

The Investor Roadmap of Tanzania: Phase II

Final Report

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Overview

The purpose of this report is to summarize the recommendations generated by the workshops during Phase II of the Investor Roadmap. The report will establish the next steps necessary to enable the recommendations to be implemented.

The report will also provide an analysis of aspects of Tanzania's Roadmap that were identified during the workshops, but were outside the scope of Phase II. These observations will provide insight as to other areas to be pursued in future Roadmap reform efforts.

Background and Methodology

At the invitation of the Investment Promotion Centre and the Government of Tanzania (GoT), USAID conducted Phase I of the Investor Roadmap, resulting in a study in 1996 which reviewed the major administrative barriers to investment in Tanzania. This report laid out in detailed fashion all the steps required to legally establish a business in Tanzania. A draft report was completed and submitted to the Government of Tanzania in December 1996.

On January 8-9, 1997 a workshop was convened to discuss the constraints identified by the Roadmap study and to explore options to clarify and simplify the business environment. The event generated a great deal of interest from the press, private, and public sectors on the bureaucratic constraints faced by businesses in Tanzania.

In order to maintain the momentum that had been generated, USAID commenced on Phase II of the Investor Roadmap. Phase II focuses on implementing changes recommended by the initial Roadmap study. As opposed to the initial phase that takes a broad approach, emphasis in Phase II is focused on those processes deemed most troublesome.

The Roadmap Model

The approach to the Investor Roadmap has been developed and refined in similar projects conducted by The Services Group in Ghana, Namibia, Tanzania, and Uganda. The Roadmap Model is comprised of 13 core processes divided into 4 process groups over two phases of investment, start-up and functioning. The four process groups include:

- **employment** issues, including temporary and permanent residency permits for investors and expatriates and labour relations;

- **locating** issues, including purchasing land, transferring deeds, and developing land, as well as utility hook-ups;
- **reporting** to government, including business registration, incentives applications, environmental compliance, and tax registration and reporting; and;
- **operating**, which includes importing, exporting, and profit repatriation.

By grouping the steps into processes, areas of trouble can be isolated and targeted for reform. The first step, then, of Phase II is to choose which processes on which to focus. Both government and the private sector were called upon to help identify processes that are problematic and important to investors in Tanzania. The criteria used to define "problematic" included:

- **The process is difficult to interact with or the "customer interface" is poor.** This could include an unavailability of forms, poor assistance by government, forms not available in multiple languages, unclear procedures, long queues, etc.

And / or -

- **Once the application or request has been handed to government, the process has procedural problems.** This could refer to lengthy processing times, non-transparent procedures, and applications routinely lost or misplaced.

In the case of Tanzania, 6 processes were identified as meeting the above criteria:

- Import clearance
- Business / trade license issuance
- Expatriate permits
- Investor immigration permits
- Land acquisition
- Planning approvals

In order to narrow the list of processes, the team interviewed directors of agencies involved in each of the processes. Other criteria used to narrow the selection process included:

- **Physical location** – because of the short length of the engagement, it was decided to focus efforts on those agencies located in Dar Es Salaam, and to assign local consulting firms to handle regional issues
- **Desire to Change** – it was critical that agencies wanted to change, as any efforts to change an organization made via coercion would likely be unsuccessful
- **Status of Legislation** – making procedural changes when legislative overhaul is imminent would be relatively valueless. We chose those processes whose legislative environment was unlikely to change in the foreseeable future.

The import clearance process, expatriate work permit issuance process, and investor immigration permit issuance process were chosen for the focus of process improvement workshops.

Sponsorship

Critical success to any change effort is the strong backing of a central sponsor. Such a sponsor is necessary to identify key players, create an impetus for change, and provide logistical and administrative support to complex change efforts.

The starting point for sponsorship of Phase II of an Investor Roadmap would usually be the national investment promotion agency. In the case of Tanzania, however, the newly renamed “Tanzania Investment Centre” was not the project team’s choice of agencies for several reasons. One, most of the Investment Centre’s management was preparing for parliamentary debate over the new Investment Act in Dodoma during the project team’s first trip, and were unavailable for consultation. More importantly, TIC’s disappointing level of participation in the workshop of Phase I created a level of risk that Phase II could not afford to manage.

While Phase II never had the luxury of a true sponsor, letters from the Prime Minister’s office and the Director of the Tanzania Revenue Authority to the workshop participants proved to be more than adequate impetus for participation. The impact of the letter from the Prime Minister office was still seen at the conclusion of the workshops, when heads of agencies deliberated over the implementation of the workshop recommendations.

Further to the efforts of the PMO’s office and TRA, the Principle Secretary for Civil Service opened the workshops. This increased the exposure of the exercise and provided an exclamation point to the importance of the proceedings.

An important factor in the success of the workshops was the participants' willingness to participate in the change process without any directive from above. Prior to the distribution of letters from the PMO and the TRA, most agencies had been contacted and invited to participate. Their enthusiasm at the first stages was indicative of the success to come.

Import Clearance Workshop

The Import Clearance Workshop was held from September 29, 1997 through October 1. Participants included the Tanzania Freight Bureau, National Shipping Agency, Bank of Tanzania, The Tanzania Revenue Authority represented by the Department of Customs, the Tanzania Harbours Authority, and SGS, one of two local pre-shipment inspection companies in Tanzania.

The morning of Monday the 29th set the objectives for the following two days proceedings. Joseph Rugumyambeto, Principle Secretary for Civil Service, opened the workshop to stress the importance of the workshop to the participants. His address stressed the importance of a free exchange of problems and solutions between the agencies. The opening remarks were stressed the relevance of the workshop to Tanzania's efforts at public sector reform.

Leaders of four of the five government agencies represented in the workshop then provided specific direction to the workshop participants. The speakers opened their remarks by identifying objectives of the import clearance process. Key points included:

- **Maximize revenue collection.** This was one of the key objectives of the Department of Customs.
- **Generate timely trade statistics.** This objective was stressed by Customs, BOT, and TCFB
- **Facilitate fast clearance of cargo.** This was important to all participants in the workshop. It was noted that this was particularly important in making the port of Dar Es Salaam the port of choice for importers
- **Facilitate an economy profitable for shippers and ship owners alike.** This objective was noted by both NASACO and TCFB
- **Foster easy consultative mechanisms.** Mentioned by Customs, this objective was echoed by many of the participants of the workshop. It was noted that this workshop provided an opportunity

to begin discussions between agencies in order to improve all trade-related procedures

- **Facilitate transit trade with a minimum of revenue risks.** This objective, while not a focus of the workshop, was noted as particularly important to Tanzania, in light of competition from ports in Mombasa and Beira.

The next subject addressed by the agencies' leaders was their objectives and expectations for the workshop. Expectations included:

- Recommendations on the simplification of the import clearance process.
- To achieve some new ideas, to eliminate some steps, to streamline the process.
- To combine some steps.
- Reduction of administrative procedures.

Process Mapping and Problem Identification

The participants spent the balance of the first day and the beginning of the second day using a flowchart methodology to map the existing process. Once the entire process was mapped, the process was divided into sections. Each section was then analyzed for problems. The complete list of problems identified is listed below:

- **Goods sometimes arrive before the Clean Report of Findings (CRF).** Because electronic copies of the CRF are not allowable by law, on short sea distances (such as Durban to Dar) the ship often arrives before the physical copy of the CRF. Without the CRF, goods cannot be cleared and must remain at the port
- **Shippers fail to contact TCFB on time and cannot clear their goods.** In some cases, importers unaware of the procedures fail to contact TCFB before the goods are shipped. This causes significant delays when trying to clear the goods upon arrival.
- **There are differences in freight charged between PSI and TFCB.** Because the PSI estimates freight charges and TCFB negotiates the actual freight rate, the CRF often lists a different rate of freight than the actual rate. This can affect the duties paid by the importer.

- **Payment is sometimes made before the shipping manifest is lodged.** Importers must make duty payments through a commercial bank, often without knowing whether Customs has received the ship's manifest. Customs is not willing to process any paperwork without the manifest. In this case payment has been made, but goods are not available to the importer.
- **Documents pass through too many hands/points.** By mapping the process, workshop participants identified the problem of too many different steps required in the process. Problems were noted in THA, NASACO, and Customs
- **Under-declaration of import value by importers leads to congestion at the port.** When goods are declared less than US\$5000, no pre-shipment inspection is required. However, if the goods' value exceeds \$5000 and they were declared less than the threshold, goods sit in the long room awaiting local clearance by the PSI. This causes considerable delays for the importer, and clogs the long room with merchandise.
- **The absence of a packing list entails manual verification of goods.** When the packing list is missing, the entire shipment must be searched often item by item. This requires a large amount of manpower on the part of Customs.
- **The entire process has too many interactions with importers.** Seen through the process map, the import process requires far too many interactions on the part of the importer. Reducing the number of interactions will help achieve the goal of simplification.
- **Too many verifications throughout the process.** Multiple checks of documentation slow the process and adds costs to all agencies' operations.
- **Importers must buy D & D O at the docks.** This requirement forces importers to travel to the docks, gain an entrance pass, and wait in a queue to purchase a blank document. This increases the cost of importing significantly
- **Incomplete manifests cause delays.** Manifests transferred from NASACO to Customs sometimes have missing pages. This causes significant delays for importers and causes congestion at the ports as goods cannot be released.
- **Extra steps are needed to confirm Ocean Freight Certificate.** This requirement forces importers to go to TCFB's offices to confirm

their Ocean Freight Certificate adding cost to the importation of goods.

- **Considerable time is wasted transporting goods to inspection point.** When goods must be verified by Customs, THA must transport the goods to a specific site. This can be problematic, especially when goods are located at the bottom of a stack of containers
- **Importer must make arrangement with THA for physical verifications required by customs.** Importers are required to notify THA when their goods need to be examined adding another step in the process for importers.

Some of the problems that were identified by the participants of the workshop fell outside the scope of the proceedings:

- Availability of PSI companies in certain countries
- Overseas PSI inspection can take a long time
- The inability to process electronic copies
- Problems with telecommunication makes it difficult to inquire about manifests.
- Sometimes the importer does not have original bill of lading.
- Problems occur when importer does not have all documents.

Day 2: Idea Generation and Recommendations

During the second day, participants were split into two groups of 6. Over the course of two sessions, each group was asked to select 4 problems identified during the first day. During that time, participants were asked to brainstorm solutions. A complete list of the ideas generated is listed below by problem:

Document is passed through too many hands/points - Customs

- Manifest section should be combined with face-vet. Presently, importers are required to visit two separate windows to clear the manifest and face-vet sections
- Declaration officer should be empowered to approve declaration without the Head Declaration Officer.

- Documents should be distributed to various sections. Currently, documents are passed through each department in series. The workshop recommended distributing copies all at once.
- Documents after being processed in the long room should go straight to THA revenue office and a copy of the document should be sent to the PC office. Currently documents must first clear the PC office before going on to THA.

Document is passed through too many hands/points - NASACO

- NASACO should provide importers with arrival advice including the charges the importer has to pay to NASACO
- Importers should start going to NASACO to release the Bill of Lading and then go to Customs. This will avoid importers inquiring at Customs as to the status of the Bill of Lading.

Document is passed through too many hands/points - THA

- Central Documentation Office services should be moved to the THA revenue office to eliminate double checking of documents. Because the CDO and revenue office are in separate rooms, forms are double checked.
- Documentation should be sent to directly to the shed for physical verification and delivery of cargo. Then the document and cargo will go straight to the gate for exit. (*Note: THA noted that this is probably not feasible due to the number of sheds*)

Under-Declaration of Goods Causes Congestion at Ports

- PSI companies should be capable of completing CRF locally. Currently, when goods are under-declared, the PSI must contact the agency from the port of departure for valuation.
- Tax payers should be better educated. Often, these problems are caused by a lack of understanding.
- Heavy penalty for tax evaders.
- Subject all imports to PSI. (*Note: this was identified as difficult to implement to especially on shipments with values less than US\$1000*). Lower PSI fees.
- Carry out cargo verifications at the importers' premises. This would reduce the congestion at the long room

- Government should lower taxes

Importers Must Arrange with THA for Examination

- Customs should inform THA in advance about goods to be examined via daily lists. Because Customs knows in advance which shipments it intends to inspect, it should transmit a daily list to THA. This would allow THA to determine how to offload ships to expedite verification.
- Determine a port area for cargo to be examined. A specific area should be set aside for cargo verifications.
- THA should prepare one bill for the importer for all port charges. Currently, the importer is required to make payments at the THA revenue office twice when verification is required. The workshop recommended a single bill be created.

Importers must Buy D & D O at the Dock

- THA should post staff in customs long room who will sell the D & D Os to the importer

- or -

- THA should entrust customs with selling D&D O on their behalf.
- Both ideas would allow importers to buy the D & D O when they purchase Customs documentation.

Importer Must Take Extra Steps to Confirm Ocean Freight Certificate

- TCFB to post staff at customs long room to verify TFCB's ocean freight certificate. TCFB staff can retrieve: final invoice, copy of Bill of Lading, IDF, TCFB ocean freight certificate.

Lack of Packing List creates manual verification

- Imposition of penalty by customs. This is in addition to de facto penalties of extra time to clear goods and increases in demurrage
- Re-emphasis of packing list requirement (tax payers' education)

Incomplete Manifest delays document processing

- NASACO managers should verify all manifest submitted to Customs.
- Manifest to be communicated directly between managers of NASACO and Customs
- NASACO, THA, and Customs should be electronically linked.
- *The session involving the managers raised the point that the manifest is a secure document, and responsibility for its complete arrival should be placed with NASACO.*

Day 3: Deliberation of Recommendations

The recommendations were presented to the head of the agencies by workshop participants on day three of the workshop, and then in a second session on the Monday following the workshop. Discussions followed the presentation.

The second meeting was chaired by the Director General of the TRA. Customs, the lead agency in clearing goods, was assigned responsibility for the implementation of the recommendations.

Immigration Workshop

Two processes were covered in the single workshop: the expatriate immigration issuance process and the investor permit issuance process. Most process improvement workshops begin with existing processes in order to look for opportunities for improvement. The format of the workshop was changed to incorporate the new Investment Act, passed several weeks before the workshop commenced.

The recent legislation created the need to reexamine the current processes. The act specifies that various agencies, including the Department of Immigration, would be required to post staff in the offices of the Tanzania Investment Centre. Further, Immigration would be given 14 days to respond to a request for an investor permit. All applications would be submitted by TIC on behalf of the investor.

The workshop then proved to be an opportunity to establish the processes that would enable the new act to be implemented. Representatives from the Commission of Labour, Department of Immigration, and Tanzania Investment Centre were present at the two days of proceedings.

The first day identified potential problems with the new systems, raised questions about the application of the act, and noted several problems that currently existed but did not fall under the auspices of the act.

Under the new Investment Act, who approves the first 5 expatriates on a new business? After the first 5? Questions were raised during the workshop as to whether Labour will have input as to whether the allowance of 5 expatriates for a new investment as specified in the act would be automatic or would require approval from Labour. During the session, TIC and Labour conveyed conflicting viewpoints as to the criteria of admitting expatriate workers:

- TIC felt that market forces should dictate the number of expatriates, and that it was unlikely that a company would be prepared to pay the significant costs associated with bringing in labor from overseas in the event that the capacity to fill the position was available locally.
- Labour noted it was their responsibility to ensure that expatriate labour would not be brought in when Tanzanian citizens with the appropriate qualifications were available for hire. Labour further noted that the act is in contravention of the "Government Policy on Employment of Non-Citizens in Tanzania"

Questions also exist as to whether TIC will have the authority to deny an application for expatriates once a Certificate of Investment is granted. Alternatively, under the new act, will the investor have free reign to bring in whomever he/she chooses?

Why does Immigration repeat Labour's analysis of an application for an expatriate employee? During the workshop, it is noted that the Department of Immigration duplicates the efforts of some of the other agencies when it comes to evaluating the suitability of an application. That Immigration occasionally rejects applications for work permits that are recommended by Labour is a good example.

When a work permit application is submitted by a company to the Commissioner of Labour, the request is evaluated for the availability of local skills to fill the position. Labour then recommends action to Immigration. Immigration can override the recommendation. This is a serious problem for inward investment for two reasons. First, the evaluation adds another step in the process.

Secondly, and more important, it is not clear that the Department of Immigration has either the skills or the statistics to evaluate the need for an expatriate for a given position. The ability to properly evaluate curriculum vitae and determine employment levels for a particular

position is a learned skill. It is not clear that any Immigration officers have participated in either formal or informal training sessions.

How can we put Immigration people in TIC's offices? What about Labour people? By placing personnel in the offices of the other agencies, several benefits arise: Investors can ask questions of the agencies and get assistance filling out forms; agencies can work together to evaluate applications; and applications can be quickly passed between agencies.

The new investment act states that TIC will have the ability to call upon any ministry to place staff in the offices of the TIC. This raised questions in the minds of the workshop participants as to the logistics of the proposed arrangements.

Other issues discussed included:

- How do we properly communicate procedures to investors? Delays are often caused by incomplete applications. If investors were properly informed about the procedures, many of the delays would be eliminated
- The use of middlemen often adds great expense to the investor, and further delays the process

Day 2

The second day focused on the impact of the new Investment Act and its impact on procedures. Discussions centered on the role of the Investment Center in approving immigration applications in a timely manner. Discussions also covered the reduction of paperwork required from the investor. The workshop participants also debated the implementation of placing representatives of the various agencies under one roof.

The workshop generated four recommendations

- **Increase the use of Provisional Passes and Prospective Permits.** Currently, all immigration permits can only be issued after all licenses and approvals have been issued. This backs the immigration process to the end of the all of the investment steps.

The Department of Immigration noted that it has the two little used permits which an investor can apply for immediately upon arriving in the country. Having the permit issued initially will reduce the amount of time required by the investor to get his business established. The investor can continue to pursue negotiations, apply for permits, and

import goods without fear of deportation. The length of the permits will be up to one year, allowing the investor more than enough time to gain all permits. At that time, the investor can apply for an investor immigration permit. The difference is that the investor can trade during the one-year duration of the Prospective Permit.

In order for an investor to acquire the permit, he/she must go through the TIC. TIC's endorsement will legitimize the application to Immigration. Immigration has stated the permits are available immediately, so the onus now falls to the TIC to inform its investors of the new procedures.

- **Each key agency should be represented at TIC.** Workshop participants felt that in order for TIC to be truly "one stop", all key agencies should be represented. However, this recommendation also brought concerns as to the representation of local municipalities.
- **Each agency should create checklist for TIC officers.** Because TIC officers will be the front line for investors, it is critical that they are well informed as to the requirements for complete applications. It was therefore recommended that the onus for the supply for lists of required documentation fall on the approving agencies. The Investor Roadmap Study provides a good starting point, but changes in requirements must be articulated by the approval bodies.
- **TIC should create single form to capture all information and transfer information onto relevant forms.** Because some forms are mentioned by name in legislation, individual agencies should continue to use their forms. However, in order to cut down the number of forms required from the investor and in an effort to provide a service to the investor, TIC will create a single form for the investor to complete. From this form, TIC will manually complete all required forms for other departments. Investors will then sign the completed forms.

While this process is initially labor intensive, it lends itself well to technology implementation. Eventually, by typing all information into a computer, completed forms can be printed with a press of a button. This would be a relatively simplistic database application, and could be put to use in short order.

***Observations
Arising from the
Workshops***

Workshop Analysis

While the Import Process Workshop seemed to be more successful as measured by the sheer number of recommendations generated, the Immigration Workshop generated one key recommendation which they reported to implement immediately eliminate many of the problems associated with immigration

The Import Process Workshop was successful in a number of standpoints. The central goal of the workshop was to create easily implementable recommendations, generated by the workshop participants. On this point, the workshop exceeded the output of many workshops conducted in various other countries.

The process improvement workshops have a secondary goal of building a team atmosphere and building awareness of the process as a whole. The participants, initially skeptical, left the workshop very enthusiastic about their contribution and expressed a sincere desire to reconvene and tackle other problematic processes. The participants presented this recommendation to senior management.

A third goal of the workshop is to build the capacity to recreate the workshop with local skills. TRA assigned a senior member of staff to help facilitate the workshop and learn the methodology. Additionally, consultants from local private consulting firms also took part in the workshop. It is likely that the co-facilitators will be able to reproduce the process of the workshop.

The Immigration Workshop did not run as smoothly as the Import Process Workshop and did not generate a large number of recommendations. However, the recommendations generated will have a large impact on the process, so the workshop can be deemed to have been successful.

Participants were initially reluctant to admit the existence of problems within the process. Home Affairs Ministries worldwide are universally reluctant to discuss internal matters with outsiders, and Tanzania's Department of Immigration proved to be no different initially. However, as the workshop progressed, and the Principle Immigration Officer joined the workshop, existing problems were explored in depth.

The two secondary goals of team building and skills transfer were not as prominent as in the Import Process Workshop. It is not likely that the existing group could duplicate the proceedings without help in the future. However, this matter will be reopened when deliberations over the implementation of the new Investment Act begins.

The New Investment Act

The new Investment Act has been hailed as a cure for the bureaucracy that deters investors from investing in Tanzania. The intent of the act is to achieve the ambitious goal of getting an investor in to the country and operating within 14 days. However, several factors will make this impossible to achieve within the current environment:

- **Because many of the approvals must come in series (rather than in parallel), completing the process remains lengthy.** An investor must first register the business - this usually takes about 1 week. Only after the business is registered may the investor apply for licenses. Only after the licenses have been granted may the investor apply for immigration permits. If licensing is given 14 days and immigration is given 14 days, the whole process is at least one month.
- **Because the act does not address all 13 core processes, the entire process remains lengthy.** The shortest length of time to get a business started in Tanzania is equal to the length of the longest process. No legislation has addressed the usual year required to acquire land, nor the additional year required to develop land. It really doesn't matter that licenses can be issued in 14 days, if a business is still 2 years away from operation.
- **Questions exist as to whether local municipalities will be able to grant approvals within 14 days.** The TIC plan to include representation is admirable, but who will represent municipalities such as Mwanza and Arusha? Since, in many cases, the investor must travel to the outlying areas to gain approvals, will TIC be able to overcome these problems? The consultants anticipate serious problems in this area.

The New Investment Act will help speed processes considerably, but it will not cure "Red Tape" - it will just hide it. Eventually, investors will have to interact directly with government departments. Hiding an overly complicated process initially from the investor is not a long-term solution to the problems. Red Tape, when the investor finally encounters it, creates the risk of the investor leaving the country and/or speaking poorly of the country to potential incoming investors.

Despite the new legislation, government departments continue to bear the costs of overly complicated processes. Forms that are overly complicated to fill out are usually overly complicated to evaluate. Bureaucracy costs include increased need for manpower, increased printing costs for forms, increased costs for filing and filing space (a surprisingly significant cost), and many other hidden costs.

The new act is not a substitute for the work that is necessary to change the existing bureaucracy. Unfortunately, eliminating layers of bureaucracy is a slow, painstaking process that has no quick substitute. By simply hiding red tape with an act, the bureaucracy continues, as do all of its costs.

Electronic Communication

The next quantum leap in accelerating the provision of government services will come from technology. However no current legislation establishes requirements for electronic documentation such as fax or email. There is no acceptable electronic substitute for the original documentation. Examples of how this hamstring the efficient provision of services:

- Ships cannot electronically transmit manifests to Customs using EDI. Manifests are hand delivered, which sometimes results in missing or altered pages
- Clean Reports of Findings cannot be electronically transmitted, which sometime results in the ships arriving before the documentation.
- Applicants cannot submit their applications by fax, which often requires them to travel great distances to apply for licenses and permits

Currently, countries such as South Africa and Namibia are struggling with legislation on electronic documentation. The sooner this legislative infrastructure can be put in place, the sooner a country can begin to approach standards of provision of services set by Southeast Asian Tigers such as Malaysia and Singapore.

Rationalizing Forms

Because forms are sometimes referred to by name in legislation, the rationalization of various forms is impossible. Many forms now require duplicate information. Investors must repeatedly complete such information as company name, company registration numbers, addresses, etc.

TIC has stated that in line with the new act, it will create a single form that is to be completed by the investor. TIC will then have to copy information to each respective agency's individual form, which creates a large number of unnecessary tasks for TIC's highly compensated professionals.

Laws now prevent agencies from utilizing forms that capture similar information used by other agencies. Removing clauses referring to specific forms allows government agencies to jointly design forms, and cut down on the number of forms either the investor must complete, or the number of forms TIC must copy to.

Core Competency in Application Approvals

In almost all cases, departments involved in the evaluation of the various applications have a very important role to play. This is particularly so in the case of Labour's evaluation of applications for immigrant status for work permits.

Departments of immigration worldwide provide an important service to their country, as a last line of security against would be criminals and those deemed to be "undesirable" by national policy. In order to be successful at such tasks, a core set of skills is necessary to evaluate such risks.

However, in the case of Tanzania, it appears that the Department of Immigration steps outside of it core skills, and duplicates the efforts of Labour and TIC without having the appropriate skills to do so. Immigration duplicates Labour's analysis for the need of a position on a type B permit, despite not having the statistics or skills of Labour's officers.

Often, if a feasibility analysis of a project is required (usually to grant incentives), the analysis is carried out by the investment promotion agency. In the case of Tanzania, Immigration examines feasibility studies and plans to determine a business's viability. Immigration departments around the world rarely have the financial capabilities to do this well.

The fact that the Department of Immigration steps outside the bounds of their skill sets creates a frustrating lack of transparency and seeming randomness to the investor visa process. That Immigration rejects applications recommended for approval by the Commissioner of Labour undermines Labour's ability to take a strategic approach at providing skills to Tanzania.

Next Steps

Implementing Ideas

The workshops were designed to maximize the likelihood of implementation by the participating agencies. A key issue of "ownership" of the ideas was a recurrent theme throughout Phase II. Ideas

generated were intended to be easily implementable. All good ideas were accompanied by implementation plans.

Despite all the efforts of the team, however, implementation is not guaranteed to take place. The team recommended to the directors of the agencies that the workshop participants be given an active role in implementing recommendations.

In order to establish the importance of the recommendations, workshop participants presented ideas to the heads of the five agencies involved in the clearance of imported goods. The Director General of the Tanzania Revenue Authority chaired the meeting. The outcome of the meeting was that the Department of Customs was charged with seeing to the implementation of the ideas.

A number of the recommendations generated by the workshops will be incorporated in the new structure of the TIC. However, the Department of Immigration stated that the most important recommendation, the use of Prospective Passes and Provisional Permits will be implemented immediately.

In order for this recommendation to generate positive results, Immigration must ensure that its overseas officers in the Embassies and Consulates and officers of TIC are aware of the permits and understand the application processes. It is recommended that Immigration draft a correspondence "introducing" the permits and describing the requirements and application process.

Replicating Workshops

The participants of the import clearance workshop expressed a desire to reconvene. This is particularly encouraging because process improvement is not be a "once-off" session but should be continuously applied. Similar workshops can be run for various other aspects of the process - exporting, transit cargo, airfreight.

In order for future process improvement sessions to be effective, several factors need to be considered:

- Teams should meet on a regular basis
- Members must work as team, without pointing fingers or blaming. One of the keys of success for this workshop was the teamwork exhibited by the participants. Participants noted that such gatherings in the past usually broke down into protecting turf and assigning blame.

- The workshops need not be as elaborate nor as long as the ones conducted in Phase II. Workshop participants from the Import Clearance Process Workshop are now skilled in the workshop tools, and can probably accelerate the pace of completing the mapping tasks and problem and idea generating tasks.
- The private sector should be present. The participants were quite frank and did an outstanding job of identifying problems, but there is no substitute for having the customers present.

Future Workshops

Other processes were not addressed for any other reason than the length of the engagement. Similar workshops can be run for individual municipalities, and their provision of licenses and services; all processes involving land and land development; and the application for the registration of a business and the application for specific licenses.

In all of the above-mentioned processes, process improvement workshops can be an effective tool for streamlining processes for investors. However, process improvement workshops should not be used exclusively, but in conjunction with regulatory analysis, customer service training, and organizational design.

Future Sponsorship

As noted earlier, a strong sponsorship correlates highly with success. For future engagements, potential bodies include the Office of President, Office of Prime Minister, Tanzanian Investment Center, and Principle Secretary for Private Sector Reform. All of these bodies take a holistic viewpoint, however the TIC must exhibit the diligence necessary to be effective.

Recommendations Arising from Observations

The New Investment Act – Many of the recommendations made in the Investor Roadmap Study from Phase I with regard to land should be carefully considered. The significant delays created by the acquisition and development of land can overwhelm all efforts at reducing approval times to an ambitious target of less than 14 days. The establishment of an industrial park with factory shells available for rent or sale would immediately relieve the delays associated with developing land.

Issues involving licenses that must be issued by municipalities must be addressed immediately to avoid future difficulties. It is anticipated that this area will prove to be troublesome when the new act is implemented.

One potential solution to delays associated with licenses is to allow investors to trade once an application for a license is submitted. This places pressure on the government departments to process the licenses more efficiently in order to collect fees quickly.

Electronic Communication – Tanzania should begin to adopt legislation that provides for the acceptance of electronically transmitted information in cases it deems to be secure. Such a framework will allow various government departments to utilize technology to significantly upgrade their processes

Rationalizing Forms – All acts that refer to forms by name or form number should be immediately amended to refer to information required. This will allow agencies to collaborate on form design

Core Competency in Application Approvals – The Department of Immigration should eliminate the requirement that feasibility studies and business plans be submitted with applications for an Investor Visa. This will reduce the burden on the investor to supply confidential documentation, and relieve Immigration with the requirement that they must evaluate documentation outside of their abilities.

Additionally, Immigration should stop evaluating Type B applications on their suitability when the Commissioner of Labour makes a positive recommendation.

Phase III of the Investor Roadmap

In order to maintain the momentum of the Roadmap reform, it is recommended that a Roadmap specialist be engaged on a long-term basis. The primary function of the specialist is to initiate change in each of the 13 processes and build the capacity locally to make change continuous. Specific tasks should include:

- Identification of a local counterpart or counterparts to whom skills would be transferred
- Ensure that all agencies identified in the Roadmap study are aware of their role in the Investor Roadmap
- Work with the remaining ten processes to initiate change where necessary
- Work with legal specialists to help draft electronic documentation legislation. Assist agencies in the initial identification of technology opportunities given a new landscape.

- Work with the three processes identified in Phase II of the Roadmap to ensure implementation occurs. This would involve helping the agencies to overcome institutional barriers facing change efforts
- Work with any awareness campaign efforts to ensure that the message reaches the senior levels of management.
- Lead local consulting agencies in their efforts to reform local municipalities
- Open a channel of communication between the private sector and government agencies
- Help government agencies design measurement tools to measure their progress in the improvement of services.
- Provide customer service training for frontline employees and management.
- Assist senior management in planning customer service strategies
- Identify acts that refer to specific documentation and recommend amendments.
- Assist the Government of Tanzania in the implementation of the new Investment Act.