

Doing Business in Tanzania

2024-2025

Enhancing the Business Environment in Tanzania

TICGL

Tel +255 734 862 343

Dar Es Salaam-Tanzania

www.ticgl.com
ticgl@ticgl.com

Contents

EXECUTIVE SUMMARY	1
INTRODUCTION	3
METHODOLOGY	5
DATA ANALYSIS	8
ENHANCING THE BUSINESS ENVIRONMENT IN TANZANIA	11
CONCLUSIONS AND WAY FORWARD	13
CONTACT INFORMATION	15
COMPANY INFORMATION	15

Tanzania demonstrates strengths in areas like protecting minority investors, resolving insolvency, and dealing with construction permits, there are notable challenges in accessing credit, paying taxes, and trading across borders. Addressing these challenges could enhance the overall business environment, making Tanzania more attractive for local and international businesses.

Executive Summary

Enhancing the Business Environment in Tanzania

In the pursuit of comprehending the intricacies that define the business landscape in Tanzania, this case study presents a detailed examination of diverse perspectives from key stakeholders. Our research, conducted over the period of November to January 2023-2024, focuses on local and foreign investors, development stakeholders, government officers, and businessmen. By utilizing a dual methodology comprising in-depth interviews and online questionnaires, we aim to provide a holistic understanding of the challenges, opportunities, and dynamics influencing business decisions in Tanzania.

Objective:

The primary objective of this study is to unravel the complexities of the Tanzania business environment. Through engagements with various stakeholders, we seek to uncover factors impacting investment decisions, development initiatives, and the collaborative dynamics between the government and businesses.

Methodology:

Our methodology combines the richness of qualitative insights from in-depth interviews with the broader reach of quantitative data obtained through online questionnaires. This dual approach ensures a robust analysis, allowing for a comprehensive understanding of the multifaceted Tanzania business landscape.

Key Findings:

Investor Perspectives: Local and foreign investors shared their experiences, revealing strengths in areas such as investor protection and insolvency resolution. Challenges, however, were identified in accessing credit and navigating taxation processes.

Development Stakeholders: Organizations contributing to economic development emphasized the importance of streamlined regulatory processes and highlighted the need for infrastructure development to foster business growth.

Government Officers: Insights from government officers provided a glimpse into regulatory frameworks, shedding light on positive aspects such as efficient contract enforcement. Areas for improvement include enhancing transparency in government contracting processes.

Businessmen: Representing the local business community, businessmen outlined challenges related to accessing credit and electricity provision. Positive aspects were identified in dealing with construction permits and property registration.

Significance and Recommendations: This case study holds significance in informing policy decisions, guiding business strategies, and fostering collaboration between the public and private sectors. The findings contribute to the ongoing dialogue on how to enhance the Tanzania business environment. Recommendations include streamlining regulatory processes, addressing challenges in credit accessibility and taxation, and enhancing transparency in government contracting.

Conclusion:

As Tanzania positions itself on the global stage, understanding and improving its business environment are imperative. This case study serves as a valuable resource for policymakers, investors, and businesses, offering actionable insights to navigate challenges and seize opportunities in the Tanzania business landscape.

Introduction

In the ever-evolving landscape of global commerce, the attractiveness of a country for investment hinges significantly on its business environment. For Tanzania, a nation with rich economic potential, understanding the intricacies of the business climate is paramount. This case study delves into the multifaceted aspects that shape the business environment in Tanzania, aiming to uncover valuable insights from the perspectives of diverse stakeholders. Our research draws on the experiences and expectations of local and foreign investors, development stakeholders, government officers, and businessmen, offering a holistic view of the challenges, opportunities, and dynamics influencing business decisions.

Research Objective:

Our primary objective is to provide a nuanced analysis of the Tanzania business environment, employing a comprehensive methodology that combines in-depth interviews and online questionnaires. By engaging with key stakeholders, we seek to unearth the factors that either propel or impede investment, development initiatives, and the collaborative relationship between the government and businesses. The study period, spanning November to January 2023-2024, captures a current snapshot, allowing for a dynamic assessment of the prevailing conditions.

Diverse Stakeholders:

The richness of our investigation lies in the diversity of perspectives we have gathered. Local and foreign investors bring forth their unique experiences and expectations, development stakeholders contribute insights into growth initiatives, government officers provide perspectives on regulatory frameworks, and businessmen share the challenges encountered in their daily operations. This amalgamation of voices provides a robust foundation for a comprehensive understanding of the Tanzania business landscape.

Methodology:

Our methodology employs a dual approach, leveraging in-depth interviews and online questionnaires. In-depth interviews facilitate a qualitative exploration, allowing us to delve into the nuanced narratives and perceptions of stakeholders. Simultaneously, the online

questionnaires enable a broader quantitative analysis, capturing trends and patterns that contribute to a more comprehensive assessment. The triangulation of these methods enhances the reliability and validity of our findings.

Significance of the Study:

The significance of this case study lies in its potential to inform policy decisions, guide business strategies, and contribute to the ongoing dialogue between the public and private sectors. By identifying areas of strength and uncovering challenges, we aim to offer actionable recommendations for stakeholders to collectively enhance the business environment in Tanzania. Through this research, we aspire to contribute to the formulation of informed and effective strategies that foster economic growth, attract investment, and create a thriving business ecosystem in Tanzania.

As we embark on this journey of exploration and analysis, we anticipate uncovering valuable insights that not only contribute to the academic discourse but also serve as a practical guide for policymakers, investors, and businesses seeking to navigate and thrive in the Tanzania business landscape.

Methodology

Enhancing the Business Environment in Tanzania

****1. Objective of the Case Study:**

Investigate and analyze the business environment in Tanzania, focusing on factors influencing investment decisions, development initiatives, and government-business interactions.

****2. Study Participants:**

- Local and Foreign Investors: Individuals and organizations interested in or actively investing in Tanzania.
- Development Stakeholders: Organizations contributing to economic development and growth in Tanzania.
- Government Officers: Officials responsible for regulatory frameworks, policy implementation, and business facilitation.
- Businessmen: Representatives from the local business community.

****3. Data Collection Methods:**

- In-depth Interviews: Conducted with local and foreign investors, development stakeholders, government officers, and businessmen. These interviews provide qualitative insights into perceptions, experiences, and challenges faced by stakeholders in the Tanzania business environment.
- Online Questionnaires: Distributed to a wider audience, including stakeholders who might be geographically dispersed. The questionnaire, sent via email, allowed for a larger sample size and quantitative data collection. Respondents filled out the questionnaire during the period between November and January 2023-2024.

****4. Interview Process:**

- Participant Selection: Purposive sampling to ensure representation from various sectors and perspectives. Key stakeholders were identified based on their relevance to the research objectives.

- **Structured Interviews:** The interviews followed a structured format to maintain consistency across participants. Open-ended questions allowed for in-depth exploration of issues.
- **Confidentiality:** Ensured the confidentiality of participants' responses to encourage honest and transparent feedback.

****5. Online Questionnaire Process:**

- **Questionnaire Design:** Developed a comprehensive questionnaire covering key aspects such as ease of doing business, regulatory frameworks, access to credit, taxation, and infrastructure.
- **Distribution:** Sent via email to a diverse group of stakeholders. The online method facilitated a broad reach and allowed participants to respond at their convenience.
- **Data Validation:** Implemented measures to ensure the reliability and authenticity of responses, such as validating email addresses and cross-referencing responses.

****6. Data Analysis:**

- **Qualitative Analysis:** Thematic analysis of interview transcripts to identify recurring themes, challenges, and opportunities.
- **Quantitative Analysis:** Statistical analysis of the questionnaire responses to generate quantitative insights and patterns.

****7. Triangulation:**

- **Cross-Verification:** The combination of qualitative and quantitative data aimed at corroborating findings and enhancing the overall validity of the study.
- **Comparative Analysis:** Cross-referencing insights from different stakeholder groups to identify commonalities and divergences in perceptions.

****8. Ethical Considerations:**

- **Informed Consent:** Participants were provided with information about the research purpose, methods, and the use of their data. Informed consent was obtained before conducting interviews or distributing questionnaires.

- Confidentiality: Ensured that participants' identities and responses remained confidential, contributing to an open and honest exchange of information.

****9. Period of Data Collection:**

November, December (2023), and January (2024): The chosen period reflects a recent snapshot of the business environment, capturing potential changes and developments.

****10. Limitations and Challenges:**

- Geographical Constraints: The online method may have limitations in reaching certain demographics or geographically remote participants.
- Response Bias: Participants' responses may be influenced by their personal experiences, and there may be a tendency to provide socially desirable responses.

****11. Implications and Recommendations:**

- Policy Recommendations: Based on the findings, derive recommendations for policymakers to enhance the business environment, attract investment, and stimulate economic growth.
- Actionable Insights: Translate research insights into actionable strategies for both the public and private sectors to collaborate on improving the Tanzania business landscape.

This case study methodology combines qualitative and quantitative approaches to provide a comprehensive understanding of the Tanzania business environment. The triangulation of data sources enhances the reliability and robustness of the findings, allowing for meaningful recommendations to support positive changes in the business landscape.

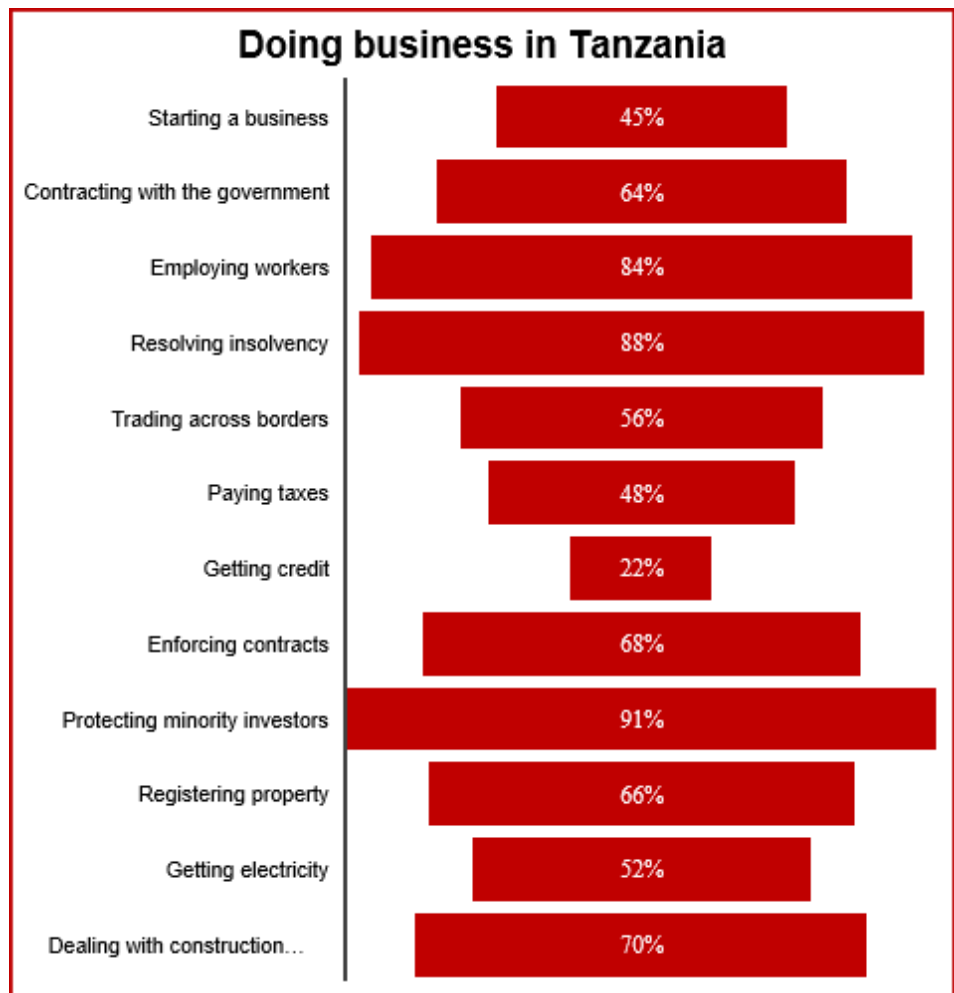
Data Analysis

In Tanzania, the business environment for starting a business is rated at 45% in the "Good" category, indicating that there are favorable conditions for entrepreneurs to establish their enterprises. However, there is still room for improvement as 43% falls into the "Bad" category, suggesting challenges and barriers that might hinder the process. The "Fair" rating of 12% signifies a moderate level of ease in starting a business.

When it comes to contracting with the government, the majority of respondents, 64%, perceive the environment as "Good," implying that there are positive opportunities for businesses engaging in government contracts. However, it is noteworthy that 26% fall into the "Bad" category, indicating some difficulties or obstacles, while 10% are in the "Fair" category.



Enhance transparency in government contracting processes to create a more favorable environment for businesses seeking government contracts.



Employing workers in Tanzania seems to be a positive aspect as a significant 84% rate it as "Good," reflecting favorable conditions for businesses in terms of hiring and managing their workforce. With only 5% in the "Fair" category and 11% in the "Bad" category, the overall employment scenario appears promising.

The process of resolving insolvency is highly regarded, with 88% in the "Good" category, suggesting a well-structured and efficient system for handling business bankruptcies. Only 10% perceive it as "Fair," and a mere 2% view it as "Bad."

Trading across borders in Tanzania is seen as moderately positive, with 56% rating it as "Good," 33% as "Bad," and 11% as "Fair." This indicates that while there are favorable conditions for international trade, there are still challenges that businesses may face in cross-border transactions.

Paying taxes is an area of concern, with 47% falling into the "Bad" category. However, 48% rate it as "Good," showing that there are aspects of the tax system that businesses find favorable. The "Fair" rating is 5%, indicating a moderate level of satisfaction with the tax environment.

Access to credit appears to be a significant challenge in Tanzania, with 70% rating it as "Bad." Only 22% consider it "Good," and 8% fall into the "Fair" category. This suggests that there is a substantial need for improvement in the credit accessibility for businesses.

Enforcing contracts is generally perceived positively, with 68% rating it as "Good." There is a sizable "Fair" rating at 28%, suggesting some room for improvement, while the "Bad" category is only 4%, indicating a relatively well-functioning system.

Protecting minority investors is highly regarded, with 91% in the "Good" category. The low percentages in the "Fair" (4%) and "Bad" (5%) categories suggest that the legal framework provides strong protection for minority investors in Tanzania businesses.

Registering property is considered relatively positive, with 66% rating it as "Good." The "Fair" and "Bad" categories, at 16% and 18% respectively, indicate that there are areas for improvement in the property registration process.

Getting electricity is perceived favorably by 52%, with only 7% in the "Fair" category and 41% in the "Bad" category. This suggests a need for improvement in the electricity provision infrastructure in Tanzania.

Dealing with construction permits is rated positively, with 70% in the "Good" category. The "Fair" and "Bad" categories, at 7% and 23% respectively, suggest some room for improvement in the construction permit processes.

In summary, while Tanzania has strengths in areas such as protecting minority investors, resolving insolvency, and dealing with construction permits, there are challenges to address in areas like accessing credit, paying taxes, and trading across borders. The overall business environment is characterized by a mix of positive, fair, and challenging aspects, indicating opportunities for improvement and further development.

DOING BUSINESS IN TANZANIA 2024-2025

	GOOD	FAIR	BAD
<i>Starting a business</i>	45%	12%	43%
<i>Contracting with the government</i>	64%	10%	26%
<i>Employing workers</i>	84%	5%	11%
<i>Resolving insolvency</i>	88%	10%	2%
<i>Trading across borders</i>	56%	11%	33%
<i>Paying taxes</i>	48%	5%	47%
<i>Getting credit</i>	22%	8%	70%
<i>Enforcing contracts</i>	68%	28%	4%
<i>Protecting minority investors</i>	91%	4%	5%
<i>Registering property</i>	66%	16%	18%
<i>Getting electricity</i>	52%	7%	41%
<i>Dealing with construction permits</i>	70%	7%	23%

Enhancing the business environment in Tanzania

The research on Doing Business in Tanzania provides a comprehensive overview of various aspects of the business environment, shedding light on the strengths, challenges, and areas with room for improvement.

Starting a business in Tanzania is relatively positive, with 45% rating it as "Good." However, the presence of 43% in the "Bad" category suggests that there are challenges that may hinder the process. This indicates a need for streamlining procedures and reducing barriers for entrepreneurs.

Contracting with the government is seen as a positive opportunity for businesses, with 64% in the "Good" category. However, the 26% in the "Bad" category suggests that improvements could be made to create a more favorable and transparent environment for government contracts.

Employing workers in Tanzania is perceived as a strong point, with 84% rating it as "Good." This indicates that the labor market is conducive for businesses, reflecting positive conditions for hiring and managing a workforce.

Resolving insolvency is a notable strength in Tanzania, with 88% in the "Good" category. This suggests an effective and efficient system for handling business bankruptcies, contributing to a favorable business climate.

Trading across borders is moderately positive, with 56% in the "Good" category. However, the 33% in the "Bad" category indicates challenges that businesses may encounter in cross-border transactions, highlighting the need for improvements in this aspect.

Paying taxes is a concern, with 47% in the "Bad" category. While 48% find it "Good," there is room for improvement in creating a more balanced and business-friendly tax environment.

Access to credit is a significant challenge, with 70% in the "Bad" category. This indicates a pressing need for improvements in the credit accessibility for businesses to stimulate economic growth.

Enforcing contracts is generally positive, with 68% in the "Good" category. The low percentage in the "Bad" category suggests that the legal system is effective in contract enforcement.

Protecting minority investors is a notable strength, with 91% in the "Good" category. This indicates a strong legal framework that provides robust protection for minority investors in Tanzania businesses.

Registering property is relatively positive, with 66% in the "Good" category. However, the 18% in the "Bad" category suggests that there are areas for improvement in the property registration process.

Getting electricity is an area that needs attention, with 41% in the "Bad" category. This indicates challenges in the electricity provision infrastructure, emphasizing the need for improvements to support businesses.

Dealing with construction permits is generally positive, with 70% in the "Good" category. The 23% in the "Bad" category suggests opportunities for streamlining construction permit processes.

Hence, while Tanzania demonstrates strengths in areas like protecting minority investors, resolving insolvency, and dealing with construction permits, there are notable challenges in accessing credit, paying taxes, and trading across borders. Addressing these challenges could enhance the overall business environment, making Tanzania more attractive for local and international businesses.

Conclusions and way forward

Conclusions:

1. **Positive Aspects:** Tanzania shows strengths in areas such as protecting minority investors, resolving insolvency, and starting a business. These indicate a robust legal framework and relatively favorable conditions for entrepreneurs.
2. **Challenges Exist:** Significant challenges are evident in accessing credit, paying taxes, and trading across borders. These issues may hinder business growth, investment, and international trade.
3. **Opportunities for Improvement:** While certain areas are rated as "Fair," such as registering property and dealing with construction permits, there is an opportunity for streamlining processes to make them more efficient and business-friendly.
4. **Mixed Business Environment:** The overall business environment in Tanzania appears to be a mix of positive, fair, and challenging aspects, emphasizing the need for a comprehensive and targeted approach to improvement.

Way Forward:

1. **Reform Regulatory Processes:** Streamlining bureaucratic processes for starting a business, registering property, and obtaining construction permits can contribute to a more efficient business environment.
2. **Enhance Access to Credit:** Addressing the challenges in credit accessibility is crucial for fostering business growth. Initiatives to improve credit infrastructure and reduce obstacles for businesses seeking financing are essential.
3. **Tax Reforms:** Undertaking tax reforms to create a balanced and business-friendly tax environment will encourage investment and economic activity.
4. **Cross-Border Trade Facilitation:** Addressing challenges in trading across borders is vital for expanding international trade. Improving customs procedures and reducing trade barriers can enhance the competitiveness of Tanzania businesses in the global market.
5. **Invest in Infrastructure:** Addressing issues related to electricity provision is critical for supporting businesses. Investment in reliable and efficient infrastructure can contribute to economic development.

6. **Government Contracting Transparency:** Enhance transparency in government contracting processes to create a more favorable environment for businesses seeking government contracts.
7. **Continuous Monitoring and Feedback:** Establish mechanisms for continuous monitoring and feedback from businesses to identify emerging challenges and opportunities for improvement. This allows for a dynamic and responsive business environment.
8. **Capacity Building:** Invest in training and capacity building programs to empower businesses and government agencies to navigate regulatory processes efficiently.
9. **Public-Private Collaboration:** Encourage collaboration between the public and private sectors to address challenges collectively. Public-private partnerships can foster a more inclusive and cooperative approach to business development.
10. **Regularly Update Business Regulations:** Regularly review and update business regulations to ensure they align with current economic conditions and international best practices.

Contact Information



Amran Bhuzohera

Co-Author: Economic Research Center-Tanzania

Tel +255 768 699 002

ticgl@ticgl.com

Company Information

TICGL

Dar Es Salaam-Tanzania

Tel +255 734 862 343

www.ticgl.com

