

**SPEECH BY THE PRESIDENT OF THE UNITED REPUBLIC OF TANZANIA, HIS
EXCELLENCY BENJAMIN WILLIAM MKAPA, AT THE INAUGURATION OF THE
TANZANIA NATIONAL BUSINESS COUNCIL, DAR ES SALAAM SHERATON HOTEL,**

9 APRIL 2001

Chairman of the Tanzania Private Sector Foundation;

Honourable Ministers;

Representatives of the Donor Community;

Chief Executives and Representatives of the Private Sector;

Distinguished Guests;

Ladies and Gentlemen.

I am truly glad the day has finally come for me to officially launch the Tanzania National Business Council. Soon after assuming office, in November 1995, I realised the need to change the way the national economy is managed.

This need was made more acute by the fact that our country was moving from a public sector led economy to a private sector driven market economy. In other words, the private sector was assuming an increasingly larger and crucial role in national development and poverty reduction. It became necessary, therefore, for the government to maintain a continuous dialogue with the private sector and other stakeholders on critical issues affecting private sector development, and the economy as a whole. That is why I committed myself to creating a forum and a mechanism for institutionalised dialogue between the Government and the Private Sector. But, little did I know then that the negotiations and the preparatory phase for the establishment of the National Business Council would outlive the entire first term of my administration!

But, that the process has been so long may not necessarily be a bad thing. For it means we have had time to consult widely within the country, and learn from the experiences of other countries about public-private consultative mechanisms.

We did not want to force anyone's hand, and we did not want to proceed precipitously. For, it is only by winning the confidence and total commitment of all actors that we can succeed and guarantee sustainability. And to build confidence, trust and commitment requires patience, preparation and consultations that are both wide and deep in scope and content.

A story is told of an overworked tailor who agreed to make a suit for a customer, but warned it would take 30 days. The customer was outraged.

"Why, God took only six days to make the entire world," he exclaimed.

"True" said the tailor, "but have you taken a good look at it lately?"

So, without divine inspiration, we took our time; and I think it was time well spent, and a job well done.

The Business Council we are launching today is the first fruit of the consultative culture, and the spirit of give and take we seek to nurture in Tanzania.

Consultations have taken place between the different actors in the private sector, leading to the formation of the Tanzania Private Sector Foundation. Consultations have, likewise, taken place between the government and the private sector within the context of the Steering Committee and the Task Force. The experience both sides have thus gained is the initial valuable capital we jointly bring into the national consultative process we are launching today.

Let me, therefore, thank all those in Government and in the private sector, who worked so hard and tirelessly to bring these preparations to this happy conclusion.

I also wish to thank USAID, UNDP and UNIDO who have supported us so generously during this preparatory phase, as well as DANIDA and SIDA. We shall continue to count on their support. They helped to mid-wife the Tanzania National Business Council, and we now call upon them to back us up as we nurse and nurture the newborn baby. We do not seek to develop or entrench dependence on donors. Indeed our goal is to have a self-supporting Council, but it has to be weaned gradually to that state.

The Case of Smart Partnership

Mr. Chairman,

Tanzania espouses the Smart Partnership Concept in developing countries, demonstrated by our participation in the Southern Africa International Dialogue. It is pertinent on an occasion like this to revisit the theoretical basis for the concept and its main elements, and see how it can be utilised as the driving force for the work ahead of the Tanzania National Business Council.

The first premise in a smart partnership is that the economy, indeed the entire society, at each level, is an integrated and interdependent whole. There may be many components, many players and many stakeholders, with as many different and often conflicting interests. But each stakeholder, through actions or omissions, affects the others.

The Government depends on taxes to maintain law and order, and to build and maintain the requisite economic and social infrastructure on which the business sector depends. But the Government cannot get taxes if its citizens - both individual and corporate - do not make money. And if the individual and corporate citizens do not pay taxes, the government cannot build and maintain the economic and social infrastructure, or invest in necessary human resources development.

If workers demand wages that existing levels of production and productivity cannot sustain, the enterprise will at some point grind to a halt and jobs will be lost. And if politicians pursue social and economic policies that are harmful to business, the economy will collapse along with the house of cards such politicians may have built.

Clearly, we are very dependent on one another, and it does not make sense to undermine each other, or to work parallel to each other. The sensible thing to do is to create a holistic framework and a mechanism for working together, for supporting each other, for bringing out the best in each

other, in a manner that will guarantee each stakeholder wins in the end. We must unite people, enterprises and institutions in pursuit of common and shared values, visions and prosperity. But to do that all stakeholders must agree to the principle of give and take. That is the only way to produce a win-win situation for everyone that is central to the smart partnership concept and spirit. But, the last five years have shown us that it is one thing to embrace the theoretical basis for smart partnership and quite another to get it operational.

Attitudes Must Change

So, the second imperative to this Smart Partnership is to come to terms with our past, and then irrevocably change our attitudes and mind-sets. For over 30 years now we have propagated the policy of self-reliance. But the fact is that as a nation, and as individuals, we have embraced dependency. The public sector driven economy contributed a lot to this. Until this day, people look to Government directly for jobs, even as economic reforms have reduced the capacity of Government to employ. People still look to Government to solve their problems. A celebrated case is where children in one village could not get life-saving vaccinations because the refrigerator for vaccines at the local dispensary had no kerosene!! That is not partnership, it is untenable dependency!

At a different level, until recently the public sector economy did not always create a conducive environment for the emergence of a strong and thriving private sector. The views of the private sector were not routinely sought, and taken into account during policy formulation or implementation. The relationship between the public service and the private sector was even adversarial at times.

The business community on its part attributed many of their problems to government indifference, even when the real problem did not lie with the Government. Its contact with the government took the form of complaints or representations from business associations, rather than holistic constructive suggestions. Efforts by some in the private sector to have influence in government gave rise to suspicions of corruption. This does not bode well for building partnerships that are so necessary between the Government and the private sector. I am glad to note, therefore, that much reform has taken place over the last six years. But much work remains to be done at all levels of government and the private sector before we can bury the unhelpful mind-set on all sides for good.

I must at this point commend the private sector for beginning to shed the image of disorganisation that used to cast a shadow on its ability to play the role expected of it in the new partnership and dispensation. In the two years that the Tanzania Private Sector Foundation has been in existence, it has managed to bring some order into the cacophony of advocacy groups, each trying to put across its narrow sectoral views and influence policy in favour of the interest it represents, often to the detriment of national goals, objectives and aspirations.

I believe we now have a credible focal institution that can collect the views and demands of the private sector, sift them, analyse them and articulate them as inputs into the policy review and formulation process.

Mr. Chairman,

We, in government, have clearly begun to unlearn the prejudices and inhibitions of the past, to unlearn the experiences of central planning and control, and learn the new culture of a business friendly public sector. But the journey remains long, and we must keep on at it. That is the message

I also gave to Regional and District Commissioner when I met them a few weeks ago. Encouraging entrepreneurship and facilitating the private sector is now part and parcel of their work.

Mr. Chairman,

A well functioning private sector, at all levels, helps society allocate its resources more efficiently, productively and without excessive transaction costs. This implies doing more with a given set of resources; it also implies increasing productivity and reducing cost. So, much as I am committing my Government to supporting and aiding the private sector, I must add a caveat that it must on its part shed the "parastatal mentality", and learn to operate profitably within existing constraints. For, we all live in the real world, a world of constraints and limited resources. There is a limit to the number of appeals the Government can meet.

There is a story of a certain clergyman in charge of a poor church who habitually suffered financial difficulties and was constantly appealing to his Bishop for help.

The Bishop, losing patience, finally chided the man for making so many appeals. Not long after, the Bishop received a cable from the clergyman, which said, "This is not an appeal. It is a report. I have no pants!"

I want to assure you that my Government will not be inclined to so resent your appeals as to leave you in the end without your economic pants!

Vision and Mission

Mr. Chairman,

We can also be partners if we share a common vision for the future, if we share values, and if we are committed to working together, shouldering our responsibilities even as we demand our rights.

I am pleased, therefore, that the preparatory work over the last five years has enabled us to agree on the vision and mission of the Tanzania National Business Council that is in line with the overarching National Development Vision 2025. This is a vision of a nation that is politically **stable, united and at peace with itself**. A nation where governance wears a human face and is **people-centred** and striving towards the provision of **high quality livelihood** for a **well educated and learning society**; a nation where the private sector is the bedrock of a **competitive economy** capable of producing sustainable growth and shared benefits for all.

Our mission is to promote a healthy and robust economy where the guiding hand of government, through enlightened legislation and transparent governance, enhances the development of private initiatives, encourages local and foreign investments, and generally provides an enabling environment for economic growth.

Competitiveness in the Global and Regional Market

Mr. Chairman,

Trends in today's world have created opportunities and challenges for governments and firms in both developed and developing countries. The globalisation of economic activities and the fierce

competition this entails has made it necessary for African governments to search for new models of economic management.

Tanzania cannot live in isolation, and we have to adjust to these realities of today and tomorrow. We need to organise ourselves internally, in partnership, and work towards attaining the three main attributes of competitiveness, namely good quality, right price and timely delivery. We have no choice if we are to remain in the game. We must also remember that time is running out and deadlines are fast approaching for throwing doors open to foreign trade within the context of the East African Community, the SADC and the World Trade Organisation.

We will, therefore, endeavour to improve our laws and regulations so as to enable the public to save and invest in productive activities, so as to increase job opportunities and contribute to poverty reduction. Market driven incentives will be provided to make Tanzania an attractive place to invest for both domestic and foreign investors. But I repeat and stress the importance of rules and regulations. For, a market economy is only robust and good if it is properly and fairly regulated; otherwise it augurs chaos.

Objectives of the National Business Council

Mr. Chairman,

What are we now agreed should be the objectives of the Tanzania National Business Council? These are:

- First, to provide a forum for public-private sector dialogue with a view to reaching consensus or mutual understanding on strategic issues relating to the efficient management of development resources;
- Secondly, to promote the goals of economic growth with social equity and even development;
- Thirdly, to review from time to time developments in the external and domestic business environment, the challenges they pose to Tanzania, and propose appropriate courses of action;
- Fourthly, to exchange views on the prevailing operating and regulatory environment, and propose ways to facilitate the public service, to improve on service delivery and make the civil service business friendly;
- Fifthly, to review and propose changes in the policy environment, to enhance the attractiveness of Tanzania for both domestic and Foreign Direct Investments (FDI), and improve the competitiveness of Tanzanian products in the world market;
- Sixthly, to encourage and promote the formulation of co-ordinated policies on social and economic matters, including consideration of existing and proposed economic legislation, and make appropriate recommendations; and
- Finally, to consider any other matter deemed relevant to the achievement of the above objectives.

Priorities for the Future

Mr. Chairman,

In pursuit of these objectives, it will be necessary for the Council to prioritise its agenda. There is such an over-abundance of pressing needs and competing expectations that if we are not careful we may bite more than we can chew, and may end up without any concrete results towards the attainment of our objectives.

In my view, therefore, the Council's immediate agenda should focus on the following areas:

- First, it must direct itself to proposing ways of improving the tax regime quickly in order to support firmly our development objectives while generating adequate budget revenue;
- Secondly, it has to review the regulatory system, including the legal and judicial systems, with a view to recommending ways of making it more investor-friendly and consistent with the popular yearning for good governance;
- Thirdly, the Council has to take a close look at our domestic industry, including the export and import –competing sectors, particularly the processing of agriculture and livestock products. We must expand our manufacturing capacity and become increasingly competitive, regionally and internationally. The deep-seated supply side constraints in sectors such as energy, transport, and communications, also need attention. The labour market and related regulatory frame work needs urgent reform. And, not least, we have to redouble our efforts in finding markets for our products, including making special efforts to make maximum utilisation of opportunities for duty free access to European and American markets;
- Fourth, the Council must suggest ways to ensure the opportunities and fruits of economic growth are broadly shared, through mutually beneficial co-operation among large, medium and small enterprises, including relatively large traders and the petty traders at the street corners;
- Fifth, openings must emerge for financing productive activities in all sectors, including agriculture and medium, small or even informal activities. The Council has to suggest ways to facilitate and expand such financing substantially; and
- Sixth, in order to entrench the decision of Economic Reform we must find ways to ensure that the principles of good governance are accepted and practiced tenaciously by the public sector as well as the private sector and the NGOs.

Requirements for Success

Mr. Chairman,

The Tanzania National Business Council is not a panacea, and is in itself not enough to bring about the practical results we so much need. Those to whom we entrust this task must, therefore, put all their hearts and minds to it. But even that is not enough.

All parties, both in government and the private sector, must exhibit a high level of commitment to dialogue, which in turn requires the support of all political leaders - not just those in Government

but those in Opposition as well. They must see dialogue and consultation as a positive approach to solving all problems.

There must also be an adequate commitment of time and money to the economic consultative process by all parties concerned. As much as possible it must not be donor-driven, and that is why the financing of the Council must as much as possible be underwritten by the Government and the Private Sector in shared partnership and shared responsibility.

Mr. Chairman,

An effective national consultative mechanism will also be influenced by the existence and support of strong and powerful sectoral associations with the technical capacity to diagnose and analyse sectoral and other contemporary issues.

The National Business Council cannot be a single channel or contact mechanism between the Government and the private sector. Contacts between line ministries and agencies and their client sectoral or sub-sectoral associations have to continue, because implementation bottlenecks will still have to be solved at those levels. For that reason, each ministry must identify its customers, maintain a continuous dialogue with them, and understand their operational problems, and their aspirations. This will enable the government to intervene as and when necessary without undue delay.

We should also bear in mind that the Tanzania National Business Council is neither an alternative government, nor it is an extended cabinet. It is only a forum where partners jointly review critical socio-economic issues, as well as constraints arising from the regulatory or operating environment for business, and make recommendations.

But it is a forum that the government intends to hold in great esteem, if only because of our joint membership in it, and the fact that I will be its Chairman.

Conclusion

Mr. Chairman,

Today everyone realises that the task of managing economic growth in Tanzania must involve public and private sectors, employers and labour, government and non-government organisations. The public service wants to become business friendly; and the private sector needs to learn how to balance the demands of the market with other national interests. Both sides need to agree on how to optimise the use of development resources.

The purpose, therefore, of having a National Business Council is to create a forum for both consultation and dialogue, leading to a consensus or at least a high level of understanding of the issue of National Economic Management. From now on, we must consider ourselves business partners, indeed development partners, who must consult more, dialogue more, and strategize on how we can work together to meet the national challenges of the future.

Those sitting in the Council will have a special duty and a unique opportunity to steer this country on the road to sustainable development in dignity, as an independent and self-reliant nation.

Our country is a land of many opportunities and great potential. It is a united and peaceful country, with a fairly good climate and fertile arable land; a country richly endowed with mineral and other natural resources, and waters teeming with fish and other marine life, a country well positioned geographically. It is our duty to find the key that will unlock these opportunities and potential for the betterment of the lives of our people, and the development of our nation. The hopes are many; we must strive to meet as many of them as possible.

We are here today for one, and only one purpose: To work together to make Tanzania a better place. We should, therefore, make the most and best contribution we can, singly and collectively. And if Tanzania, as a result of having put us in charge at this time, becomes a better place than it was before we came in, then we shall have fulfilled our promise.

Let us always remember that strength and weakness have nothing to do with courage or muscle; only recognition. Strong people recognise their weakness. They also recognise their ability to overcome those weaknesses. Weak people, on the other hand, deny their weaknesses, and fail to recognise how strong they truly are.

I call you to duty, to action, conscious of the challenges ahead, and the weaknesses derived from underdevelopment. But by recognising those weaknesses, and by taking those challenges by the horns, we can, and we must, succeed.

A Chinese proverb says, "**Strong souls have willpower; weak ones only desires.**" Let us then summon the willpower to give Tanzanians the strength to realise their desires.

I now have the pleasure to declare the Tanzania National Business Council officially launched.

I thank you for your kind attention.

SPEECH BY MR. STAFFORD BAKER, ACTING DIRECTOR,

**UNITED STATES AGENCY FOR INTERNATIONAL
DEVELOPMENT/TANZANIA
(USAID/TANZANIA)**

**ON THE OCCASION OF THE LAUNCHING OF THE
TANZANIA
NATIONAL BUSINESS COUNCIL**

Your Excellency Benjamin William Mkapa, President of the United Republic of Tanzania

Mr. Chairman,

Members of the Diplomatic Corps,

Distinguished Guests,

Ladies and Gentlemen.

On behalf of the donor community in Tanzania, I would like to thank you for the opportunity to say a few words at this important occasion. I am very much honoured to be here and will try my best to express the donor community's views concerning the Tanzania National Business Council. I would like to thank the Chairman for recognizing the contributions UNIDO, DANIDA, SIDA, UNDP, USAID and others have made to help bring us to this launching ceremony today.

Mr. President,

I have not been in Tanzania long enough to feel the same frustrations that the Chairman has mentioned. On the contrary, I have noticed many positive changes over the past year and a half, including a significant improvement in the nature of the relationship between the Government of Tanzania and the donor community, and between the Government of Tanzania and the Tanzanian private sector. These relationships are increasingly becoming true partnerships for dialogue and action on common interests. They are relationships that recognize that Tanzania's development must be led by Tanzanians, and that the private sector must be the engine of growth for the country's economy.

Mr. President,

The launching of the Tanzania National Business Council is the newest and most visible example of the strengthening partnership between the Government and the private sector. That means expectations for the Council are very high. It will be important for all of us to be realistic and reasonable about giving the Tanzania Private Sector Foundation and the National Business Council adequate time and support to build their capacity and become firmly established.

I am sure that the donor community will do its part to support these new organizations. For example, we at USAID continue to assist the Private Sector Foundation and are fully committed to its success. Your presence here today and the Government membership on the Council demonstrates the importance you place on this consultative mechanism.

The Tanzania business sector must also do its part to provide human and financial resources to the Private Sector Foundation and the National Business Council. These organizations offer the business sector their best opportunity ever to have a voice in the economic and social development of this beautiful country.

Mr. President,

The Chairman has correctly pointed out the enormity of the challenges that are ahead. Let me mention one that comes to mind for the donor community. Looking at the impressive private sector membership on the Council, I think we can safely assume that the interests of big businesses will be well represented. However, the National Business Council should strive to represent business interests from a broad perspective as possible, including those of micro and small-scale, and women-owned enterprises. The calibre of the Government and private sector representatives to the Council is such that I am confident they will be equal to this and the other challenges ahead.

Once again, I thank the organizers of this event for the opportunity to make these few remarks. I believe I speak for all the donors in wishing the Tanzania National Business Council every success.

STATEMENT BY MR. FELIX UGBOR, UNIDO REPRESENTATIVE

**AT THE LAUNCH OF THE TANZANIANATIONAL
BUSINESS COUNCIL**

9 April 2001, Sheraton Hotel, DSM

Your Excellency, Mr. Benjamin William Mkapa President of the United Republic of Tanzania,

Your Excellency Hon. Abdallah Kigoda,

Minister for Planning & Privatisation

Your Excellencies, Ministers of Various Ministries

Excellencies, Ambassadors, Heads of UN Agencies and Members of the Diplomatic Corps

Distinguished Guests, Ladies and Gentlemen,

On behalf of the UNIDO Director-General, Mr. Carlos Magarinos and on behalf of my colleagues in the UN System, I wish to thank you, Mr. President, for finding time, in the midst of your busy schedule, to be with us to launch the Tanzania National Business Council (TNBC). We are even more gratified that you agreed to chair the Council which will be a platform for dialogue between the public and private sectors.

We know that the culture of consultation and dialogue are not new. Infact, it is a way of life in Africa, including Tanzania. Perhaps what is new is using it in the process of gathering data and informed opinion in government decision making. Even then, you yourself have been engaging various groups in consultations. The launching of the TNBC therefore institutionalises the process. It is also a reflection of the importance your administration attaches to the private sector as partners in economic management and development.

Your Excellency, from all indications, through prudent macroeconomic management, Tanzania would appear to have completed the installation of the main economic stabilisation measures which the country embarked upon some fifteen years ago. Tanzania indeed is now in the consolidation phase during which the expectation is that the productive sectors of the economy should begin to reflect the changes in the macro policy stance of the government. We wish to submit that the demand of this phase, in many ways, provide sufficient justification for a public-private sector partnership and dialogue. It is a phase that entails refocusing of resource allocation as well as interventions to correct policy and market failures hence the need to consult with many stakeholders.

Public-private partnership is a necessary mechanism to improve the flow of information among the key stake-holders of the economy, especially as both the government and the private sectors have come to realise that macro-economic policies, market-oriented reforms and trade liberalisation alone have not resulted in the development of African economies.

For the avoidance of doubt, it should be stated that the TNBC is neither an alternative legislature nor an alternative government. It is simply abroad-based management tool, providing a forum where the public and private sectors can jointly review critical socio-economic issues, as well as

constraints arising from the regulatory or operating environment of businesses. In this new scenario, technocrats will learn to share information with their partners from the private sector who in turn should provide information about their operations for planning purposes.

Your Excellency, UNIDO is indeed very proud to have been closely associated with the effort to set up first the TPSF and now the TNBC Within the framework of the Integrated Industrial Development Programme, we provided the services of a Senior Private Sector Development Expert who worked very closely with the Task Force that defined the objectives, function and structure of the TNBC. Here, I would like to place on record our appreciation to the UNDP which provided part of the funding we needed.

Your Excellency, the role of the UN system including UNIDO in the consultative process is quite clear. We facilitate the process, provide policy support and technical assistance to both the public and private sectors.

In this regard, you will be pleased to know that right now, UNIDO is also assisting a number of other African countries such as Ghana, Mozambique, Nigeria and Ethiopia in setting up their own national consultative platforms.

In our experience, there is no single model that is universally applicable. Each country determines the nature, composition and areas of focus as well as their priorities. The underlying philosophy, however, remains the same to give the private sector an opportunity to offer opinion on issues of economic management. Like in any marriage, trust, confidence and willingness to learn from each other keeps the partnership going.

Your Excellency, sustainability of a mechanism such as the one you are about to launch today depends, among other things, on what UNIDO refers to as the five "Cs". These are:

- (i) Commitment - commitment of all members, both private and public sector to the process as well as commitment to time and resources.
- (ii) Consensus - Creating consensus on future directions and priorities
- (iii) Co-ordination - coordinating the activities of government and the energies of various economic agents in the private sector to achieve national goals.
- (iv) Communication - Communicating and pulling everybody together
- (v) Concentration - Concentrating on the achievable.

While the TNBC will be launched today, this is only the beginning of a new relationship. A lot of resources - both time and money - will still be needed. Here, we hope that the Development Partners of Tanzania will continue to offer additional support by way of capacity building for the key personnel of the Council Secretariat, to provide books/research materials and expose the staff to "best practices" in the field of public – private partnerships.

There is no doubt that this new form of economic management will require time for confidence to be built up. In the present knowledge – driven world economy, this calls for the best in all of us if we are to build a sustainable cross - sectoral body which we could call Tanzania Incorporated.

In conclusion, Your Excellency, I would like to inform you that UNIDO has just completed an industrial survey focusing on Tanzania's competitiveness. The report which will soon be made available could be useful to the TNBC in setting its priority areas of focus in industrial development and poverty alleviation. Once more, we are grateful for the personal interest you have shown in the TNBC.

Thank you for your patience.

Mheshimiwa Rais, Asante sana.

STATEMENT BY MR. ELVIS MUSIBA, DEPUTY CHAIRMAN,

TANZANIA PRIVATE SECTOR FOUNDATION

Your Excellency Benjamin William Mkapa, President of the United Republic of Tanzania

Mr. Chairman,

Honourable Ministers

Members of the Tanzania National Business Council,

Members of the Diplomatic Corps.

Distinguished Guests

Ladies and Gentlemen

On behalf of the Private Sector, the Task Force on the Formation of the Tanzania National Business Council and on my own behalf, allow me to thank you for giving me the opportunity to give a welcoming address of this great event.

Ever since the Tanzania Government decided to transfer part of its functions and responsibilities to the private sector, it has anxiously been concerned about having a strong private sector organization with which it could regularly carry out dialogue on socio-economic development of the country. The Government continued to dialogue with the Private Sector on an ad hoc basis, until in November 1998 when the Tanzania Private Sector Foundation (TPSF) was established to serve as a focal point of the private sector for policy impact and advocacy.

Mr. President Sir,

We have arrived here today from a long and sometimes frustrating journey towards the establishment of the Tanzania National Business Council (TNBC) which we jointly with the Government, embarked on seven years ago. Today we put these frustrations behind us and take opportunity to share a positive belief that our problems impeding economic growth could be resolved through dialogue and mutual appreciation. May I take this opportunity to extend our sincere gratitude in welcoming the birth of TNBC. We trust this birth should facilitate improved and effective participation of the private sector in policy formulation.

This birth also symbolizes the commitment which you Mr. President and your Government has in building a strong private sector through dialogue.

The idea of establishing TNBC was first gauged in 1995. As some of us here could remember, in January 1995, UNIDO undertook a major initiative by organizing in Abidjan, Ivory Coast a "*Meeting of Private Sector Experts on Industrialization of Africa*".

This was followed, in the same year, by another meeting of African Ministers of Industry on "*Private Sector: Key to Sustained Economic Growth and Integration*" jointly organized by UNEDO, OAU and ECA. It was proposed that in order to enhance Private Sector participation in African economies, a national committee consisting of Government officials and private sector

executives and organizations be set up in each African country to realize this important objective. A follow-up meeting at the Apeado Hall in Dar es Salaam in June 1995 resolved to form a National Business Council. A Steering Committee to expedite this task was set up. In a Stakeholders Workshop sponsored by DANIDA in May 1997, it was unanimously resolved that The Tanzania National Business Council be formed without delay.

Mr. President Sir,

The Steering Committee continued to liaise with the Government through the Ministry of Industry and Trade as well as the Attorney General on how the TNBC should be established.

On the 8th of February 1998, you Mr. President invited some of us to an informal discussion. Mr. President, at that time you felt that the TNBC should have been in place "yesterday"! This encouraged us a lot to forge ahead. But because of the various interests expressed from varied quarters, the task proved to be a little complex. The continued search for an effective consultative mechanism for public-private sector was intensified by the formation of a Task Force in 1999 which considered a number of models, and ultimately steered a middle course between a highly legalized South African model to the more flexible model of Mauritius. The Task force presented its report to Stakeholders Workshop held on 28th March 2000 where the structure of the Council was approved.

A Presidential Circular for the establishment of the TNBC was also drafted and presented to the State House for final approval. Following this approval, an Implementation Committee of six members under the chairmanship of Honourable Chief Secretary was established in April 2000 to replace the Task Force. This Committee has worked hard to ensure we reach this important land mark today.

Mr. President Sir,

We cannot, however underestimate the enormity of the challenges that are ahead of us in the pursuit of our vision. The success of TNBC will depend on the capacity of the Secretariat of both the TPSF and TNBC. A strong Tanzania Private Sector Foundation will equally reflect the capacity of its constituents and ability to coordinate, synthesize views and ideas coherently to the benefit of the TNBC.

On the other hand, the TNBC Secretariat should be able to handle more expeditiously all papers submitted and service the Working Committees of TNBC. It is my hope therefore that the Government will see the need to complement the private sector in achieving this objective. In this regard, we wish to thank the Government for indicating willingness to allocate a building that will house both TNBC and TPSF Secretariat.

We are heartened by this event today, which we believe is an outcome of goodwill efforts and commitment of all, those who have made noble contributions: material and financial, to this stage where we now see good signs of fruition of our investment.

On behalf of the Private Sector, the Steering Committee, the Task Force on the Formation of the Tanzania National Business Council and the Implementation Committee I wish to take this opportunity to acknowledge the support and encouragement we have received from you as evidenced at various occasions.

Our gratitude goes to USAID who made it possible for the Steering Committee to undertake a study tour to Uganda and funded TPSF to be able, not only to spear head the formation of TNBC, but also to host all the meetings of the Task Force. We also must mention the donor agencies that have in various ways provided both funds and other support to member associations to strengthen their capacity to contribute effectively to a national dialogue namely the Swedish International Development Agency (SIDA), Danish International Development Agency (DANIDA), and United Nations Development Programme (UNDP).

Our special gratitude also goes to the United Nations Industrial Development Organization (UNIDO). Besides providing a Senior Private Sector Expert as a resource person to the Task Force, UNIDO has also provided immediate office equipment for the preparations of the launching and financial support for this event.

Further, our sincere appreciation goes to members of the Task Force, whose good advice and tireless efforts contributed to the production of the report that has been the basis for TNBC structure, particularly when we could not afford to pay sitting allowance. Similarly, our appreciation goes to TPSF Secretariat and all member associations for their valuable contributions.

Special recognition goes to the following Government Ministries which participated in the Steering Committee, namely: Ministry of Industry and Trade, Ministry of Finance, Ministry of Agriculture and Cooperative Development, Ministry of Foreign and International Co- operation, the Planning Commission, Attorney General Chamber and the State House. I would also wish to thank the Chief Secretary for his dedicated support and for being so effective as the Chairman of the Implementation Committee.

Finally our sincere appreciation goes to all invited and distinguished guests who left other pressing engagements so that they could participate in this great event. We believe that, the same spirit of dedication and commitment would be forthcoming in the process of national consultative mechanism.

I strongly believe that all the support and commitments to date have laid a concrete foundation for more tangible results to be expected out of TNBC.

Your Excellency, Mr. President Sir, once again thank you for being with us today.

Dar es Salaam 9th April, 2000

PRESIDENTIAL CIRCULAR NO 1 OF 2001

ESTABLISHMENT OF THE TANZANIA NATIONAL BUSINESS COUNCIL

Introduction:

1. Trends in today's world have created opportunities and challenges for governments and business firms in both developed and developing countries. The globalization of economic activities, the liberalization of trade and the fierce competition to which local firms are exposed; the poor performance of state owned enterprises and the consequent rise of interest in the private sector in creating the wealth of a nation have all combined to compel governments in Africa to search for new models of economic management.
2. In Tanzania, the Government has embarked on a fundamental restructuring exercise meant to bring the country to a point where it will be able to swim in the main stream of the emerging global economy. The Government has for long realized that the growth of the economy depends ultimately on a dynamic and robust private sector. Its ability to solve problems such as poverty alleviation, employment creation and overall welfare of the people also depends on a growing economy. A healthy private sector increases Government revenue. The private sector, on its part, has been calling for a less constrained operating environment, a more business friendly public service, and a platform for expressing its views in the process of planning and implementing the development of Tanzania. It is now generally realized that the crisis of development of Tanzania cannot be left to the government alone. Neither can it be left to the private sector alone, even though it is acknowledged that the private sector is to become the prime mover of the development process. The Government and the private sector need each other. They have to work together.
3. In the past the Government has had dialogue with the private sector on an ad-hoc basis as a result of the fact that sometimes there is no follow-up on decisions made. The Government has, after consultation with the major stakeholder, decided to institute a mechanism for holding regular dialogue with the private sector and other stakeholders on issues concerning the socio-economic development of Tanzania. The purpose of the Circular is to create the Tanzania National Business Council (TNBC).

Objective of Tanzania Business Council

1. It is intended that the institution of the council will facilitate closer and more regular consultations in order for all concerned.
 - (i) to provide a forum for public / private sector dialogue with a view to reaching consensus and / mutual understanding on strategic issues relating to the efficient management of development resources;
 - (ii) to promote the goals of economic growth with social equity and even development;
 - (iii) to review from time to time developments in the external and domestic business environment, the challenges they pose to Tanzania, and propose a course of action;

- (iv) to exchange views on the prevailing operating and regulatory environment, and propose ways to facilitate the public service to improve on service delivery and make the civil service business friendly;
- (v) to review and propose changes in the policy environment to enhance the attractiveness of Tanzania products in the world market;
- (vi) to encourage and promote the formulation of co-ordinated policies on social and economic matters, including consideration of existing and proposed economic legislation, and make recommendations through the Government to parliament or other appropriate bodies;
- (vii) to consider any other matter deemed relevant to the achievement of the above objectives.

Function of Tanzania National Business Council:

2. In pursuit of the above objectives, the TNBC shall:
 - (i) cause to be conducted, such research or survey or study any aspect of social and economic development policy as it may deem fit;
 - (ii) review specific research, reports of policy proposals submitted to it by any of the consultative bodies. It may also call for and consider any such reports as it deems necessary to provide a clearer picture of affairs before it;
 - (iii) set targets as well as performance benchmarks for implementing decisions or agreements reached, including assignment of responsibilities;
 - (iv) monitor and evaluate implementation of policies and measures agreed upon, as to their effectiveness and/outcomes.

Membership and Organs of the Council:

1. The work of the TNBC shall be conducted through the following organs:

- The Council
- Executive Committee
- Working Committees set up by the Executive Committee, and
- A Co-ordinating Secretariat

(a) Structure and Size of the Council:

- (i) The President of the United Republic of Tanzania shall be Chairman of the Council. The decisions of the Council shall be by consensus
- (ii) The Tanzania National Business Council shall have 40 member sitting with the President of the United Republic of Tanzania. The members shall be drawn from both the public and private sectors with equal Representation. The Government will

nominate 20 members including representation of the Academia. The entry point of TNBC business in the Government will be determined by the President as he deems appropriate.

- (iii) Other 20 members of the council other than those representing the Government will be nominated by their associations under the auspices of the Tanzania Private Sector Foundation (TPSF) through a transparent and democratic process such that all the major sectors are represented including representation from the labour movement.

(b) Executive Committee:

- (i) Day-to-day activities of the Council shall be supervised by Executive Committee.

- The Chief Secretary (Chairman)
- The Chairman of TPSF (Co Chairman).
- Four members from the public sector,
- Four other members from the private sector, and
- The Executive Secretary of the Council

- (ii) It shall be the responsibility of the Executive Committee:

- To exercise such functions as the council may delegate to it;
- To draw rules and procedures for all meetings of the TNBC and its Committees;
- To draw up procedures and protocols for handling and routing the decisions and agreements of the TNBC including monitoring implementation of Council decisions;

- To appoint officers of the Secretariat on such terms and conditions as the Council may determine;
- To appoint auditors for the purpose of annually auditing the accounts of the Council;
- To appoint working committees as and when required;
- To oversee the work of the Secretariat;
- To prepare the agenda and notices for TNBC meetings

a) **Working Committee:**

In carrying out functions, the Council may establish standing, ad-hoc or other kind of committees to deliberate on such matters as may be referred to it and each such committees shall make their recommendations through the executive committee to the Council.

b) **Secretariat;**

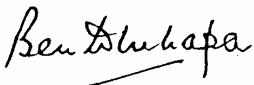
There shall be established the TNBC a Secretariat which will be responsible for servicing its meetings as well as carrying out such functions as the Council may assign to it.

The Council may assign responsibilities for carrying out its decisions. It shall be the duty of the Secretariat to communicate such assignment of responsibilities to such person or persons and monitor its implementation.

Financing:

1. The business and affairs of TNBC shall be financed on a cost-sharing basis between the Government and the private sector. The Government contribution (subvention) to TNBC will be routed through the vote of the designated entry point.

^{12th}.....September. 2001
The State House,
Dar es salaam


BENJAMIN WILLIAM MKAPA,
President