

TNBC: a decade of change

By **DUNSTAN MRUTU**

EXECUTIVE SECRETARY, TANZANIA NATIONAL BUSINESS COUNCIL (TNBC)



DUNSTAN MRUTU is an industrial economist by training, and has spent thirty years working as consultant in the field of development finance across a range of sectors. He has headed the Presidential Investors' Council, which advises on improving the investment and business climate, and has also been Vice Chairman of the Tanzania Ports Authority, as well as sitting on the board of the Export Processing Zone Authority. He has also worked to promote Tanzanian tourism in different capacities.

Set up in 2001, the Tanzania National Business Council (TNBC) is the main platform for dialogue on creating a private sector-led economy in Tanzania. Thanks to its reform proposals, Tanzania is a more attractive investment destination, has a steadily growing local private sector, and has notably improved governance and the regulatory framework. Recognising the importance of a competitive investment climate, the TNBC created the Investors Round Table (IRT) to address the need for ongoing reform. IRT meetings allow the President and the Cabinet to interact with an informal group of high-level local and international business experts to discuss investment strategies.

Attendees at the 7th International Investors Round Table (IIRT7) include representatives from local and international companies from Africa, Europe, the Middle East, North America and the Far East and Australia. Observers from overseas governments, development partners, bilateral lending institutions and the private sector also attended.

The meeting was preceded by the 3rd Local Investors Round Table (LIRT3) in Dar es Salaam on March 16th 2009. These meetings evaluated progress in implementing previous recommendations to government. They also discussed reform proposals from TNBC working groups on the agricultural, agribusiness, financial, land, manufacturing and exports, human capital development, tourism, infrastructure, and technology sectors.

At the same time as the current economic downturn is eroding commodity prices, oil included, food is also becoming increasingly expensive. IIRT members looked at how to transform Tanzanian agriculture to a modern commercial sector by using new technology, investing in high yield seeds, fertilisers, herbicides, commercial farming, contract farming, value addition, backward integration, and irrigation infrastructure. Further removing agricultural trade barriers, subsidies, and improving competition were also discussed. There was discussion on industrialisation based on agriculture and involving production of agricultural tools, tractor assembly, farm implements, fertilisers, chemicals, and agro-processing industries for value addition.

Based on Tanzania's geographical advantages, the meetings also explored export promotion initiatives

such as local assembly for re-export to neighboring countries, local processing of precious and industrial minerals for value added exports such as cement, gold, iron ore, coal, base metals etc.

In light of the global economic crisis and decline in the travel industry, both meetings focused on measures to increase the tourism sector's contribution to GDP, among them promoting the country in new markets, and diversifying tourism niche sectors. Aware that the current state of infrastructure increases the cost of doing business, the meeting encouraged PPPs. The country should also exploit opportunities in ICT following completion of submarine and terrestrial fiber optic cable networks.

The meeting discussed frameworks for accessing land through the TIC land bank, and setting up special economic development zones while encouraging participation in real estate, mortgage financing, and leasing. It also shed light on proposals to transform the education system. Emphasis was given to science, ICT training and entrepreneurship as core parts of the national curriculum from basic and middle, to tertiary education. Labour market issues focused on making Tanzania a competitive supplier of labour force, while tapping the potential of the Tanzanian diaspora to help address shortfalls for specialist skills.

Emphasis was placed on creating financial institutions to provide credit to productive sectors of the economy on favourable terms and conditions and possibly to support extension of credit to SMEs and to enhance guarantee schemes. Developing capital markets and providing financial instruments to raise capital locally for investment into productive sector also featured prominently among discussions. The meetings also took stock of the World Bank 2009 business indicators on doing business in Africa and the sub-region according to which Tanzania is ranked as the 109th country to consider for starting business in the world out of 181 countries. The meetings addressed reform shortfalls.

Parallel to the thematic IIRTs it is also intended to create joint IIRTs on a bilateral basis to advise visiting government representatives on measures to stimulate bilateral investments and trade. This will lead to formation of the UK – Tanzania IIRT, which will advise the two countries' leaders.