

Doing business, let's make it easy - and fair

BEST-Dialogue Annual Report 2017- 2018

BEST-Dialogue 

Business Environment Strengthening for Tanzania



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A Detailed financial report can be found on the BEST-Dialogue website: [Annex 2: Financial report 2017/2018](#)

Abbreviations

AAPC	Annual Agriculture Policy Conference	PASS	Private Agricultural Sector Support
ACT	Agricultural Council of Tanzania	PO-RALG	President's Office Regional Administration & Local Government
AMDT	Agricultural Markets Development Trust	PSDP	Private Sector Development Policy
ANSAF	Agricultural Non-State Actors Forum	RUDI	Rural and Urban Development Initiatives
ASDP	Agriculture Sector Development Programme	SAGCOT	Southern Agriculture Growth Corridor of Tanzania
BDSP	Business Dialogue Service Provider	SAUT	Saint Augustine University of Tanzania
BEST	Business Environment Strengthening for Tanzania	SIPS	Stakeholder-Issue-Potential-Scoping
BSPS IV	Business Sector Programme Support - Phase 4	STDF	Smallholder Tea Growers Development Fund Trust
CAADP	Comprehensive Africa Agriculture Development Programme	SUA	Sokoine University of Agriculture
CPRA	Centre for Policy Research and Advocacy (hosted at UDBS)	SUGECO	Sokoine University Graduate Entrepreneurs Cooperative
CRN	Community Radio Network	TACECA	Tanzania Civil Engineering Contractors Association
CTI	Confederation of Tanzania Industries	TAFF	Tanzania Film Federation
DANIDA	Danish International Development Agency	TAFFA	Tanzania Freight Forwarders Association
DBC	District Business Council	TAHA	Tanzania Horticulture Association
ESIA	Environmental and Social Impact Assessment	TAMFI	Tanzania Association of Microfinance Institutions
EUBG	European Union Business Group	TAREA	Tanzania Renewable Energy Association
FSDT	Financial Sector Deepening Trust	TAHOA	Tanzania Hunting Operators Association
Hi-LINE	Higher Learning Institutions Network (academic cooperation in support of PPD)	TAT	Tea Association of Tanzania
IBER	Investigative Business Environment Reporting	TATO	Tanzania Tour Operators Association
KM	Knowledge Management	TAWOMA	Tanzania Women Miners Association
LBER	Local Business Environment Reform Plan	TBA	Tanzania Bankers Association
LED	Local Economic Development	TBT	Tea Board of Tanzania
LGA	Local Government Authority	TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
LIC	Local Investment Climate	TCT	Tourism Confederation of Tanzania
MALF	Ministry of Agriculture, Livestock and Fisheries Development	TNBC	Tanzania National Business Council
MDA	Ministries, Departments and Agencies	TPSF	Tanzania Private Sector Foundation
MITI	Ministry of Industry, Trade & Investments	TRA	Tanzania Revenue Authority
MNRT	Ministry of Natural Resources and Tourism	TTB	Tanzania Tourist Board
MoFP	Ministry of Finance and Planning	UDBS	University of Dar es Salaam Business School
MUCO	Moshi Cooperative University	UoI	University of Iringa
MS-TCDC	MS Training Centre for Development Cooperation	ZNCCIA	Zanzibar National Chamber of Commerce, Industry & Agriculture
MU	Mzumbe University		

EXECUTIVE SUMMARY

This Annual Report of BEST-Dialogue of the five-year support for private sector organizations to engage with government to improve the business environment reports the programme's activities, results and lessons learnt from July 2017 to June 2018.

Highlights

- 1) Cabinet formally approved the Blueprint for Regulatory Reforms to Improve the Business Environment in May 2018. The Blueprint commits the government to changing the policy affecting the private sector operatives subject to a Regulatory Impact Assessment (RIA). At least 30% of Blueprint recommendations came from BEST-Dialogue supported initiatives.
- 2) MS-TCDC piloted a curriculum for training the public and private sector in public-private dialogue (PPD) for Local Economic Development (LED) in five regions.
- 3) The PMO conducted a meeting to elicit stakeholder feedback on the revised and expanded Roadmap for Improvement of the Investment Climate in January 2018.
- 4) Three meetings of the High-level Ministerial dialogue platform were held during the year, the main theme being of fast tracking industrialization.
- 5) The Finance Act 2018 made several changes to laws, regulations and fees that intended to reduce the cost of doing business as a direct response to private sector efforts.
- 6) Apex PSOs increased their efforts to promote PPD and collaboration.
- 7) Private sector organizations (PSOs) demonstrated increased maturity in articulating issues and engaging the government in dialogue and advocacy. The public sector started treating informed and seriously engaged PSOs as partners in policy making, as a result of the latter's increased maturity in articulating issues and engaging the government in an informed and constructive way.
- 8) The 11th Tanzania National Business Council (TNBC) meeting was held at which some policy proposals from the private sector were accepted by the government.
- 9) BEST-Dialogue Exit Strategy was approved by the Steering Committee.
- 10) PSOs representing micro and small enterprises achieved advocacy successes, including the adoption of new timber-harvesting guidelines, new environmental and social impact assessment guidelines for mini solar projects, and a reversal of the termination of the tea levy allocated to run tea farmer organizations and an arbitrary increase in market stalls rental.
- 11) Three research papers (including one based on research on the informal economy) and two book chapters were published and 3 papers were submitted to journals for publication.

Dialogue and advocacy

The government demonstrated its resolve to improve the business environment by presenting a revised Roadmap for Improvement of the Investment Climate and formal approval of the Blueprint by Cabinet. The private sector engaged in advocacy and dialogue and contributed to policy and legislative reforms via various platforms. For its part, the government adopted a number of proposals by the private sector to improve the business enabling environment, particularly those relating to the industrialization agenda. The 5th administration demonstrated increased interest in PPD commissioning analyses to inform improvements at national and sub-national level. TradeMark East Africa also undertook analyses of the dialogue framework, building on background work supported by BEST-Dialogue, to inform future programming.

What beneficiaries and stakeholders are doing differently

As a sign of their increased maturity, PSOs supported by the programme are engaging more in internal dialogue. TPSF and TCT organized three consultative meetings with members to build trust and collaboration. TCCIA initiated a process of internal consultations to build trust and better position itself as a partner of TPSF and sector PSOs. The relationship between PSOs and ministries, departments and agencies (MDAs) is extending from advocacy and dialogue to collaboration. TCT organized workshops for TRA and a parliamentary committee to orient them to PPD and the sector, while TCCIA Mbeya and TCCIA Kigoma signed collaboration Memorandums of Understanding (MoUs) with the public sector (LGAs) on budgeting and by-law-making processes.

Lessons learnt

The main lessons learnt over the past year include:

- (i) Joint training of clusters of PSOs fostered internal dialogue, trust and collaboration. PSOs that are positively impacting their respective sectors are gradually gaining the trust of relevant MDAs.
- (ii) Development partners and government at central and sub-national level are increasingly appreciating the value of PPD.
- (iii) Orienting public sector officials to the private sector context and good dialogue practices has shown great promise in changing attitudes and fostering trust and collaboration.
- (iv) The training of PSOs should be further simplified so that it is accessible to those with a low level of formal education, to build confidence and be more inclusive of different segments of the private sector. Materials designed for training national level actors had to be simplified to the level of district level public and private sector actors.

Key decisions made and focus for next year

BEST-Dialogue's programme officially concludes in June 2019 as per the agreement between the programme and the donor partners. BEST-Dialogue prepared an exit strategy in line with guidelines provided by the donor partners. The main approach to sustaining the results of the programme is through the actors' knowledge, networks and tools developed over the years. However, some form of a hub is needed to connect and further strengthen the ecosystem created by the programme. Various options will continue to be explored with stakeholders in the final year of the programme. The programme will document the experience, lessons learnt and the potential of the learning environment developed, so that other actors can build on them.

1. INTRODUCTION

We are pleased to bring to our sponsors, partners and other stakeholders the 2017/18 (4th) Annual Report of BEST-Dialogue's five-year programme of support to build the capacity of private sector organizations (PSOs) and to engage the government to improve the business environment. The Annual Report is our main channel for sharing the programme's work, approach, achievements and the lessons learnt in a comprehensive but concise way. More detailed information can be obtained from our website – www.best-dialogue.org.

BEST-Dialogue

BEST - Dialogue (formerly BEST-AC) was approved on 18 November 2003 to build the capacity of PSOs so as to effectively influence them to improve the business enabling environment through informed, sustained dialogue and in an open and transparent space. Over the years, BEST-Dialogue has supported private sector apexes and key PSOs to build their capacity to engage with counterparts in the government in a structured way to address issues limiting job creation and inclusive growth.

BEST-Dialogue aligns with the issues and priorities of the public and private sector to jointly address and implement economic reforms. This explains why the theme of this Annual Report is "*Business enabling environment for industrialization*".

While BEST-Dialogue started by providing grants to business associations, it has evolved to produce the broader agenda of creating a PPD ecosystem, including integrating the efforts of national and sub-national PSOs, civil society, local government, academia and the media in the business enabling environment reform agenda.





The programme serves Tanzania mainland at national and sub-national level as well as Zanzibar, with a strong focus on areas where reforms have the potential to impact micro enterprises, women, youth and the poor. Over the course of its implementation, BEST-Dialogue has provided the means to create and sustain the learning environment for the process of systemic change through:

- (i) Strengthening the capacity of apex, sector and sub-national PSOs to engage in advocacy and dialogue. Key research outputs and efforts of organizations supported by BEST for more than 10 years were critical in the recent Blueprint 1 process, in which the vision for an overhaul of the regulatory environment has been adopted.
- (ii) Developing the now popular 5-Step Approach to Advocacy that enables evidence-based, inclusive and effective advocacy. These steps are (i) identifying an issue, (ii) doing research to gain an understanding of the issue as a basis for (iii) generating informed policy proposals, (iv) presenting the policy proposals using an appropriate mix of strategies and (v) following-up implementation. This approach has been widely adopted and is now a national standard for training in private sector policy advocacy
- (iii) Developing low cost models for university networks undertaking research for private sector advocacy
- (iv) Developing and refining training curricula and materials on public policy advocacy, dialogue, capacity building of PSOs and PPD, and mainstreaming these in educational entities
- (v) Developing a network of trainers, consultants and researchers on policy advocacy, PPD and the institutions representing them
- (vi) Fostering cooperation and synergies through the integration of multiple actors the media, academia, civil society, the private sector and local government for the reform of the local business environment in Uganda
- (vii) Supporting the development and operations of knowledge management platforms for the collection and sharing of business environment-related research, policies and other valuable information.



To deliver the above, BEST-Dialogue has promoted the following networks and partnerships:

- 1) Centre for Policy Research and Advocacy (CPRA) at the University of Dar es Salaam Business School as an academic partner promoting research and outreach, including training PSOs, young researchers and business dialogue service providers (BDSPs) in advocacy, dialogue and related issues.
- 2) Higher Learning Institution Network (Hi-LINE) incorporating the University of Dar es Salaam Business School and five partner institutions (SAUT, MUCO, MU, SUA, UoI) to extend research and outreach capacity at the up-country and local level.
- 3) Community Radio Network (CRN) as a hub for disseminating information and collecting and giving feedback that facilitates PPD on business environment reforms.
- 4) Multi-Actor Integration (MAI) bringing together PSOs, radio stations, academics, non-state actors, and local government authorities (LGAs) in the Southern Agriculture Growth Corridor for Tanzania (SAGCOT) area to collaborate in improving the local business environment.
- 5) Hypermedia and Tanzania Development Information Organization (TADIO) - professional media consultancy firms to build the capacity of the media involved in the project.
- 6) Knowledge partners – TPSF and UDBS to document, upload and disseminate business environment-related policies, research and published information.

What the programme is doing differently

In an effort to identify more effective methods of promoting local economic development (LED) dialogue mechanisms at district level, the programme engaged a diverse team of specialists and practitioners to work with MS-TCDC, which worked closely with LGAs to develop a PPD curriculum, which was tested in 5 pilot regions (13 districts). BEST-Dialogue coordinated a brainstorming session that included senior private and public sector representatives in December 2017 to discuss an effective private sector response to the government initiatives on PPDs. IMED was also contracted to provide private sector support to develop this response. In preparation, the BEST-Dialogue team and the IMED consultant met the Permanent Secretary, PMO, to obtain his perspective on the PPD situation in the country.

The BEST-D programme supported the design of a high level consultative workshop on dialogue for top national officials (PMO, Ministerial, and PSO) with the aim of preparing them to implement the recommendations from analyses of Tanzania's experience of PPDs' best practice. The programme plans to offer the workshop in the 2018/19 financial year. The team's April 2018 retreat session was dominated by planning for exit. It is clear that local economic conditions call for the continuation of dialogue more than winding it up. This factor influenced the team's exit planning to veer towards the creation of space for the continuation of dialogue processes rather than total closure.

2. PERFORMANCE OF THE PROGRAMME

2.1 Overall programme (Outcome level)

2.1.1 Accepted policy proposals – 2017/2018

The 2017/2018 programme year saw increased vibrancy of public-private advocacy and dialogue, at national, sector and sub-national level, most of which was backed by research evidence supported by BEST-Dialogue. A total of 26 PSOs engaged in 51 dialogues (32 at national level and 19 at LGA level, of which 33 dialogues were directly funded by BEST-Dialogue). A total of 9 PSOs submitted 20 policy reform proposals to the government directly linked with BEST-Dialogue support (by comparison, in 2016/2017, 11 policy reform proposals were submitted from 10 PSOs). Twenty two proposals for reforms from 9 PSOs were accepted by the government compared with 8 in 2016/2017. TPSF led PSOs (TAHA, ACT, ANSAF, CTI, TCT, ACT and TCCIA) in (i) a stakeholders' meeting held on 30th January to present a revised and expanded version of the Roadmap for Improvement of the Investment Climate, (ii) High-level Ministerial dialogue meetings in December 2017 and January 2018, and (iii) the Task Force on Tax Reforms and the 11th TNBC in May 2018. The Agriculture Council participated in the Partnership and Accountability Committee (PAC) meetings, and the tourism platform led by TCT engaged the Ministry of Natural Resource and Tourism (MNRT) and related MDAs to work on sector issues.

The Finance Bill of 2018 effected many recommendations made by the private sector through participating in the Tax Task Force, the 11th TNBC, Parliamentary Committees and other platforms. The following accepted reforms can be traced back to PSOs' efforts that received BEST-Dialogue support:

- Removal of produce cess for companies which pay service levy but also produce and process different crops;
- Increase in import duty for potatoes, tomatoes and beef products;
- Removal of VAT on seed cake, a major input in the manufacture of animal feed;
- VAT exemption on imported packaging materials for domestically produced pharmaceutical products;

- Reduction of corporate income tax rate from 30% to 20% for new investors in the pharmaceutical and leather industries;
- VAT exemption on packaging materials produced for local manufacturers of pharmaceutical products;
- VAT exemption on imported animal and poultry additives;
- Duty remission on various raw materials (paper, pesticides, etc.);
- Stay of application of CET for crude palm oil, crude edible oils and semi-refined edible oils;
- No changes in excise duty for locally produced non-petroleum products;
- Removal of fees and levies in the salt subsector;
- Elimination of export levy for wet blue leather;
- Removal of VAT on transit cargo;
- Removal of Single Custom Territory with the Democratic Republic of Congo;
- Removal of VAT (incorrectly) levied on licensing fees in tourism, e.g. hunting block fees;
- Decision to start paying outstanding arrears to local contractors;
- Creation of an escrow account for industrial sugar importers' refund system to ease and hasten refunds that were being delayed, affecting importers' cash flow;
- Removal of 7 charges by Tanzania Official Seed Certification Institute (TOSCI) including (i) certificates and tags (ii) variety registration certificate (iii) certificate of seed testing (iv) testing certificate (v) certified copy of certificate;
- Removal of import duty on all manufacture of veterinary drug inputs;
- Removal of VAT on solar water pump and solar fishing lanterns;
- Tax penalty and interest amnesty arising from audits of prior years.

2.1.2 Implementation of previously accepted policy proposals

At the 10th TNBC meeting, the government pledged to (i) fast-track the preparation of guidelines for public-private partnership to release private capital for investment in infrastructure (ii) establish a fund to support agriculture and industry through a guarantee scheme (iii) reduce the time it takes to issue residence permits (iv) work with the private sector to revive non-operational privatized factories (v) introduce a marker to gauge improvements in the business environment through the PMO's office and (vii) Ministries to hold regular (quarterly) public-private dialogues coordinated by MITI (viii) to hold a dialogue with the private sector to take stock of the implementation of the 10th TNBC meeting before the end of 2017.

Two pledges made at the 10th TNBC, namely reducing the time taken to process resident permits and holding regular dialogues at ministerial level, had in part been implemented by end of June 2018. The regular ministerial dialogues were championed by the Ministry of Industry, Trade and Investment (MITI)



and the Ministry of Finance and Economic Planning and three meetings were held up to January 2018. The private sector has been expressing concern about (i) the absence of a linkage of high-level ministerial dialogues with TNBC and other PPD platforms and (ii) challenges in achieving meaningful outcomes given the very broad agenda. For this reason, at the January 2018 meeting, the Chairman (MITI Minister) called for sector dialogue meetings, so that the national level meetings address a few strategic issues. However, there is no formal mechanism for holding the high-level dialogue meetings, let alone linking them to sector level.

After almost a year since its design, the Blueprint was formally adopted by Cabinet in May 2018. Some of the recommendations of the Blueprint have started to be implemented in the Finance Act 2018/2019. These include the removal of TFDA fees (application form fee); OSHA fees (compliance license, consultancy fees and registration of workplace fees); Fire and Rescue Force fines (relating to fire and rescue equipment); meat board application fees; and exemption of import duty on imported tour cars. However, the private sector has been expressing concern that an institutional framework, an action plan and monitoring and evaluation mechanisms were yet to be developed (up to end of June 2018). Also of concern has been the lack of clarity on which government entity will lead the implementation, how accountability will be enforced and how implementation will be harmonized with the now revamped, expanded Roadmap for Improvement of the Investment Climate.

2.1.3 Selected success stories of advocacy efforts

Amendment of timber-harvesting permits regulations – TCCIA Mufindi

For many years, the issuance of timber-harvesting permits in the Sao Hill Forest Government Plantation was chaotic with no proper criteria for getting permits, and even the existing rules and regulations were not followed. Most timber permits were issued to speculators, who sold them to those operating sawmills at an exorbitant price. This inflated the cost of production as well as timber prices.



With the support of BEST-Dialogue, TCCIA-Mufindi undertook a study on challenges facing small-scale timber processors in securing harvesting permits and used the findings to advocate for a review of the Forest Act 2002 and relevant procedures by the Ministry of Natural Resources and Tourism (MNRT) and Tanzania Forest Services Agency (TFS). This was done through direct meetings and stakeholder workshops which included the Director of SMEs in MITI, Small Industries Development Organization (SIDO), Tanzania Revenue Authority (TRA), Law Reform Commission, Mufindi District Council and Mafinga Town Council, including Councilors and Members of Parliament who are part of it.

As a consequence, MNRT is in the process of formulating a new forest policy and has adopted new guidelines for timber harvesting which takes into account the TCCIA-Mufindi recommendations. The new procedures require TFS to be diligent in ensuring that only applicants who operate sawmills are given permits.

Tackling impediments faced by smallholder tea growers in Tanzania - STDF

Smallholder tea farmers in Tanzania face many challenges, including low capacity and unfavourable pricing with little access to extension services. With support from BEST-Dialogue, the Smallholder Tea Development Fund (STDF) conducted a study which found that the challenges arise from the lack of vertical integration of smallholder tea growers in the value chain, so that their profit margins were negligible. The findings and recommendations were aired and published in the local media (on radio and television and in newspapers). A number of meetings and consultations have been conducted involving private sector representatives (TPSF, TAT, STDF, ACT) and the ministries responsible for agriculture, the tea sector, industries and trade, as well as local government and development partners, and more will be held with Parliamentary Standing Committees and Members of Parliament representing tea-growing constituents.

The recommendations put forward by STDF have been accepted by the government. Implementation of the recommendations will have the following impact:

- Increase in the tea sector's green leaf processing capacity by 12.7m kg/year up to a total of 35m kg/year of smallholders' green leaf harvested and processed, resulting in an increase in farmers' income of Tsh 6.99 billion.
- Factories' opportunity to earn an additional Tshs 12.98 billion in the processing of smallholders' tea production.
- Increased earnings of labourers (tea plucking) to Tshs 3.58 billion, which is an improvement of approximately 30%.
- Improved competitiveness of Tanzanian tea at the Mombasa auction and an increase in sales revenue by 30%.

STDF initiated a new dialogue with the Tea Board of Tanzania (TBT) on termination of the cess (levy) that was allocated to tea farmer organizations to run their operations. STDF argued that, while it supports the government's decision to reduce the cess to farmers, the tea industry should be given unique treatment. The dialogue with TBT involved, among others, demonstrating how cess has been supporting the operations of farmer organizations to deliver services to their members and the adverse consequences of its termination. In the end, TBT agreed to add up Tshs 2.11 to the price offered per kilogram of green leaf as cess to cover the operations of the farmer organizations in the tea industry.

Reversal of arbitrary rental fees increase for market stalls – TCCIA-Kigoma

In June, 2016, Kigoma-Ujiji Municipality (KUM) raised monthly stall rental fees from Tshs 15,000/- to Tshs 50,000 in major markets, and from Tshs 10,000/= to Tshs 30,000 in small markets without consulting the tenants. This affected a total of 1,628 traders. In addition to paying rent, traders had to pay for cleaning and security. The traders argued that combined with several other fees, taxes and charges, the large increase in rent would drive most of them out of business. TCCIA Kigoma estimates that 378 people would have lost jobs had the Municipal Council sustained the change in fees, and about 600 households would have lost their main source of income.

TCCIA Kigoma leadership successfully petitioned the Kigoma-Ujiji Municipal Council mayor for a one month stay of execution for them to research and propose a solution. They undertook research and proposed that the Council should (i) increase the rental gradually from 15,000 to 25,000 (ii) provide security at the market and (iii) collect rental fees through a bank account to minimize leakages. Several meetings held between TCCIA and the Municipal Council to discuss these proposals did not bear fruit. Eventually, the Municipal Council decided to close all shops whose owners had not complied with paying the new fees.

TCCIA Kigoma appealed to the Regional Administrative Secretary, who was sympathetic and advised them to submit the report and proposals to the President's Office, Regional Administration and Local Government (PO-RALG). PO-RALG sent a team of experts to assess the situation, and as a result of their report PO-RALG ordered the Municipal Council to charge the fees recommended by TCCIA-Kigoma (Tshs 25,000) until a new rate is established through consulting the traders.

Review of port wharfage charge system - CTI

For quite a longtime manufacturers have been complaining to the Tanzania Ports Authority (TPA) about the high fee charged on raw materials, which reduces domestic manufacturers' competitiveness. In 2014, CTI conducted a study which, among others, compared wharfage charges at Dar es Salaam port with the competing ports of Mombasa (Kenya) and Beira (Mozambique). The study found that almost all ports in the world charge wharfage fees based on the unit mass of cargo, length overall (LOA) and time, unlike in Dar es Salaam port which still uses CIF, there by ending up with charges that make manufacturers uncompetitive. Dar es Salaam port charges are higher by an average of \$162 or 72% than those of Mombasa. This is because CIF wharfage charges increase with the value of imports, thus negatively affecting the competitiveness of Tanzanian producers.

The findings were presented initially at a transport and logistics stakeholder workshop and then at various other meetings, with the result that TPA agreed to reform the wharfage charging system for raw materials to reduce manufacturers' cost of doing business. The action has been included in the Blueprint for regulatory reform to improve the business environment in section 3.3.3 subsection viii (this sections quotes the CTI reports of 2014 and 2016).

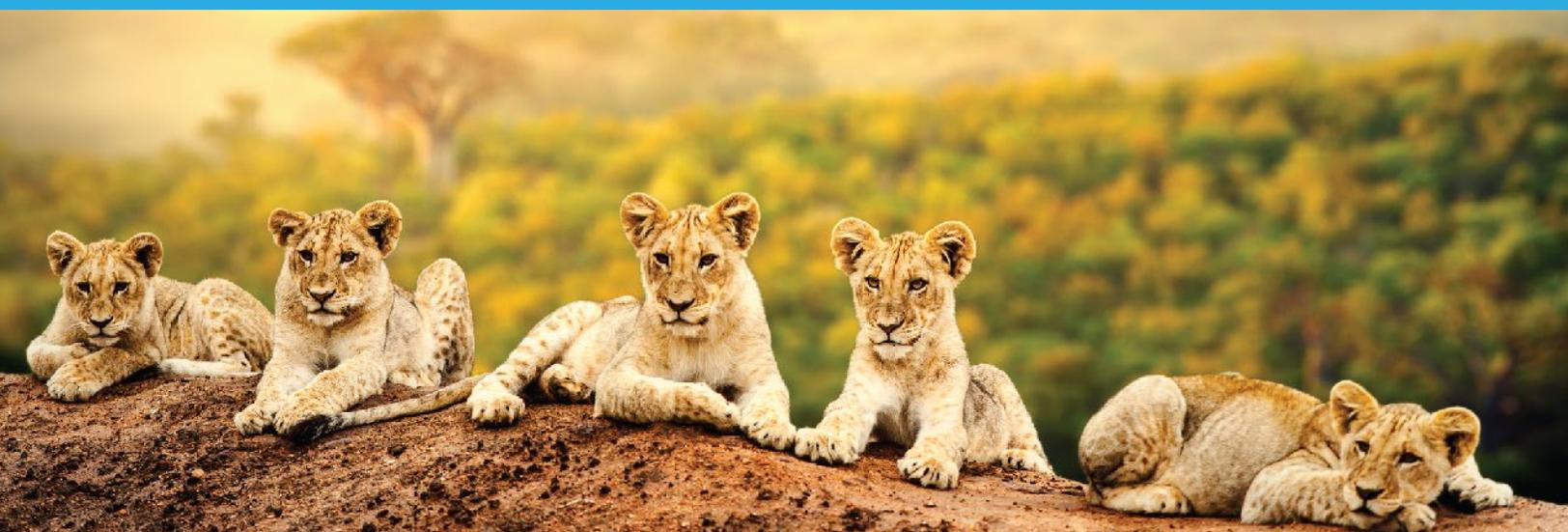
Simplified Environmental Social Impact Assessment for solar photovoltaic mini grids - TAREA

The National Environment Management Council (NEMC) requires solar photovoltaic project developers to undertake an Environment Social Impact Assessment (ESIA) and acquire a certificate from the authority before any development. Due to the very high cost of a full ESIA, the law rendered solar photovoltaic system installations creating less than 1MW of electricity unfeasible.

With support from BEST-Dialogue, TAREA conducted a study on the effects of the EIA Audit Regulations of 2005 Part II on solar mini-grid developers including cost and risks analysis. The study demonstrated that the risks were too low to warrant the cost of a full ESIA for projects creating less than 1MW. Armed with the findings, TAREA engaged NEMC and the Vice President's Office (Environment Division) and then presented the findings to stakeholders.

As a direct result of the study, NEMC has developed simplified guidelines for carrying out ESIA that makes it possible for small and low-risk projects to be exempted from doing a full ESIA. The use of the new guidelines has led to a reduction in the cost of developing small solar photovoltaic installations by up to 75% of the cost of ESIA, depending on size, making them economically viable. The result has been increased interest by solar photovoltaic developers and lower costs and hence the increased ability of end users.





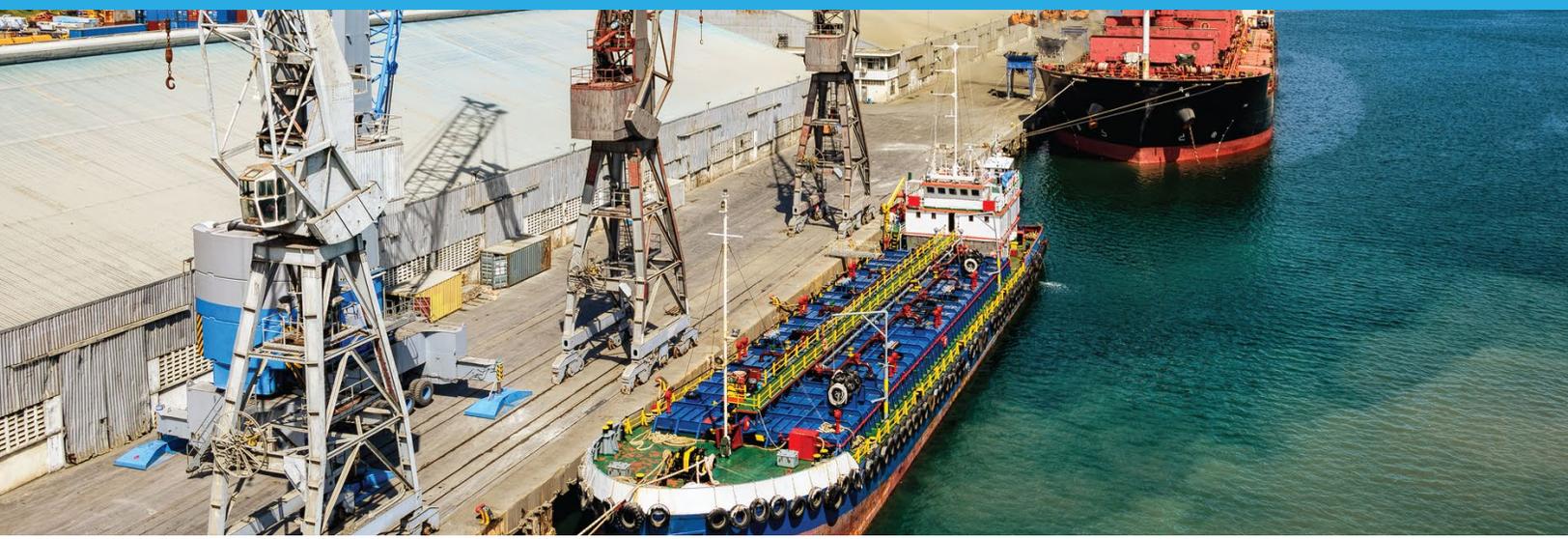
2.1.4 Other notable successful policy reforms by sector

Agriculture

- ACT successfully advocated for operationalization of its MoU with MALF, and the two organisations established an implementation working group for collaboration in (i) the budgetary process (ii) digital farmer aggregation platform (iii) establishing a law for agricultural land, (iv) agricultural shows (Nane Nane) (v) international livestock show (vi) sharing data and information and (vii) monitoring and evaluating implementation of the MoU (2017-2020).
- TAHA met MALF to urge for the review of the Plant Protection Act 1997 and its regulations to improve pesticide registration. MALF agreed to issue temporary import permits for urgently needed pesticides yet to be registered.
- At the International Horticultural Stakeholders' Conference held in October 2017, TAHA successfully convinced MALF to exempt exporters of perishable food crops from applying for food security permits.

Tourism

- TCT successfully advocated for a reversal of the government's move to revoke hunting permits in contravention of the Wildlife Act of 2009 and for an alternative mechanism for issuing hunting licenses. This averted (i) contractual conflicts between hunting companies and their clients as well as the government, (ii) financial loss to hunting companies and (iii) irreparable damage to hunting companies and the sub-sector.



Industry

- CTI prepared and submitted to MITI a comprehensive list of tax-related barriers to industrialization and the Ministry agreed to address them. Some have been addressed in the Finance Act 2018/19.

Trade and logistics

- TPSF successfully advocated for a grace period of 3-6 years before small-scale car traders in Dar es Salaam relocate to the automobile zone created by the Regional Administration, giving them time to exhaust the rent already paid and to plan for the change.
- TPSF successfully advocated with the Ministry of Infrastructure, Communications and Works for a stay of application of new regulations and guidelines on dry port with regard to shippers' nomination, which goes against good practice in a market economy, pending further consultations.
- TCCIA Kigoma successfully advocated for a reduction in multiples levies and fees at Kigoma market (there are at least 10) and subsequently the municipal authority eliminated the daily market charge of Tshs 3,000 per trader.

Others

- TCCIA-Mbeya undertook a study and established that reducing the service levy from 0.3% to 0.1% of turnover would double the total collection as a result of increased compliance, and they used it to successfully convince Mbeya Municipal Council to conduct a census of businesses to confirm the potential impact.

2.1.5 Beneficiary assessment

Beneficiary assessments were conducted of four partners of BEST-Dialogue, namely CPRA (training and coaching of researchers, trainers and PSOs), TCCIA-Mufindi, Smallholder Tea Growers Trust (STGF), and TAHA. In addition, evaluations of IBER training and print media were conducted. All assessments were done by independent consultants using the qualitative approach to elicit feedback on changes in the attitude, abilities and behaviour of direct and indirect beneficiaries, as well as their effects. The respondents were mainly direct and ultimate beneficiaries. The assessments found that the interventions had generated positive intended and unintended outcomes, with vivid examples of changes in attitude and behaviour and increased capabilities.

CPRA

CPRA has trained 339 people (mostly PSO representatives and researchers/trainers/consultants) in research for advocacy, advocacy and dialogue, governance, membership mobilization and the use of media in advocacy. The main approach has been Stakeholder Potential Issues Scoping Studies (SIPS), which integrates research with practical advocacy and dialogue. Young academics trained and mentored reported that they had acquired knowledge, confidence and skills to engage stakeholders in collaboratively confronting real life problems as well as improving the relevance, methods and quality of mainstream teaching in their respective universities. They have also integrated some of the aspects learnt in the universities' curricula. As a result of the engagement, research and publication activities in the universities now include business environment reform and PSO/PPD aspects.

PSOs

The PSOs assessed reported that the training, research and stakeholder engagements had enhanced awareness of their rights and ability to organize and create win-win outcomes for members. BEST-Dialogue supported STDF to undertake research and use it to engage stakeholders in dialogue. The abilities gained in the course of implementing the advocacy project enabled them to (among others) successfully negotiate with large-scale tea processors to improve the (longstanding) price sharing ratio from 30:70 to 36:63. The acting Chief Executive Officer of STDF remarked that:

"Prior to stakeholder consultations held during the advocacy process we were not aware of our right to receive fair prices and therefore we did not have the confidence to negotiate with processors effectively"

Likewise, TCCIA Mufindi reported that in the course of implementing the advocacy project, they gained self-organization and negotiation skills, and the confidence to engage with the government and other stakeholders.

Farmers in Makiba ward and Arumeru district reported that the price of a 50kg bag of Calcium Ammonia Nitrate (CAN) fertilizer had gone down from Tshs 60,000 to 50,000/- as a direct result of TAHA's successful advocacy for a reduction in the fertilizer registration fee from USD 30,000 to USD 10,000 in 2016. TAHA reported that their engagement with the Tanzania Fertilizer Regulatory Agency (TFRA) has made it more aware of the impact of their decisions, with the result that they are proactively trying to reduce the cost of doing business.

Media

Respondents in the media industry remarked that support by BEST-Dialogue empowered PSOs to have their voices heard through the media. One senior editor remarked that:

"Traditionally, PSOs could not be reached and covered even if they were making a good impact economically, and therefore did not have much influence through the media. BEST-Dialogue has helped them change that".

The support of BEST-Dialogue has enabled reporters to stick to important business subjects over time, enabling them to gain subject matter expertise, build their reputation and ensure prominence of the subject. A media consultant reported that:

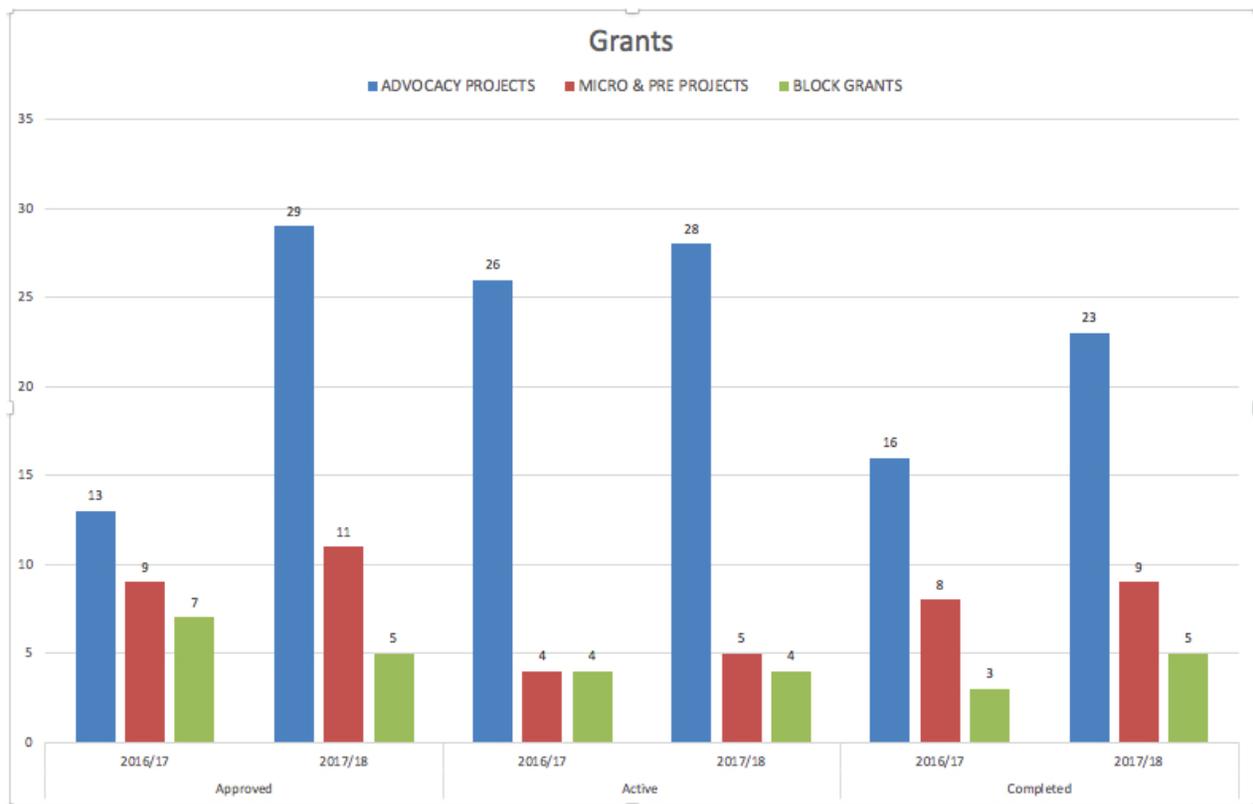
"...BEST-Dialogue enabled us to keep on writing on a particular subject for a long time and that eventually paid off as we have received three awards through reporting on Kilimo Kwanza..."

The evaluation also reported that, as a result of the support of BEST-Dialogue, many media houses have dedicated programmes and pages to business news, and editorial directors and editors are now soliciting and using researched articles and giving prominence to business environment and agri-business news.



2.2 Advocacy, dialogue and networking (Output level)

The following figure shows the progressive development in approved, active and completed projects (grants) over the past two years.



In the past year, the programme approved 45 grants, resulting in a total of 82 active projects (the majority in steps 3 to 5) by the end of June, 2018.



2.2.1 PPD platforms established and used by PSOs

During the year, over 50 different issues were addressed through advocacy and dialogue initiatives by PSOs supported by the programme, below are some .

Table 1: Advocacy and dialogue initiatives by PSOs supported by the program

	Agriculture	Tourism	Industry	Trade and logistics
1	Tea levy	Hotel levy and VAT	Promotion of small-scale cashew nut processing	Women in border trade
2	VAT on sisal	Hunting permits	ESIA requirements for small solar power projects	Cross-border non tariff barriers
3	Cashew nut input supply	Conflicts in wildlife management areas	Tax challenges facing manufacturers	Border markets
4	Weights and measures (cotton)	Waste management in Zanzibar	VAT and withholding tax for contractors	Common external tariff (CET)
5	Farm input counterfeits	Amnesty on tax penalties	Port wharfage charges	Road blocks
6	Promotion of orange flesh potatoes	Minimum wage	Industrial counterfeits	Business formalization
7	Implementation modality for PPD in agriculture	Skills gaps	Excise duty on soft drinks	Formalization of artisanal mining
8	Budget allocation to horticulture	Multiple taxation		Identity cards for informal operators
9	Export permit waiver for horticultural produce			Rental fees for market stalls
10	Tax constraints in horticulture			

PSOs contributed to the development or review of different policies, strategies, plans, laws and regulations, including the National Development Plan, 2017/18, Private Sector Development Policy, National Tourism Policy 2018, Inclusive National Entrepreneurship Strategy 2017, National Employment Policy 2016, SME Development Policy and Microfinance Act 2017.

In terms of laws and regulations, PSOs contributed to a review of the Wildlife Conservation Act, No 5 of 2009; The Legal Aid Act, 2016; The Written Laws (Miscellaneous Amendments) (No.4) Act, 2016; The Income Tax Act (CAP 332); The Land Act (CAP 113); Road and Fuel Tolls Act (CAP 220); Sugar Industry Act (CAP 251); The Public Procurement (Amendment) Act, 2016; The Written Laws (Miscellaneous Amendments) Act, 2017; Budget Act (Cap 439); Discharge of Duties Act (CAP 268); TBS Act No. 2, 2009 and Regulations; Finance Act, 2017; and Petroleum (Local Content) Draft Regulation, 2017.

2.2.2 Internal dialogue and collaboration with the private sector

The year witnessed increased consultations and collaboration with the private sector, nationally and regionally.

- 1) TPSF took part in the regional dialogue of East Africa Community (EAC) private sector organizations on resource mobilization held in Uganda, and conducted a dialogue with Kenya's Private Sector Alliance and the Private Sector Federation of Rwanda on implementing the EAC Common Market Protocol.
- 2) TPSF launched regular consultative/networking events with members to strengthen private sector coordination and cooperation in advocacy. Three meetings were held during the year, one of which focused on how the private sector should organize and coordinate to ensure effective implementation of the Blueprint.
- 3) TAHOA and TATO have worked more collaboratively with TCT than in previous years. TCT and TATO attended each other's advocacy activities while TCT and TAHOA worked closely and successfully on a number of advocacy issues, including revoking hunting permits.

2.2.3 Collaboration between PSOs and MDAs

The year witnessed increased recognition of the value of PSOs supported by the programme by MDAs as evidenced by the latter's treatment of the former as partners. The following are some examples:

- 1) The Government appointed TCT to be represented on committees at East African and national level and has been consulting TCT on most matters that affect members.
- 2) TCT organized a workshop for the Parliamentary Committee for Land and Natural Resources, which requested the association to link them with sector PPD platforms so that issues agreed on are championed by members of parliament.
- 3) TCT was requested by TRA to organize a joint workshop to increase tax officers' knowledge of the tourist industry at which it was agreed to have regular formal PPDs to address tourism-related issues. A major outcome was the amnesty on tax penalties and interest granted in the 2018/2019 budget.

- 4) ACT and MALF agreed to form an Implementation Working Group (IWG) for their MoU on areas of cooperation, which included the budgetary process, Digital Farmer Aggregation Platform (DFAP), the establishment of a law covering Agricultural Land, Agricultural Shows (Nane Nane) and International Livestock Show, as well as Data and Information Sharing and Monitoring and Evaluating implementation of the MoU.
- 5) TCCIA-Kigoma signed an MoU with Kigoma-Ujiji Municipal Council to the effect that the private sector will be formally involved in the budgeting and by-law-making process.
- 6) TCCIA Mbeya signed an MoU with Mbeya City Council to collaborate on business environment reforms, including private sector participation in the by-law-making process.

2.2.4 Factors accounting for the success of advocacy and dialogue

There are a number of factors accounting for the increasing engagement of the government by PSOs as well as for the success in influencing business environment reforms. The growing capacity of PSOs to articulate issues, generate evidence and use it to engage the government has been a key factor in the success of reforms. Support of BEST-Dialogue has (i) increased the capacity of the private sector to engage confidently in advocacy (ii) provided resources to generate evidence to inform PSO policy proposals, and (iii) provided resources to facilitate PPD. An informed, more confident and engaged private sector has been increasing both the confidence of PSOs and their perceived value, as evidenced by the growing list of MoUs between the government and PSOs. For example, the TCT Executive Director reported that:

“There has been a major change of attitude by TRA, from being an institution that regards tourism investors as tax avoiders to regarding tourism investors as partners in economic development”.

Conducting PPD training workshops for public and private sector actors has developed empathy, trust and engagement. The TCT Executive Director reported that:

“After conducting a training workshop for members of the Parliamentary Committee for Natural Resources and Tourism, the parliamentarians pledged to engage closely in resolving sector issues and asked TCT to be a bridge between the Committee and the PPD platforms relating to tourism and natural resources”.

For his part, the Coordinator of CPRA reported that:

“PPD workshops conducted in 6 regions have stimulated an unprecedented level of trust and engagement between the public and private sector”.



The agenda of fast-tracking industrialization has created a common vision around which the private sector finds a more attentive and responsive government. The propensity of the government to listen and act increases when issues relating to this subject are raised, the TPSF Executive Director reported that:

“At a preparatory meeting for the 3rd high-level dialogue meeting in Dodoma, the public sector wanted the entire discussion to focus on an enabling environment for fast-tracking industrialization”.

Although the agenda of the meeting included a range of issues, the government wanted it to be linked to its key agenda. Many of the policy proposals submitted by the private sector during the year linked the policy issues to the agenda of fast-tracking industrialization, which made the government more responsive.

2.2.5 Factors limiting the pace of reform of the business enabling environment

Although the official policy of the government is to promote a market economy and private sector-led growth, there are indications that some public officials do not fully subscribe to it, which may be contributing to the observed limited trust, frequent policy reversals and ad-hoc changes in policies and laws without consulting the private sector or considering how it will be affected.

Compared with the 2nd, 3rd and 4th, the 5th administration is more sensitive to criticism. As a result, the private sector has tended to avoid issues that may be perceived as politically sensitive, has toned down its language and avoided advocacy styles that may appear confrontational. This could be diluting some of the messages that should be reaching the government.

After investing efforts in advocating for reforms and having them packaged in the Blueprint 1, the private sector has expressed serious concern about the unexplained slow pace of approval (it took almost a whole year to have the draft approved by Cabinet), and the implementation framework, action plan and M&E framework were yet to be developed by the end of June 2018.

The high hopes placed on high-level ministerial dialogue as a way of addressing issues between the TNBC meetings have been dashed by lack of continuity after the 3rd meeting in January 2018.



Proposals made to improve the functioning of the PPD framework, specifically the introduction of technical working groups under the TNBC to address sector issues on a regular basis rather than waiting for the national meeting, are taking a long time to implement.

Despite the commitment of the government in the Blueprint to adopt regulatory impact assessment (RIA), it is yet to consistently embrace the practice of evaluating the potential intended and unintended effects of new policy pronouncements, laws and regulations through consultations to ensure they are smart. The resulting inconsistencies and unpredictability has meant that the energies of the public and private sector are split between addressing existing and new business enabling environment issues arising from ad-hoc measures.

2.3 Capacity development, training and coaching

A total of 25 people from 17 PSOs participated 72 times in 6 training sessions. The following table shows the short-term courses delivered by UDBS-CPRA during the year by type and number of participants.

Table 2: Short term courses delivered by CPRA

No	Course Topic	No of training courses	Participants	Female	Male
1	Basic advocacy and dialogue	2	24	9	15
2	Advanced advocacy and dialogue	2	23	8	15
3	Use of media and communication	2	25	10	15

Young researchers facilitated and moderated 11 dialogues at local level organized by 6 PSOs. A total of 46 young researchers participated in 3 research methodology and basic advocacy courses, and a specialized course on applied research and advocacy for conducting SIPS.

Mainstreaming of business enabling environment reform courses at the Hi-LINE universities

Five out of six members of Hi-LINE have developed new courses/modules to support business enabling environment in Tanzania. Apart from the courses and modules, there is a growing number of staff and students pursuing their Masters (and PhDs) on business environment topics and issues. Progress to date is as follows:

1. University of Dar es salaam Business School

- Centre for Policy Research and Advocacy (CPRA) was established and is functioning as the central hub of the Hi-LINE group.
- The curriculum of the Masters in Entrepreneurship and Enterprise Development (MEED) is currently revisited with the objective of incorporating more advocacy and dialogue elements and casuistry in its curricular.
- Theses and dissertations on business environment.

2. Mzumbe University

- Master's theses in Business environment
- Mainstreaming of the advocacy course at the School of Business

3. Sokoine University of Agriculture:

- East African business environment course in the new Bachelor of Business Administration degree course. The developed curricular has been submitted to TCU for approval
- SUA is supporting an incubator focusing on youth in agri-business and the SUGECO's one year internship in Israel to groom young talent in business opportunities.
- Master's theses on business environment

4. University of Iringa

- Advocacy for private sector development has been mainstreamed in entrepreneurship course for MBA
- A new initiative is the Business Incubator for entrepreneurs namely kiota hub (i.e. competitive access for graduates and non-graduates)
- Masters theses on private sector development

5. Saint Augustine University of Tanzania (SAUT, Mwanza)

- Short courses in adult education for local media operators (basic level and advanced)
- The Investigative Business Environment Reporting (IBER) course has been mainstreamed into SAUT's regular courses and the university has submitted the curricular to TCU for recognition and approval.

Other developments include MS-TCDC in collaboration with CPRA, RUDI, TAHA, SUA, ANSAF and BEST-Dialogue developed training curricula on PPD for local economic development, targeting local government and private sector actors, which it was piloted in five regions (Morogoro, Mbeya, Iringa, Ruvuma and Kigoma) in collaboration with IMED, with 71 public sector and 75 private sector participants. The training generated a lot of interest and based on the lessons learnt, the training can be scaled up.

2.4 Media and communication (Output 3)

A total of 94 print articles, 86 radio features aired on 23 community radio stations and 1 national radio station, and 57 TV features (as reported by PSOs) were produced during the year. SAUT conducted a basic IBER course for 25 participants, of whom only 17 continued to take the advanced course and successfully graduated. The recruited trainees were from the West Lake, Central and Lake Zones. The Central Zone was considered to supplement the efforts of the Local Investment Climate (LIC), a sister project of BEST-Dialogue. The objective of the course is to build the capacity of community radio reporters to be able to investigate and unveil issues that are hindering the ease of doing business in rural settings, thereby enabling LGAs to work on regulations to attract more business opportunities. Evaluation of the radio features produced by trainees showed that the ability to identify business enabling issues and informants was improving.

To sustain the BEST-Dialogue media and communication results, SAUT organized a two-day business model workshop for 8 owners and managers of community radio stations in the Southern Zone. Furthermore, 40 radio presenters and managers in the Southern Highland and Southern Zones participated in a crash course co-facilitated by SAUT and UDBS-CPRA. The training complemented the efforts of BEST-Dialogue, which emphasized that the media should have a firm understanding of business enabling environment issues and report professionally while observing the ethical standards of journalism. Hypermedia and SAUT offered training to radio stations on business sustainability and reporting on PPD, so they can operate independently after BEST-Dialogue support finishes.

Measures were taken to consolidate and sustain the Community Radio Network (CRN). Hypermedia identified 51 radio stations, of which 27 joined the network. CRN members in the Southern Highlands met to plan for sustainability beyond BEST-Dialogue and prepared a joint work plan and marketing strategy. They also secured a Finnish partner to support them in establishing a web portal for sharing programmes.

To strengthen the network of community radio stations at national level, BEST-Dialogue facilitated collaboration between TADIO (COMNETA) and the existing CRN. The two networks have started working together by sharing the Boresha Biashara radio programmes with the aim of reaching a wider audience on Tanzania mainland and Zanzibar. It is expected that the existing CRN will merge into and/or align with the Tanzania Development Information Organization (TADIO) network, as half of their members have dual membership (TADIO & CRN). TADIO is the network of community content-based media of Tanzania. TADIO has more than 30 members in Tanzania mainland and Zanzibar.

From 2015 to date, UNESCO has been supporting TADIO (formerly COMNETA) to build the capacity of its staff in the areas of administration and management, while members are trained in reporting issues of public interest, particularly through investigative journalism. In 2017, Swiss Development Cooperation (SDC) joined hands with UNESCO to provide support for the community radio stations. In 2018, SDC in partnership with UNESCO trained 10 Trainers of Trainers (TOT) to support the capacity building of 24 local radio stations on strategic planning, community engagement, communication and visibility.



Boresha Biashara and Ruka Juu radio programmes

The Boresha Biashara team of Ruka Company produced 26 radio programmes addressing the business environment and agribusiness in the Southern Highland region, which were aired by national and community radio stations, with IBER students conducting live discussions to stimulate local public-private dialogue. Issues aired included the cashew nut value chain, challenges of fake agricultural inputs, effects of counterfeits and substandard goods, effect of crop cess on smallholder farmers, the process and importance of small business formalization, cross-border challenges, and timber-harvesting permits. The audience's reaction to Boresha Biashara on its Facebook page and SMS response via the Telerivet system increased up to 10,000 views and 1,800 SMS, respectively.

FEMINA HIP through its famous Ruka Juu programme produced 12 episodes on value addition to promote and empower young entrepreneurs from across Tanzania to add value to existing agricultural products dominant in their regions. Six young entrepreneurs from Dar es Salaam, Morogoro, Iringa, Mtwara, Kilimanjaro and Dodoma shared their understanding and experience of adding value to agricultural products. Specifically, they talked about the importance of using technology and innovation for processing, of accessing markets, of setting up and registering a business, paying taxes, working together in groups, branding and marketing, and accessing finance to grow their business and income.

The Ruka Juu programme collaborated with experts from the UDBS and consultancy companies to provide their expertise on entrepreneurship and value addition. Furthermore, it highlighted the value of joining membership organisations, such as the TCCIA, and participating in trade fairs and exhibitions. The series featured the contribution of parastatal organisations, such as SIDO and civil society partners, to train and assist young entrepreneurs in developing their businesses, with skills development and coaching as part of the incubation process. The programme was broadcast on Radio Free Africa (RFA), which has a nationwide audience of approximately 8.2% of the total population. To increase the number of those listening, the programmes are uploaded weekly on the Femina Hip YouTube channel, as well as distributed to CRN. The programme received 211 text messages as audience feedback.



2.5 Knowledge Management (Output 4)

During the course of the year the Digital Information base, an online Business environment and investment climate document collection was expanded further to reach a total number of searchable documents in the repository to 4,800 entries (*provisional link for web access: www.bestdialogue.antenna.nl*) at the end of June 2018. A total of 395 documents were uploaded via the Digital Information Base. Some 3,364 users from 98 countries visited the BEST-Dialogue website on 11,289 occasions and downloaded over 417 documents in the process. Contracts with the technical provider to re-install and configure DSpace version 6.3 and the web-hosting company were signed. The new setup will support both a free search, and a logically structured and guided search for documents. Users will be guided by searching via an economic sector and/or a specific topic relating to the field of Business Environment and Investment Climate. Upon the Government's approval of additional funding by the EU, the recruitment of the new Knowledge Management (KM) Coordinating Officer (BEST-Dialogue) and the KM Manager plus KM assistant (both at TPSF) has started. 10 newly PSO advocacy reports and policy briefs were added to the BEST-Dialogue website for Information Education and Communication materials. Two research papers¹ and one book chapter² were published and 3 papers³ were submitted to journals for publication.

2.6 Collaboration with DANIDA's BSPS Partner Projects

Sections 2.5 (KM) and 2.6 (BSPS co-operation), notably the section on LIC, and also Chapter 3 (Management and administration) are a bit meager, there is more to tell, as shown below.

1 Hansen, M. W., Langevang, T., Rutashobya, L., & Urassa, G. (2018). *Coping with the African Business Environment: Enterprise Strategy in Response to Institutional Uncertainty in Tanzania*. *Journal of African Business*, 19(1), 1-26.

Olomi, D., Charles, G., and Juma, N. (2018) "An inclusive approach to regulating the second economy: A tale of four Sub-Saharan African economies", *Journal of Entrepreneurship in Emerging Economies*, 10(3), 447-471

2. Mahangila, D., and Anderson, W. (2017). *Tax Administrative Burdens in the Tourism Sector in Zanzibar: Stakeholders' Perspectives*. SAGE Open: Vol 7, 1-17

3. Charles, G. State-business relations in tourist industry in Tanzania: Institutional and regulatory Challenges. Urassa, G., *Coordinating Regulatory Agencies for Improved Tourism Policy in Tanzania*. Urassa, G., *Integrating research into policy sphere: Evidence from Tanzania*.

Local Investment Climate (LIC)

BEST-Dialogue worked with LIC in preparing business environment PPD capacity-building support for PSOs in LGAs and strategic collaboration to ensure effective dialogue at local level starting with SIPS-LED for Uvinza, Kasulu, Kibondo districts. Local radio reporters in Dodoma and Kigoma regions also benefited from the IBER courses at SAUT.

Agricultural Market Development Trust (AMDT)

BEST-Dialogue held consultative meetings with AMDT on how to jointly support value chain projects, especially sunflower, and the implementation of SIPS-LED local dialogue pilots in six regions. These meetings brought together the team from BEST-Dialogue, SAUT, content producers, and community radio networks (TADIO and CRN). New team members of AMDT also benefited from the training given by CPRA in advocacy and conducting dialogues. In addition, BEST-Dialogue's 2017/2018 Annual Work Plan was shared with AMDT. AMDT has also been interested in engaging with the radio stations network (CRN) established by BEST-Dialogue to disseminate AMDT programmes. BEST-Dialogue has shared the plan of transferring the knowledge management unit to AMDT as an exit plan.

Private Agricultural Sector Support (PASS) Trust

There was no direct collaboration with PASS, but PASS contacted BEST-Dialogue beneficiary TPSF to help them advocate on the issue of VAT on Credit Guarantees, which was negatively impacting on the financial support systems of PASS and their support to agribusiness development and the up-scaling of production capacity in the agricultural sector.

Financial Services Deepening Trust (FSDT)

BEST-Dialogue and FSDT mostly worked on supporting TAMFI on the Micro-Finance Institutions (MFI) Policy and advising on the next stage of the project. TAMFI received a grant from BEST-AC in 2011 to influence the government to formulate the policy. The draft policy was prepared, and in 2017 the government announced the MFI Policy, 2017. TAMFI started pushing for an MFI Bill in 2018, which is expected to be tabled in the National Assembly under a Certificate of Urgency so as to boost rural financial services and an inclusive economy. TAMFI also held a consultative meeting with FSDT on BEST-Dialogue funded project "Constraints in Business Licensing for Credit Only Micro-Finance Institutions". Also, FSDT Executive Director participated in the PPD workshop in Songwe region whereby he presented and participated in the discussion regarding the FINSCOPE report. The PPD workshop was funded by BEST-Dialogue

3. MANAGEMENT AND ADMINISTRATION

Four Steering Committee meetings and two Grant Award Committee meetings were held in the year. The Steering Committee member from DANIDA and the project media and communications specialist left to pursue other career opportunities and were replaced by new staff. Programme management efforts were partially directed at exit planning. The Steering Committee approved the programme's annual plan and budget for 2018-2019 and exit strategy block grants for the 4 apexes (TPSF, TCT, ZNCCIA, and ACT), subject to them having exit action plans for PPD and PSO sustainability. The programme received an unqualified external audit report and a positive overall report from the COWI-Denmark Quality Assurance team. This year was the first time the audit report included an overview of the financial/administrative performance of the grantees and the efforts they need to make to improve their financial management systems.

4. FINANCIAL REPORT

The year started with liquidity challenges as a result of administrative delays in the signing of the contract for the EU to join the basket fund, but this was resolved in March 2018. The programme received US\$ 1.3m from the EU, bringing the total disbursements from 01 July 2014 to date to US\$ 10.97m.

At the end of June 2018, the programme had commitments with PSOs, consultants and service providers amounting to USD 0.83m. For the year, the total amount spent on implementing project activities was US\$ 2.475m. This represents an absorption rate of 65% of the planned budget, which was US\$ 3.8m. Advocacy & dialogue, capacity development, and media and communication Outputs each absorbed more than 50% of their annual planned budget, while knowledge management and operations Outputs absorbed less than 50% of the planned budget. The under-absorption of Output 4 was significant and mainly caused by administrative delays in recruiting staff to lead the Knowledge Management unit. However, the staffs were recruited in September 2018 and we are sure that this will drive KM activities both at TPSF and BEST-Dialogue to a higher level of activity. A summary of spending is shown in the table below.

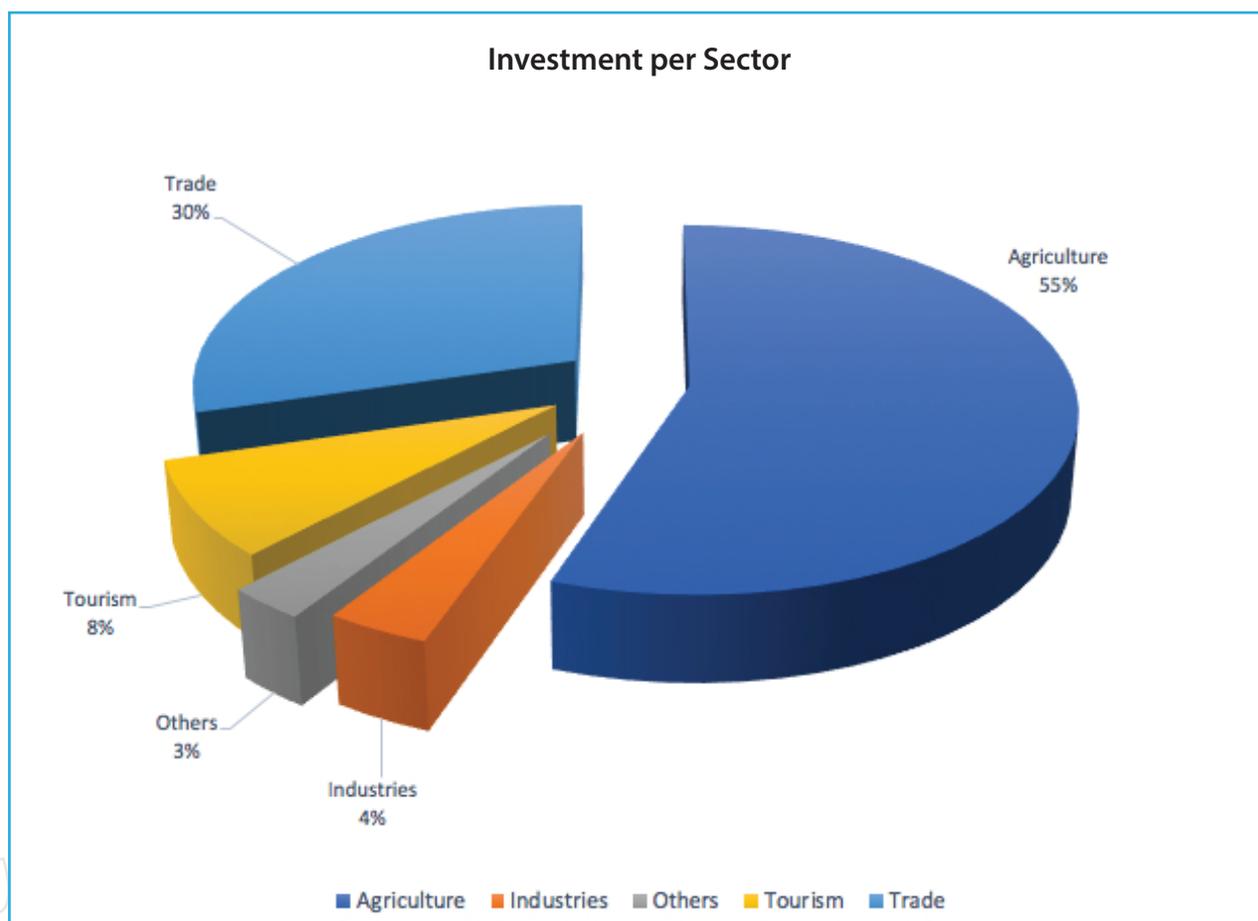


Table 3: Analysis of the use of funds over the period of 01 July 2017 - June 2018 (all figures in USD)

	Annual Planned Budget (A)	Actual Expenditure (B)	Variance (A-B)	Absorption rate
Advocacy & Dialogue	1,365,000	1,307,426.70	57,573.30	96%
Capacity Development	1,055,000	635,814.10	419,185.90	60%
Media & Communication	600,000	303,044.00	296,955.79	51%
Knowledge Management	536,000	157,920.54	478,079.46	25%
Management	150,000	71,277.23	78,722.77	48%
Total	3,806,000	2,475,482.78	1,330,517.22	65%

N.B: More details of fund use can be found in [Annex 2: Financial Report](#) available on the BEST-Dialogue website

Most of the funds were spent on agriculture and agribusiness (54%), while the rest was widely distributed between sectors as illustrated below. The map on the inside back page indicates all partners.





5. CONCLUSIONS AND NEXT STEPS

5.1 Conclusions

2017/18 was another very successful year for the programme, surpassing both annual targets and previous years' performance. This is attributed to the support of the sponsors, a hard-working team and a maturing and dynamic ecosystem of PSOs, trainers, the media, consultants and the other partners involved. Despite the successes achieved in building the capacity of the private sector, creating a dynamic and enabling environment for private sector-led growth in Tanzania is still a momentous task.

There is evidence of a gradual change in the mindset of a growing number of MDAs for which the public sector (including political society) also deserves credit. Lots of things still go wrong, sometimes to the extent that it pushes the country further down the Doing Business rankings, but what matters is that there are more and more signs that both public and private sector representatives are becoming increasingly willing and able to engage in effective dialogue and seek the best solution for a win-win outcome of reforms. The task of changing attitudes, and building knowledge and skills in this direction will remain a work in progress for decades.

5.2 Changes in circumstances, challenges and risks

There is increasing interest in improving the functioning of the PPD framework by government and development partners. At the request of the government, a World Bank PPD specialist did an assessment of the PPD framework and presented proposals for its reform to the government in early 2018. TNBC commissioned a study to examine and develop guidelines for sub-national PPD. TradeMark East Africa commissioned a mapping and assessment of the national PPD framework, with particular emphasis on trade, logistics and standards to inform its next country strategy. The findings are being used to inform efforts to improve the PPD frameworks and to further develop PSOs' technical and institutional capacity.

Sustaining the capacity building of PSOs is a challenge, given their limited financial means. The relocation of the government seat to Dodoma means that it is a lot more expensive for PSOs to meet public sector representatives. The BEST-Dialogue programme is winding up at a time when supporting the private sector's advocacy capacity and PPD is needed to sustain growth or prevent the reversal of gains made in growth, dialogue practice and human development. There is no local entity that can support the integrated ecosystem created around BEST-Dialogue. There is a risk that private sector advocacy and dialogue will be dominated by the interests of large enterprises, which can afford to pay able representatives to take part in advocacy and dialogue, further marginalizing micro and small enterprises, women and youth-led start-ups.

5.3 Lessons learnt

A number of lessons were learnt from the engagements and activities implemented during the year, including:

- 1) Government at local and central level as well as more development partners are increasingly recognizing the critical role of PPD in reforming the business enabling environment, as reflected in multiple initiatives taken in 2018 to examine the PPD framework with a view to improving its structure and practices.
- 2) Joint training of clusters of PSOs fostered internal dialogue and collaboration. This is evident from the joint training of TCT members, which resulted in increased trust, joint visioning and collaboration.
- 3) PSOs that are positively impacting their sectors are gradually gaining the trust of relevant MDAs, which are starting to treat them as partners. For the first time, TCT was requested to organize a workshop to make Tanzania Revenue Authority (TRA) officials aware of the tourism value chain.
- 4) More efforts are needed to ensure that different segments of the private sector are represented in PPD, the materials are as simple as possible, and that such training consciously addresses the challenge of lack of confidence.
- 5) Training public sector officials together with private sector representatives in understanding the private sector context and good PPD practice has shown great promise in transforming the attitudes of both sides, and fostering trust and collaboration.

5.4 Way forward based on lessons learnt and risks (mitigation)

The programme will encourage its partners to use the lessons noted above to improve their outcomes. CPRA will be encouraged to more consciously address “Effective advocacy methods in the current political environment” so that they can be sensitive yet effective. The programme will take the lead in consolidating the various analyses of the PPD environment, identifying lessons and actions that needs to be taken to improve its functioning, and making them accessible to PSOs, the government and development partners.

5.5 BEST-Dialogue exit strategy

BEST-Dialogue, which for nearly years has championed and catalyzed private sector advocacy and PPD in Tanzania, will wind up in June 2019. The programme has prepared an exit strategy that aims to bring it to a successful conclusion, while making it possible for the various elements and changes brought about to continue to deliver results on a sustained basis without further investment support of the BSPS programme. The detailed exit strategy (see www.best-dialogue.org/exit) summarizes the approaches, experiences, lessons and achievements of the programme as well as the current status of each of the five outputs and proposed actions by the government, PSOs and development partners to build on and sustain the results.

The strategy documents the legacy of BEST-Dialogue, providing the context and information on the key processes and components of BEE, PPD and national/local economic development in Tanzania, as well as sustained dialogue, reform activities and transition to best practices. The strategy also seeks to ensure the smooth hand-over of the legacy components and learning experience to sister projects such as AMDT, PASS, FSDT and other programmes outside BSPS IV, such as SAGCOT, Engine or I4ID and to the partner institutions and beneficiaries the project works with.

Among others, the following will be done in the last year of the programme:

- 1) Efforts will be made to raise awareness of the government and development partner community of the ecosystem created by BEST-Dialogue, so that it may continue to be used.
- 2) BEST-Dialogue will liaise with development partners who have already engaged in or expressed interest in public private dialogue, so that they can continue to continue supporting the work done by the programme.
- 3) The programme will support the national and sectoral private sector apex organizations to prepare strategies for sustaining advocacy and PPD after it winds up. This will also include linking them to potential sponsors.



- 4) BEST-Dialogue will continue to invest in building the capacity of consultants, trainers, the media, PSOs and the public sector in PPD to further expand and deepen skills, trust and collaboration, while at the same time continuing to realize policy reforms during the remaining months.
- 5) Bearing in mind the many lessons learnt and the need to consolidate and sustain the capabilities developed, BEST-Dialogue management will approach development partners that can accommodate future support in their respective country support strategies and portfolios, or those that are currently in process of defining new multi-annual country strategies, thus ensuring resources will continue to be available for sustaining the currently growing momentum in the reform agenda.
- 6) BEST-Dialogue will continue to explore the most optimal way of advising on and supporting the creation of a hub (or a network of interlinking national, sectoral and sub-national hubs) that can continue to coordinate, empower, expand and catalyze synergies among the components of the PPD ecosystem developed in the past 15 years.

More detailed information can be found on the BEST-Dialogues' website

[Annex 1: Results Framework 2017/2018](#)

[Annex 2: Financial Report 2017/2018](#)



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