each hour worked on that day. The amendment adds a provision in ELRA to give the employee time off in lieu of payment based on the following schedule:</p> <p>Ordinary working days: 60 minutes overtime = 90 minutes time off</p> <p>Public holiday/employee's off day: 60 minutes = 120 minutes time off</p>  |
| <p><b>Section 33 – Maternity leave</b></p>  | <p>Under ELRA Sec 33, an employee who is breastfeeding a child is given up to two hours a day to nurse her child. While the law presently allows the employee to do so for a period of six months, there is no similar provision stipulating the maximum number of months that the employee can continue to take time off to breastfeed her child. This has led to abuse in some cases.</p> <p>An amendment will be introduced to limit the amount of time off for breastfeeding to up to six months after maternity leave.</p> <p>Secondly, there is presently no provision in ELRA Sec 33 to account for complications before or during maternity leave that require the employee to seek more leave. As a result, employers are unsure of the appropriate action to be taken when an employee has exhausted paid sick leave but still requires bed rest as directed by a doctor. In some cases, there were alleged terminations of employment by the employer.</p> <p>A second amendment will be introduced to define the period of leave taken as unpaid leave once the 126 days of maternity leave are exhausted.</p> <p>Thirdly, ELRA Sec 33 does not provide for the death of a child during maternity leave. There is no clear guideline as to when an employee can be called back to work. In some cases, employees were called back to work immediately after the death of the child without being given adequate time to recover.</p> <p>A third amendment will be introduced in line with the following stipulations:</p> <ul style="list-style-type: none"> <li>• If a child dies within the first six weeks of birth, the employee shall be entitled to up to six weeks of maternity leave and four days of compassionate leave.</li> <li>• If a child dies after six weeks of birth, the employee is entitled to four days of compassionate leave.</li> </ul> |

## GLOSSARY

|                 |  |                  |  |
|-----------------|--|------------------|--|
| <b>A</b>        |  | <b>I</b>         |  |
| <b>ACT</b>      | Agricultural Council of Tanzania             | <b>ICT</b>       | Information and Communication Technology                           |
| <b>ADR</b>      | Alternative Dispute Resolution               | <b>IJA</b>       | Institute of Judicial Administration                               |
| <b>AEC</b>      | Advocates' Ethics Committee                  | <b>ILMIS</b>     | Land Management Information System                                 |
| <b>AG</b>       | Attorney General                             | <b>J</b>         |  |
| <b>ALAT</b>     | Association of Local Authorities of Tanzania | <b>JOPRAS</b>    | Judicial Open Performance and Review Appraisal System              |
| <b>ATE</b>      | Association of Tanzania Employers            | <b>K</b>         |  |
| <b>B</b>        |  | <b>KPI</b>       | Key Performance Indicator  |
| <b>BAAC</b>     | Business Action Against Corruption           | <b>L</b>         |  |
| <b>BARA</b>     | Business Activities Registration Act, 2007   | <b>LESCO</b>     | Labour, Economic and Social Council                                |
| <b>BE</b>       | Business Environment Improvement             | <b>LGA</b>       | Local Government Authority   |
| <b>BLA 1972</b> | Business Licensing Act No. 25 of 1972        | <b>M</b>         |  |
| <b>BoT</b>      | Bank of Tanzania                             | <b>MALDF</b>     | Ministry of Agriculture, Livestock Development and Fisheries       |
| <b>BRELA</b>    | Business Registrations and Licensing Agency  | <b>MDAs</b>      | Ministries, Departments and Agencies                               |
| <b>BRN</b>      | Big Results Now!                             | <b>MEM</b>       | Ministry of Energy and Minerals                                    |
| <b>C</b>        |  | <b>MIC</b>       | Middle-Income Countries  |
| <b>CCRO</b>     | Customary Certificates of Right of Occupancy | <b>MITI</b>      | Ministry of Industry, Trade and Investments                        |
| <b>CEO</b>      | Chief Executive Officer                      | <b>MKURABITA</b> | Property and Business Formalisation Programme                      |
| <b>CMA</b>      | Commission for Mediation and Arbitration     | <b>MLHSD</b>     | Ministry of Lands, Housing and Human Settlements Development       |
| <b>CRO</b>      | Certificates of Right of Occupancy           | <b>MNRT</b>      | Ministry of Natural Resources and Tourism                          |
| <b>CTI</b>      | Confederation of Tanzania Industries         | <b>MoCAJ</b>     | Ministry of Constitutional Affairs and Justice                     |
| <b>D</b>        |  | <b>MoESTVT</b>   | Ministry of Education, Science, Technology and Vocational Training |
| <b>DG</b>       | Director General                             | <b>MoFP</b>      | Ministry of Finance and Planning                                   |
| <b>DLHT</b>     | District Land and Housing Tribunals          | <b>MoHA</b>      | Ministry of Home Affairs   |
| <b>DPP</b>      | Director of Public Prosecutions              | <b>MoWI</b>      | Ministry of Water and Irrigation                                   |
| <b>DTM</b>      | Division of Trade Promotion and Marketing    | <b>MoWTC</b>     | Ministry of Works, Transport and Communication                     |
| <b>E</b>        |  | <b>MSMEs</b>     | Micro, Small and Medium Enterprises                                |
| <b>eGA</b>      | e-Government Agency                          | <b>N</b>         |  |
| <b>Exec Sec</b> | Executive Secretary                          | <b>NACTE</b>     | National Council for Technical Education                           |
| <b>EPZA</b>     | Export Processing Zones Authority            | <b>NBP</b>       | National Business Portal   |
| <b>F</b>        |  | <b>NKRA</b>      | National Key Results Area  |
| <b>FDI</b>      | Foreign Direct Investment                    | <b>G</b>         |  |
| <b>G</b>        |  | <b>GDP</b>       | Gross Domestic Product   |
| <b>GoT</b>      | Government of Tanzania                       | <b>GoT</b>       | Government of Tanzania   |
| <b>GPSA</b>     | Government Procurement Services Agency       |                  |  |

**P**

|                |   |
|----------------|---|
| <b>PCCB</b>    | Prevention and Combating of Corruption Bureau                   |
| <b>PDB</b>     | President's Delivery Bureau                                     |
| <b>PLUMT</b>   | Participatory Land Use Management Team                          |
| <b>PMO</b>     | Prime Minister's Office   |
| <b>PO</b>      | President's Office  |
| <b>PO-PSM</b>  | President's Office-Public Service Management                    |
| <b>PO-RALG</b> | President's Office-Regional Administration and Local Government |
| <b>PPP</b>     | Public Private Partnerships                                     |
| <b>PPRA</b>    | Public Procurement Regulatory Authority                         |
| <b>PSRB</b>    | Public Service Remuneration Board                               |

**R**

|            |                              |
|------------|------------------------------|
| <b>RIA</b> | Regulatory Impact Assessment |
|------------|------------------------------|

**S**

|               |   |
|---------------|---|
| <b>SAGCOT</b> | Southern Agricultural Growth Corridor of Tanzania |
| <b>SMEs</b>   | Small and Medium-Sized Enterprises                |
| <b>SSRA</b>   | Social Security Regulatory Authority              |

**T**

|                |   |
|----------------|---|
| <b>TCCIA</b>   | Tanzania Chamber of Commerce, Industry and Agriculture    |
| <b>TCRA</b>    | Tanzania Communication Regulatory Authority               |
| <b>TI</b>      | Transparency International                                |
| <b>TIA</b>     | Tanzania Institute of Arbitrators                         |
| <b>TIC</b>     | Tanzania Investment Centre                                |
| <b>TIE</b>     | Tanzania Institute of Education                           |
| <b>TIN</b>     | Taxpayer Identification Number                            |
| <b>TIRA</b>    | Tanzania Insurance Regulatory Authority                   |
| <b>TIRDO</b>   | Tanzania Industrial Research and Development Organization |
| <b>TLS CLE</b> | Tanganyika Law Society's Continuing Legal Education       |
| <b>TNBC</b>    | Tanzania National Business Council                        |
| <b>TPSF</b>    | Tanzania Private Sector Foundation                        |
| <b>TRA</b>     | Tanzania Revenue Authority                                |
| <b>TUCTA</b>   | Trade Union Congress of Tanzania                          |

**V**

|             |   |
|-------------|---|
| <b>VETA</b> | Vocational Education and Training Authority |
|-------------|---|



