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New study hints on country's business barriers

By Perege Gumbo

TANZANIA'S tax structure and poor infrastructure development are still perceived by micro enterprises and business community in general as being prohibitive to their progress. According to a study titled 'Bribes, taxes and regulations: Business Constraints for Micro-enterprises in Tanzania' by the Chr. Michelsen Institute (CMI) tax, corruption, and regulations in the form of licenses and permits have been found to be major constraints on business operations in Tanzania. The research, which was conducted by three experts- Odd-

Helge Fjeldstad, Ivar Kolstad, and Knut Nyaard, surveyed 160 micro enterprises of which 134 were picked from Dar es Salaam's two municipalities of Kinondoni and Temeke, and 26 from Moshi Municipality.

The study was aimed at identifying major constraints that are facing business operations has revealed that the service sector was relatively more concerned with taxes, corruption, infrastructure, and export/import regulations than the trade sector.

"We found that corruption was related to other factors—that firms that interacted more with public officials in terms of regulation and infrastructure were likely to pay

bribes" the study states in part.

However, unlike in the past where lack of finance for micro-entrepreneurs was everybody's outcry, the findings indicates that access to finance and property rights were no longer important constraints that worried most Small and Medium Enterprises (SMEs).

In terms of property rights ad access to finance, only 11 and 21 percent respectively from the whole population were able to single out the two factors as being severe constrains to their businesses.

The research further ascertains that the cessation of finance and property rights from being major

constraints could partly signify that formalization of property rights and expansion of existing micro-credit schemes had not yet addressed the binding constraints faced the SMEs in the country.

On the one hand, local experts argue that the problem that SMEs were facing previously and the government efforts to put in place mechanisms to allow smooth access of finance on one hand, and recent formalization of informal sectors' property rights may have to a greater extent addressed those problems.

When the Minister for Labour, Empowerment and Youth Development John Z. Chiligati was tabling his 2007/08 budget

recently, he unveiled that already government's efforts have enabled more than 30,000 to access loanable finances and funding was still available for more applicants from all regions in the country.

The study shows that at least 50 percent of micro-enterprises pointed fingers at competition, cost of raw material, regulations-license and permits, high taxes, insufficient demand and corruption as being major constraints in their daily business activities.

The service sector showed concerns with taxes, poor infrastructure, pitiable quality of utilities and bureaucratic import/export regulations as being major constraints.

Likewise, firms that are more inclined to invest have complained about taxes and tax structures as being serious problems.

The report calls for urgent redress to these problems since the SMEs sector possesses greater opportunity to positively alleviate poverty.

The CMI is an independent and non-profit research institution and a major international centre in policy-oriented and applied development research. The Institution's focus is development and human rights issues and international conditions that affect such issues.

The main geographic focus is the sub-Saharan Africa, South and

Central Asia, the Middle East and the Balkan and South America.

The Chr. Michelsen Institute (CMI) was founded in 1930, and it is currently the largest centre for development research in Scandinavia. CMI is an independent, non-profit research foundation and a major international centre in policy-oriented and applied development research.

CMI receives core funding from the Norwegian Research Council (NFR), and project support from Norwegian state ministries and agencies, and Norwegian and international non-governmental organisations. CMI also hosts the Anti-Corruption Resource Centre (U4).



Zimbabwe to import maize from Tanzania

HARARE

ZIMBABWE will import about 200 000 tonnes of maize from Tanzania as part of drought mitigatory efforts, the Minister of Agriculture, Cde Rugare Gumbo, has said.

He said the country has been importing grain from friendly Sadc countries like Zambia and Malawi in the past few months.

He dismissed reports that the Government had rejected food offers

He said most areas in Matabeleland and Masvingo had been severely affected by low rainfall and required food aid.

Cde Gumbo said it was not true that Government was spurning food offers from the Food and Agriculture Organisation, World Food Programme and other international donor organisations.

He said Government was still studying the extent to which the country had been affected and its food

a board of directors for the Grain Marketing Board and said their responsibility was to professionally market and distribute prescribed commodities, a role the minister described as critical at this time when the country was coming from a poor season and was resorting to imports.

GMB board chairman Mr Charles Chikaura said he would discharge the duty to the best of his ability.

"Right now it's too early for me to say