

## Business Environment comment

As we have heard from Dr Wangwe, Tanzania has experienced strong growth rates of around 7% annually for the last 10 years. This is an impressive achievement. One of the important linkages between growth and poverty reduction is job creation. Tanzania faces significant demographic challenges and reports estimate that app. 800,000 new jobs have to be created every year.

I believe we can all agree that jobs numbers on this scale cannot be created in the public sector alone and therefore a prosperous private sector is sine qua non for poverty reduction. From a theoretical point of view, there is general consensus that an expanding MSME sector is one of the most realistic vehicles for generating the required number of jobs.

Enabling growth – and ensuring that poor people benefit – requires an environment where entrepreneurs with drive and good ideas can get started in business easily and where existing firms can invest, grow and generate more jobs. Prof Wangwe makes a strong case for improved business environment, and I certainly want to echo this message.

Over the last five years however, external assessments have recorded little progress in taking forward key reforms to improve

the business environment here in Tanzania. We have heard H. E. President Jakaya Kikwete state:

*“We are not quite happy with the scores we have been getting in some indicators on Doing Business Reports. We are working to improve matters in the identified areas of weakness”.*

The Five Year Development Plan presented yesterday, puts strong emphasis on improving the business environment and investment climate – a target is set for Tanzania to reach a "below 100" ranking in the Doing Business Report within the coming 5 years.

The Roadmap is the vehicle that has been established to ensure sufficient coordination between government agencies to overcome these challenges and I would like to commend the government for a number of achievements:

- The PS level taskforce has met regularly and has been strengthened significantly with the inclusion of the private sector.
- The Roadmap Stocktake exercise is in process and will provide important feedback to ensure that the Roadmap remains a living document and a framework for a constant improvement in the business environment. The DP's look forward to be an active partner in this process.

- A number of quick win activities have been implemented – although we still have to record the impact these have had on doing business on the ground.

A few words on Challenges,

We have all followed the Roadmap and progress in establishing the governance structures is of course relevant, but the main challenge remains implementation of the activities in the Roadmap. When will we see positive reforms being registered in the World Bank Doing Business index? And even more importantly, when will the individual entrepreneur feel the burden being lifted from his/her shoulders?

We would encourage the issue of an enabling environment for business development to be put in place as a cross-cutting issue to all Government policy areas – given the multiplicity of issues at hand and the diversity of institutional players involved. For the private sector to "trust" the enabling environment, it is essential that there is consistency in the reform agenda!

The DPs look forward to engaging in a fruitful dialogue and working closely together with both the Government of Tanzania and the private sector. We **MUST** accelerate the implementation of the Roadmap and improve the business environment in order to

see businesses prosper, jobs be created and ultimately see poverty rates in Tanzania drop significantly.