

TANZANIA

DIAGNOSTIC TRADE INTEGRATION STUDY (DTIS) UPDATE

18 January, 2017



The United Republic of Tanzania
Ministry of Industry, Trade and Investment



WORLD BANK GROUP
Trade & Competitiveness

Process

- Kick off workshop in November 2015
- Main fact finding mission in February/March 2016
- Research by technical experts and local consultants till July 2016
- Draft chapters on Agriculture, Mining and Extractives and Tourism shared in October 2016 with requests for comments
- National consultations: workshops in November 2016 in Dar, Arusha and Zanzibar; web site; bilateral discussions with public and private sector stakeholders, as well as donors.
- Full report January 2017 with validation workshop in March 2017

Approach

- Ministry of Industry and Trade – Leading the process
- World Bank Group – Technical expertise
- Local consultants and institutions heavily involved in analysis and dissemination
- Sharing information on <http://mit.go.tz/dtis/>

A new DTIS to help lower trade costs & diversify into higher value activities



Agribusiness



Mining and Extractives



Tourism

SMALL -SCALE TRADE



REGIONAL INTEGRATION

The new Action Matrix

- Buy-in from a broad range of players (hence additional consultations)
- Clear policy priorities and actionable policy recommendations
 - 2005 DTIS: 20 actions implemented out of a total of 120
 - 2016 DTIS: focus on 5-8 priority actions per sector
- Regular monitoring
 - Results Framework to support adequate implementation of the new Action Matrix – link to WB engagements
 - Build further buy-in for results and the actions from key local players by continued consultations; experiment with new ways to communicate with and learn from stakeholders:
 - <http://mit.go.tz/dtis>

DTIS Action Matrix Priorities Agriculture

Identified Constraint	Actions	Responsibility	Existing Initiatives
Non-transparent agriculture trade policies and procedural requirements.	<p>Establish an “agriculture trade portal” as a place to go for information on trade requirements including SPS requirements, free (clickable) TBS standards if mandatory, online application forms for all trade permits, and mandatory public notice of all trade restrictions or trade bans.</p> <p>Mandatory trade requirements and trade restrictions (e.g. export bans) must be transparent and well-advertised.</p>	MAFC and MITI to lead with TBS, TFDA, TAEC, TFRA, TOSCI, and others	Individual agencies at various stages of developing own website and trade portals (e.g. TFDA).
Overlapping and unnecessarily rigid technical regulations.	<p>Stimulate an ongoing national dialogue on benefits of risk based approaches to enforcing technical regulations.</p> <p>Recognize public and private test data from internationally accredited laboratories and from other countries (EAC +)</p> <p>Eliminate mandatory inspections and product registration not directly related to health or safety or other public policy goals.</p>	MITI, MAF, and regulatory agencies	<p>Limited use of risk based approaches.</p> <p>100 per cent testing in place, many products tested on entry that have already been tested by internationally accredited conformity assessors.</p>
Permits required to transport food and other agriculture products across district borders.	<p>Eliminate administrative controls on domestic trade.</p> <p>Improve monitoring of national food supply to head off potential shortages.</p>	MAFC, MITI, District Authorities.	None known.

DTIS Action Matrix Priorities Agriculture

Identified Constraint	Actions	Responsibility	Existing Initiatives
Onerous paperwork requirements and fees drive small traders (many of whom are women) into informal channels	<p>(a) Implement and raise awareness of the EAC STR at all EAC borders; initiate negotiations for a STR non EAC borders (e.g. Zambia and Mozambique);</p> <p>(a) Promote use of the Traders Charter (basic rights and obligations of traders and border officials). Establish toll free hotline for reporting abuse.</p>	MITI with others including Customs.	<p>GOT already committed to EAC STR; Zambia has similar STR framework.</p> <p>Traders charter and toll free hotline being promoted with Zambia at Tunduma.</p>
Marketing Restrictions discourage private investment in the sector (e.g. single channel marketing)	Eliminate market restrictions to provide space for private sector engagement with small farmers. Existing state channels may continue but should be competitive and without monopolistic protection.	MAFC, MITI, and others.	Varies by product. Cloves currently 100% state monopoly with little or no sign of change. Cashew warehouse receipts “competitive” at buying stage but only through single channel.
High tariffs on a small number of strategic products (e.g. rice and sugar)	Reduce tariffs to fall within the agreed standard EAC CET tariff bands	Ministry of Finance, Ministry of Trade and Industry, MAFC, MITI.	None. Current efforts focus on enforcing tariffs and preventing smuggling.

DTIS Action Matrix Priorities Tourism

Identified Constraint	Actions	Responsibility	Existing Initiatives
Policies, Laws, Regulations and Governance			
Challenge: The legal, regulatory and governance framework for the tourism sector is constraining the potential of tourism to deliver jobs, investment and increased revenue	Develop a new tourism policy that informs and prioritizes actions in a new national tourism strategy. Develop and implement a legal framework that increases inter government coordination and cooperation focused on specific targets for investment, job creation and fiscal revenue	MNRT and other relevant government agencies at national, regional and local levels, TCT.	Tourism growth through increased public and private sector investment, job creation, and revenue generation.
Challenge: Weak and inconsistent PPD	Re-invigorate the Tourism Task Force and support it to develop and results and issue-driven work program	MNRT and agencies, TCT	Priority industry issues are dealt with in timely manner thereby facilitating tourism growth and competitiveness.
Public and Private Sector Workforce Development			
Challenge: Skilled labor for improved tourism experiences is lacking due to weak education and training programs. Work Permits for international expertise are difficult to obtain	Review existing tourism industry labor needs assessment. Identify gaps and conduct new assessment.	MNRT, TTB, Tanzania Tourism Confederation	Industry needs are met. More skilled job placements.
Constraint: National College of Tourism is not providing adequately qualified job candidates, in part, because they are not receiving their allocated budget.	Closer involvement of private sector and relevant associations including those representing small scale enterprises and women (e.g., AWOTTA) especially through the Apprenticeship program. Private sector advocacy for adequate budget.	MNRT, TTB, Ministries of Labor, Education, Tanzania Tourism Confederation	More skilled trainees and placements, including an increased number of skilled female graduates and placements.

DTIS Action Matrix Priorities Tourism

Identified Constraint	Actions	Responsibility	Existing Initiatives
Access to Finance			
Challenge: Access to finance from banks and investors for tourism businesses in Tanzania and Zanzibar is difficult and/or costly.	Needs assessment of current access to finance situation from lender and borrower perspectives.	MNRT, MITI, TTB, Ministry of Finance, Bank of Tanzania, Tanzania Tourism Confederation	Increased capital available for tourism, especially at micro level.
Constraint: Continuing misconceptions by Banks/financiers on tourism loans being high risk.	Credit guarantees backed by donors. The USAID-supported Development Credit has actively supported tourism-related lending in other countries.	USAID DCA program, MNRT, MITI, TTB, Ministry of Finance, Bank of Tanzania, Tanzania Tourism Confederation	Increased credit guarantees provided for tourism projects results in more lending.
Business Enabling Environment			
Challenge: The business enabling environment for tourism is disabling due to a multiplicity of taxes, levies, and fees and a confusing, often overlapping collection system across multiple government entities from local to national levels.	Implement the Big Results Now – Business Environment Lab” (BRN-BE Lab) recommendations, especially a One Stop Shop for tourism registration, licensing, tax payments.	MNRT, TTB, MITI, MOF, Bank of Tanzania, HATS, Tanzania Tourism Confederation	Clearer, more efficient collection systems resulting in more revenue and compliance.
Access to Land			
Challenge: Land not readily available for investors	Finalize surveys and process for central database	Amount of registered land and land available for tourism increased.	MNRT, Commission for Lands, Tanzania Investment Center, Wildlife Management Areas
Unsecured tenure in protected areas for tourism accommodation investors	Harmonize concession procedures and policies World Bank’s REGROW project and USAID southern Tanzania project. ICAS II program	Number of concessions successfully identified, taken to market, and investments realized.	MNRT, Tanzania Investment Center, Wildlife Management Areas

DTIS Action Matrix Priorities Extractives and Mining

Identified Constraint	Actions	Responsibility	Existing Initiatives
The uncertainty of government reimbursements of duties and value added taxes constrains financial planning for EI companies	Implement a transparent and predictable taxation regime and revenue management system with timely reimbursements	Tanzania Revenue Authority	The WBG had a Tax Modernization Project in Tanzania from 2006-2011 supporting the Tanzania Revenue Authority
Skill shortages, deficient access to finance & infrastructure hampering potential for local value addition along the EI value chain	<ul style="list-style-type: none"> - Improve educational system - Provide vocational trainings - Scale up support programs to SMEs -Coordinate support initiatives with EI companies 	Ministry of Education and Vocational Training, Ministry of Labour and Employment, MITI, Ministry of Energy and Minerals, Ministry of Finance, Local Content Unit	See main report
Unreliable access to power and financial sustainability of TANESCO	TANESCO restructuring to provide financial viability (already under implementation)	Ministry of Energy and Minerals	<ul style="list-style-type: none"> - On-going restructuring process - The WBG is supporting this process through the Energy Sector Capacity Building Project
Unclear local content regulations	Publish regulations that provide clarity and are consistent with each other	Ministry of Energy and Minerals	Unaware of who helped the Government in drafting the Local Content Legislations or who is still supporting the local content regulatory framework.

DTIS Action Matrix Priorities Extractives and Mining

Identified Constraint	Actions	Responsibility	Existing Initiatives
Conflicting trade and local content policies (exemptions for EI companies on inputs while not extending these potential suppliers; export ban on Tanzanite while imposing tariffs on inputs needed to cut and polish Tanzanite, as well as tough labour laws that make it difficult to employ foreign trainers)	<ul style="list-style-type: none"> - Alignment of duties and tariffs - Employment regulations that facilitate on the job training 	MITI, Ministry of Energy and Minerals, Ministry of Labour and Employment, Ministry of Industry and Trade, Local Content Unit	Unaware of initiatives addressing this constraint
Improve gas demand projections to prepare for the negotiations with the international oil companies on the domestic gas allocation	<ul style="list-style-type: none"> - In-depth feasibility studies on the projects outlined in the Gas Master Plan, - Assess how much gas the international oil companies will require for export markets to move ahead with the proposed investments 	Ministry of Energy and Minerals, TPDC	- See Main report
Conflicting roles of State Owned Companies	<ul style="list-style-type: none"> - Review state owned companies' roles and responsibilities - Consider merging STAMICO and the mining entity in NDC - Separate out regulatory and commercial functions to the extent possible and fully clarify the roles of TPDC now that the functions are separated. - Put in place clear financial rules for State Owned Companies 	Ministry of Energy and Minerals, Ministry of Industry and Trade	Natural Resource Charter Benchmarking Exercise currently being completed
Slow formalization process of the ASM sector and lack of enforcement of rules – frequent pit sub-leasing and tax evasion by small-scale miners	<ul style="list-style-type: none"> - Role out awareness raising campaigns - Reward formalization through support initiatives - Decentralize the enforcement authority to regional and district offices, and invest in staffing and capacity building for Zonal Mining Offices - As part of PML application process, introduce requirement such that successful applicants have to either enter into actual mining operations (without pit sub-leasing), or face license revocation. 	Ministry of Energy and Minerals, MITI, Tanzania Chamber of Mine, Tanzania Women Chamber of Commerce, Tanzania Women Miners Association (TAWOMA)	See Main Report

DTIS Action Matrix Priorities Extractives and Mining

Identified Constraint	Actions	Responsibility	Existing Initiatives
Access to PMLs and to finance is particularly limited for women in ASM	<ul style="list-style-type: none"> - Introduce gender quotas for PMLs, and option for license acquisition by applicant groups - Introduce gender quotas for existing ASM financing schemes, based on level of participation in ASM Value Chain (miner, broker, dealer etc.) - Strengthen the capacity of the Gender Desk at Ministry of Energy and Minerals (MEM), in areas such as gender mainstreaming in Trade & Minerals Policy, gender-disaggregated data collection, and gender-sensitive M&E. 	Ministry of Energy and Minerals, MITI, Tanzania Chamber of Mine, Tanzania Women Chamber of Commerce, Tanzania Women Miners Association (TAWOMA)	
Lack of regional coordination (to address Tanzanite smuggling, increase upstream linkage opportunities, lower the costs of power and other infrastructure projects, and avoid white elephant projects in downstream industries)	Lead regional coordination and integration efforts;	SADC, EAC, MITI, Ministry of Energy and Minerals	<ul style="list-style-type: none"> - Africa Mineral Skills Initiative (AMSI) - Regional corridor projects (Mtwara corridor) - EAPP - SAPP
Potential conflict between international agreements (WTO and bilateral investment treaties) and the local content/export restricting policies	<ul style="list-style-type: none"> - Review existing agreements - Take caution when signing new international investment agreements 	MITI, Ministry of Energy and Minerals, Local Content Unit, Ministry of Foreign Affairs and East Africa Cooperation	Unaware of initiatives addressing this constraint

We need your feedback

Objectives of the consultations:

- 1. Confirm, discuss and obtain new inputs on critical barriers affecting agriculture, mining and extractives and tourism;
- 2. Endorse, refine or receive suggestions on different priorities for recommendations in the Action Matrix.

Who needs to be involved to make it happen?

- MIT lead agency but have we sufficiently consulted representatives from public and private sectors, donors? How best to engage?

How do we channel our findings into development plans?

- Which are the relevant national plans and sectoral strategies?